CORPORATE SOCIAL RESPONSIBILITY AND GROWTH STRATEGIES OF SELECTED COMMERCIAL BANKS IN KITUI COUNTY, KENYA

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DECLARATION

I hereby declare that this research project is my original work and to the best of my knowledge, has not been submitted for a degree or award to any other university or other institutions of learning for examination purposes.

Signed: ………………………………… Date: ………………………………………

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D53/OL/26715/2013

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

Signed: ……………….. …………… Date: ………………………………………

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DEDICATION

I wish to dedicate this work to my beloved mother, Margret for supporting and encouraging me, my siblings Grace and Doreen who motivated me during the challenging moments and gave me strength to carry the task.

Thank you so much for your support.
ACKNOWLEDGEMENT

I am sincerely grateful to God for the grace and opportunity He has given me to complete this task. I thank my supervisor Dr. Philip Wambua for the great role he played in guiding me into making this research project a success. I am indebted to my group discussion members who encouraged me and gave me strength to carry on with this research project. I wish to acknowledge my boss Mr. Nicholas Mutua for giving me the opportunity to do this research project, despite the tight working schedule at work and also the moral support for the challenges i faced in preparing this research project.
# TABLE OF CONTENTS

DECLARATION.................................................................................................................................................. ii
DEDICATION...................................................................................................................................................... iii
ACKNOWLEDGEMENT........................................................................................................................................ iv
TABLE OF CONTENTS ........................................................................................................................................ v
LIST OF TABLES ................................................................................................................................................ viii
LIST OF FIGURES ............................................................................................................................................... ix
OPERATIONAL DEFINITION OF TERMS ........................................................................................................... x
ABSTRACT........................................................................................................................................................... x

## CHAPTER ONE .............................................................................................................................................. 1

1.1 Background of the Study ............................................................................................................................. 1
  1.1.1 Growth strategies .................................................................................................................................. 2
  1.1.2 Corporate Social Responsibility ......................................................................................................... 4
  1.1.3 Commercial Banks in Kenya ............................................................................................................. 7
1.2 Statement of the Problem ............................................................................................................................. 8
1.3 Objectives of the Study ............................................................................................................................... 10
  1.3.1 General objective of the study ........................................................................................................... 10
  1.3.2 Specific Objectives ................................................................................................................................ 10
1.4 Research Questions .................................................................................................................................... 11
1.5 Significance of the Study ............................................................................................................................ 11
1.6 Scope of the Study ..................................................................................................................................... 12
1.7 Limitation of the Study .............................................................................................................................. 12
1.8 Organization of the Study .......................................................................................................................... 13

## CHAPTER TWO ............................................................................................................................................ 14

LITERATURE REVIEW ..................................................................................................................................... 14

  2.1 Introduction ................................................................................................................................................ 14
  2.2 Theoretical Review .................................................................................................................................... 14
    2.2.1 Resource Based View Theory ........................................................................................................ 14
    2.2.2 Institutional Theory ......................................................................................................................... 15
2.2.3 Modern Portfolio Theory ................................................................. 14
2.2.4 Stakeholder Theory ........................................................................ 15
2.3 Empirical Review ................................................................................ 20
  2.3.1 Environmental Protection and Growth Strategies ............................ 20
  2.3.2 Philanthropy and Growth Strategies ............................................... 21
  2.3.3 Ethical Labor Relations and Growth Strategies ............................... 23
2.4 Corporate Social Responsibility and Growth Strategies ....................... 25
2.5 Summary of Literature Review and Research Gaps ............................. 26
2.6 Conceptual Framework ...................................................................... 28

CHAPTER THREE .................................................................................... 30
RESEARCH METHODOLOGY .................................................................. 30
  3.1 Introduction ....................................................................................... 30
  3.2 Research Design ............................................................................... 30
  3.3 Target Population ............................................................................. 30
  3.4 Data Collection Instrument ................................................................. 31
    3.4.1 Validity of Research Instrument .................................................. 32
    3.4.2 Reliability of Research Instrument .............................................. 32
  3.5 Data Collection Procedure ................................................................ 33
  3.6 Data Analysis and Presentation .......................................................... 33
  3.7 Ethical Considerations ...................................................................... 34

CHAPTER FOUR ........................................................................................ 35
DATA ANALYSIS, RESULTS AND DISCUSSIONS ................................ 35
  4.1 Introduction ....................................................................................... 35
  4.2 Response Rate .................................................................................. 35
  4.3 Reliability Test .................................................................................. 35
  4.4 Demographic Findings ...................................................................... 35
  4.5 Descriptive Analysis ......................................................................... 38
    4.5.1 Environmental Protection and Growth Strategies of Commercial Banks in Kitui County, Kenya ................................................................. 38
    4.5.2 Philanthropy and Growth Strategies of Commercial Banks in Kitui County, Kenya ................................................................. 40
4.5.3 Ethical Labor Relations and Growth Strategies of Commercial Banks in Kitui County, Kenya.  ................................................................................................................. 42
4.5.4 Growth Strategies Employed by Commercial Banks in Kitui County. ........ 43
4.6 Multiple Regression Analysis .............................................................................. 46

CHAPTER FIVE ........................................................................................................ 49
SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATION
................................................................................................................. 49
  5.1 Introduction ....................................................................................................... 49
  5.2 Summary of the Findings .................................................................................. 49
  5.3 Conclusion ........................................................................................................ 50
  5.4 Recommendation ............................................................................................. 51
  5.5 Suggestions for Further Research ..................................................................... 52

REFERENCES ....................................................................................................... 54

APPENDICIES ....................................................................................................... 60
  APPENDIX I: RESEARCH AUTHORIZATION .......................................................... 60
  APPENDIX II: INTRODUCTORY LETTER .............................................................. 61
  APPENDIX III: QUESTIONNAIRE ......................................................................... 62
  APPENDIX IV: LIST OF COMMERCIAL BANKS IN KITUI COUNTY .................. 70
LIST OF TABLES

Table 2:1 Summary of Literature Review and Research Gaps................................. 27
Table 3:1 Target Population...................................................................................... 31
Table 4.1 Reliability Analysis .................................................................................. 36
Table 4.2 Designation of the respondent .................................................................. 36
Table 4.3 Department of the respondent .................................................................. 36
Table 4.4 Duration in the position .......................................................................... 37
Table 4.5 Duration in the banking sector ................................................................. 37
Table 4.6 Highest education level of the respondent ............................................... 38
Table 4.7 Environmental Protection and Growth Strategies .................................. 36
Table 4.8 Philanthropy and Growth Strategies ....................................................... 40
Table 4.9 Ethical Labor Relations and Growth Strategies ....................................... 42
Table 4.10 Commercial Banks Growth Strategies .................................................. 43
Table 4.11 Model Summary ..................................................................................... 46
Table 4.12 Anova .................................................................................................... 46
Table 4.13 Coefficient of Determination ................................................................ 46
LIST OF FIGURES

Figure 2:1 Conceptual Framework ................................................................................. 29
**OPERATIONAL DEFINITION OF TERMS**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Growth Strategies</strong></td>
<td>This refers to ways aimed at creating larger market share, which include market penetration, market development, Product development and diversification. Despite the level of short term profits, it includes measuring the size and scope of the business after a certain duration, so as to establish the increase or decrease of an organization.</td>
</tr>
<tr>
<td><strong>Bank</strong></td>
<td>This refers to financial institutions that are licensed to ensure, liquidity of cash in the market. Banks provide services such as, wealth creation and management, provision of loans, asset financing currency exchange services and safe money deposit.</td>
</tr>
<tr>
<td><strong>Corporate Social Responsibility</strong></td>
<td>This refers to corporate initiatives that are aimed at improving the social-economic welfare of the stakeholders of the organization, the environment in which the organization exist such as environmental protection, philanthropy and sound ethical relationships. This helps to promote firms sustainable growth in a competitive environment.</td>
</tr>
<tr>
<td><strong>Sponsorship</strong></td>
<td>This refers to supporting of an activity, an individual or a group of people by a firm by providing various resource that value the beneficiaries.</td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td>This refers to planned interventions aimed at improving the knowhow of employees in an organization due to changing dynamics in the market that is important in the performance and achievement of organization goals.</td>
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**Philanthropy**
This refers to the desire by individuals or organization to improve or promote human welfare through charitable trust, donor advised funds and sponsorships.

**Charitable Donations**
This refers to a gift made by an individual or organization to a nonprofit organization, charity or private foundation. Charitable donations are commonly in form of cash but can also take the form of other assets or services.

**Fair Employee Treatment**
This refers to treating employees without discrimination, inequality, unfairness, segregation or bias in the workplace for the purpose of having a healthy workforce that will help an organization to achieve its objectives more efficiently.

**Red Tape**
This refers to rigid conformity to formal rules and regulations that is considered redundant with time and that hinders proper decision making.
ABSTRACT

Kitui County is one of the largest counties in lower Eastern of Kenya, with a total of sixteen Sub counties. Despite its vastness the county has few Commercial Banks which are key to the growth of economy, hence there was need to evaluate various growth strategies that could foster the growth of commercial banks in Kitui County. The purpose of the study was to investigate the effects of corporate social responsibility on growth strategies of commercial banks in Kitui County. The specific objectives included; determining the effect of environment protection on growth strategies of commercial banks; evaluating the effect of philanthropy on growth strategies of commercial banks; and determining the effect of ethical labor practices on growth strategies of commercial banks. The study was based on the following theories; Resource based Theory, Institutional Theory, Stakeholder Theory and Modern Portfolio Theory. The study focused into empirical review studies conducted in the recent past which are related to the topic of study. These studies enabled the researcher to identify various research gaps which the study needed to address. This research study was conducted using descriptive research design. The target population was commercial banks in Kitui County which have integrated corporate social responsibility activities in their operations. The study focused mainly on staff of commercial banks in Kitui County who were one hundred and twenty eight. The respondents were drawn from departments of managerial, operations and sales. Moreover a census of departments within the commercial banks was taken for the study. The study used both primary and secondary method of data collection. The primary data was collected using self-administered questionnaires, which were administered by drop and pick method. The closed ended and open ended questions were used in the self-administered questionnaires. The secondary data was collected using previous annual reports from the banks. Data collected was quantitative and was analyzed using descriptive data analysis. The relationship between the variables was analyzed using multiple regression models, computer packages SPSS version20. The study found out that philanthropy contributed more to growth strategies of commercial banks, followed by ethical labor relations while environmental protection had the lowest effect. The study concludes that for commercial banks to achieve high level of growth and profitability they must actively engage in philanthropic activities which have a great influence on growth strategies of commercial banks. Moreover commercial banks should promote ethical labor relations amongst their employees and also participate in environmental protection that has a positive effect on growth strategies of commercial banks. The study recommends that commercial banks should increase the budget allocation on philanthropic activities, environmental protection programs and ensure ethical labor practices are implemented as they have a significant positive influence on growth strategies of commercial banks. The study recommends a similar study to be conducted in other Counties facing similar challenges in Kenya and also other financial institution in Kitui County to allow generalization of results.
CHAPTER ONE

INTRODUCTION

This chapter covers the background of the study, statement of the problem, objectives of the study, research questions, significance of the study, scope of the study and its limitation.

1.1 Background of the Study

Despite the growth of financial institutions in various parts of the country, commercial banks in Kitui County remain marginal in relation to addressing the financial needs of the local population. Kitui county is amongst the largest counties in Kenya with sixteen sub counties namely; Kitui central, Kitui west, Lower yatta, Matinyani, Nzambani, Kisasi, Katulani, Mutito, Mutomo, Ikutha, Mwingi East, Mwingi West, Mwingi Central, Kyuso, Mumoni and Tseikuru. However it’s only in Kitui central where there are seven commercial banks, other sub counties such as Mutomo, Mwingi central and Kyuso have one bank. The rest thirteen sub counties do not have commercial banks and they have to rely mainly on commercial banks in kitui central sub county or other neighboring sub counties which have one commercial bank (CBK 2011). Therefore there is a challenge of limited number of commercial banks in Kitui County hence need to employ corporate social responsibility by banks so as to foster growth and their sustained profitability (Balmer & Greysner, 2006).

Corporate social responsibility is gaining a lot of popularity in strategic management through its positive impacts on society (McWilliams & Sigel, 2010), for this reason commercial banks are not an exceptional in integrating the corporate social responsibility in its operations. Through corporate social responsibility banks can be able to address societal needs and environmental needs more effectively and gain massive support from the local populations especially in Kitui County where there are few commercial banks. Thus corporate social responsibility can be used significantly to influence growth strategies of commercial banks in Kitui County (Tacon & Walter, 2010).
According to McKinney (2005) there are many growth strategies that an expanding company can take. They include entering new markets, acquiring new business units, diversification, strategic alliances, partnership and mergers. Therefore with few numbers of commercial banks in Kitui County, the region has high potential for growth of financial institutions through various strategies and also participation in corporate social responsibility. This can be attributed to development of Devolved County Governments, Upgrade of the infrastructure such as construction of roads thus promoting accessibility to remote areas, rural electrification and network upgrade, Availability of mineral deposits such as sand, coal and copper. Banks can therefore employ corporate social responsibility activities such as charitable donations, education scholarships, environmental protection, financial literacy training to local residents and community development as a way of winning new customers and promoting good corporate image. These corporate social responsibility activities enhance implementation of growth strategies of commercial banks more effectively in the region where growth of financial institution is minimal (Ghelli, 2013).

1.1.1 Growth Strategies
A business growth strategy refers to an organization broadening the scope of its business in terms of customers group, function and new technology in order to improve the overall performances efficiency and effectiveness from its past performance. It also refers to a strategy aimed at winning a big market share despite the short term earning. The best tool that relates to growth strategy in the market is one developed by Ansoff’s (1957) on product-market mix that categorizes markets verses products. Moreover, it involves old verses new products presented to existing verses new markets. These growth strategies categorized by Ansoff include; market penetration, product development, diversification and market development.

Market penetration is a form of growth strategy where an organization offers its current goods or services in the current markets. This can be achieved by a firm creating a competitive advantage by getting the best mix between existing market and existing product, such as selling more products to long term customers, finding of new customers within the current markets, coming up with strategies that promote increased usage and
also through extensive promotions. Harzing (2010) asserts that a firm may seek to increase its market share to gain reputation since market leaders have their influence that they can use for their own advantage. Large player in the market have a higher competitive advantage to negotiate with suppliers and channel members hence promoting organization expansion.

Market development is a form of growth strategy where an organization finds new markets for existing products and services. This happens mostly when the current market is fully exhausted and the profits of the organization are getting low. This can be achieved through the following approaches; finding of new geographical markets, new distribution channels and use of different price strategies to attract new customers and create new market areas (Dupis & Prime, 2007). Moreover a company follows a market development strategy for the current brand when it focuses its expansion on the potential market through new uses or users of its products (Harzing, 2010).

Product development is a form of growth strategy which involves developing new products for current markets by establishing how new products can meet customers’ needs efficiently and in a competitive manner. This can be achieved by modification of the existing product or service or by totally developing a new product. This growth strategy can be related to a simple product life cycle. The success of such product in the market determines the success of growth strategy and its efficiency (Hung, Li, & Belk, 2007).

Diversification is a form of growth strategy which involves an entry into new markets with new products; it can either be related or unrelated diversification. In related diversification new businesses have relationship with existing businesses, while in unrelated diversification new businesses have no strategic fit with existing businesses, it may provide a turnaround for businesses and usually high rate of returns as well as spreading risks in unrelated areas. A diversification is pursued when firms have opportunities embedded in market structures as well as opportunities for growth in the firm’s basic business (Chandler, 2010).
One of the primary reasons viewed by investors is that, growth in sales is perceived as an indicator of performance. Despite the stability of firms’ profits, an increase in sales creates a positive attitude in investors. The assumption by investors is that if sales increases, profits will consequently increase (Sabina, 2013). In general internal growth strategies would involve such key businesses aspects such as designing of new products and services, building on current products and services for new market opportunities, increasing sales of various products and services through better market survey, expanding current market lines and services and expansion into new geographical markets (Redd, 2012).

1.1.2 Corporate Social Responsibility
Corporate social responsibility has attracted various definitions from scholars, in this case we shall define corporate social responsibility as business practices and activities that benefit the society and that are based on ethical values compliance, legal requirement and respect of communities and environment in which the business exist thus behold making sufficient profit (Chandler, 2001). The few broad categories of social responsibility that many businesses are practicing such as environmental efforts, philanthropy, charitable donations to local people, ethical labor practices which include treating employees’ fairy and volunteering programs.

Moreover organizations practicing social responsibility have been viewed to have a greater competitive advantage in the markets and stand a long survival as compared to non-practicing corporate social responsibility firms. The principles of corporate social responsibility were identified as ethical business practices, sustainable development, corporate governance, environmental concerns (Amole, 2012). Currently many financial institutions have embraced corporate social responsibility because despite being a legal requirement, it has proved behold doubt to be a worthwhile venture to engage in for the purposes of excellence in business.
Some of the factors that can influence the extent to which a financial institution can engage in corporate social responsibility may include; corporate image, moral duty by firms, company policies, pressure from society and regulatory compliance as required by the authorities (Auka, 2011). The practice of corporate social responsibility as a concept entails the practice whereby corporate entities voluntarily or in compliance with the regulations set by the government, integrate both social and environmental improvements in business philosophy and day to day operations.

Banks in Nigeria are now actively and adequately engaged in corporate social responsibility activities through; provision of scholarship to the vulnerable groups, sponsoring of education trips, donating food stuffs and clothing to various orphanages and sponsoring of sport competitions. Moreover, true practice of corporate social responsibility can immerse benefits and lead to increased sales and profits for the banks in the long run (Onwe, 2014).

Corporate social responsibility by organization has been fully realized in the corporate world as Globalization gains momentum. Most organizations are engaging in corporate social responsibility activities and they no longer focus only on profit maximizing activities, but have realized that both investors and customers are also interested in examining organizations corporate social responsibility performance. Banks do not exist in a vacuum (Bhatt, 2005). They make larger contribution to control gross domestic product growth, meeting demands of its various cadres of its clients, contributing to infrastructure spending in various sectors of economy and reaching out to rural areas.

The reserve bank of India felt the need of corporate social responsibility and suggested that banks needed to integrate social and environmental activities in their business operations to achieve sustainable development growth in the long run. The corporate social responsibility in Indian Banking sector is aimed at addressing financial inclusion to all citizens, providing financial services to remote areas in the country, social-economic development of the country by focusing on activities like, poverty eradication, healthcare
to marginalized groups, rural areas upgrade, self-employment and financial literacy trainings, infrastructure development and environmental protection (Sharma, 2013).

Moreover most banking sectors in Kenya are actively involving in corporate social responsibility as way of giving back to the society. This has subsequently promoted their continuous growth and sustainability in a highly competitive market (Ghelli, 2013). For instance Equity banks and Kenya Commercial Banks are offering scholarships to needy and bright students who attain over 350 marks in Kenya Certificate of Primary Education (K.C.P.E). In conclusion most financial sectors are practicing corporate social responsibility, thus growing along with the society in which they exist by impacting their life positively. As a result they are able to attain sustainability in the market and increase in profitability.

According to Nixon, Helen, and Kennedy (2014) corporate social responsibility is an important part of what companies do towards making a positive contribution to the society, which can be traced to firm’s sustained growth both in short run and long run. Managers have accepted corporate social responsibility just the same way they have accepted other operating expenses in the business. It is the goal of every organization to attain sustainable growth rate over a given period of time.

Commercial banks in Kitui County are not an exception to the above phenomenon hence needs to integrate the corporate social responsibility in its operations so as to take advantage of the potential market for growth in Kitui County. Thus the study intended to establish the effects of corporate social responsibility on growth strategies of commercial banks in Kitui County and presented recommendation of how effectively the corporate social responsibility could be employed by commercial banks to promote their growth in Kitui County.
1.1.3 Commercial Banks in Kenya

Kenya banking sector has improved greatly over the last decade in size, profitability and customer service delivery. Many banks faced closure in 1990s due to poor growth formulating strategies and inadequate technology. Kenyans have in the current times grown a positive attitude towards banks that have competitive strategies, ranging from superior customer service delivery to efficient technology innovative such as mobile and internet banking.

According to banking supervision survey (2010), total assets in the banking sector grew tremendously over the past ten years, from a balance sheet of 328.4 billion in 1997, the total assets stood at 764.4 billion at the end of 2007, and a growth of 132%. The few dominant banks in the banking sector in Kenya controls more than 75% of the market share. This scenario is also reflected in other measures across the board like customers’ deposits, loans, advance to customers and earnings (CBK 2012). The Central Bank of Kenya is responsible for formulating and implementing monetary policy, provision the liquidity cash, solvency and proper functioning of the financial institutions in the country. The banking industries in Kenya are controlled by the banking act, companies act and central bank act and various policies issued by Central bank of Kenya.

As at 31st December 2013, the banking sector in Kenya comprised of the Central bank of Kenya, as the regulatory authority, 44 banking institutions, 118 forex bureaus and 2 credit reference bureaus. Out of 44 banking institutions ,31 are locally owned banks while 13 are foreign owned (CBK, 2011).The number of bank branches increased from 1063 in 2010 to 1161 bank branches in 2011, which showed an increase in access to banking services in the country. The growth of banking sector in the country is guided by medium term objective and long term objective of the financial sector reform and development strategy (Achira, 2015).
Banks have a great role towards the economic growth of organizations and countries in the world. They provide a variety of services to the customers such as deposits, supply of liquid money to the economy, asset financing for enterprises, loans and mortgages, financial literacy trainings. Banks offer the safest and convenient method of conducting businesses especially where bulky transactions of money are involved. Banks are globally under pressure to improve customer services, meet regulatory requirements and reduce operation costs so as to offer affordable services to the customers (Nyamongo & Tomesgen, 2012). This in return gives customers satisfaction by ensuring their interest is taken into consideration.

Therefore there has been an improvement in performance of commercial banks in Kenya due to improved new technology such as automated machines deposits and withdrawals, internet banking, mobile banking and agency banking systems. Moreover there has been a high promotion level and an increase in advertisement by banking institutions to sensitize their customers about various products and services through televisions, radios and social media platforms (Sabina, 2013).

1.2 Statement of the Problem
Corporate social responsibility is being embraced globally by many organizations in the markets; as it has proven behold doubts as a contributor of sustainability in the competitive market. Customers are keen to evaluate and examine various contributions of corporate social responsibility by organizations that offer them product and services in various sectors. The growth of financial institutions in Kitui County has been very poor; this can be shown by few commercial banks and poor economic growth in the region. For instance there are seven commercial banks in Kitui County as compared to neighboring Machakos County which has more than twenty commercial banks. Thus need to come up with sustainable growth strategies to improve the current condition of financial institutions in the county.
Rani, Kumar, and Rao (2013) in their studies on growth and performance of Indian Commercial Banks during the Global economic crisis, found out that commercial banks showed a positive trend for growth during that given period of economic crisis, this was as a result of technical investment and innovation in information technology. The research recommended that banks should adopt better management efficiencies such as using information technology, deviation from product to customer satisfaction and providing excellent customer services at a cheaper cost that ensures positive growth and stability at all times.

Oke (2013) in his studies on marketing strategies and bank performance in Nigeria Consolidated industries, using consolidated banks in Nigeria found out that banks did not only pursue profit as a goal, but also customers and stakeholders satisfaction which ensured loyalty and definitely increased profitability as well as quality services in the long run. The study recommended that in adoption of various marketing strategies, banks should compare various strategies and evaluate their probability success and failures before their implementation. The study also recommended that banks needed to be more customer focused and ensure that they engage more in relationship marketing rather than transaction marketing only.

Mwandime (2010) did the study about analysis of growth strategies by Kenya Commercial Banks and found out that the reasons for their growth strategy were; increased profits, growth of market share, growth of balance sheet, favorable political environment, increased investors’ confidence, increased shareholder value amongst others. The research recommendation was that the policy makers can develop policy in regard to the growth of the firms in Kenya and East Africa region and also that the banks should continually focus on both growth in the home market and international market.
Sabina (2013) did a study about investigation into internal growth strategy effects on financial performance of commercial banks in Kenya and found out that investment into new technology, customer satisfaction and employee reward scheme affected financial performance of the banks. She recommend that banks should invest in new technology for tremendous growth in industry, involve customers before investing in any growth strategy and Central Bank to come up with policy that will encourage banks to use the most advanced technology in the market.

The above research studies do not address the effects of corporate social responsibility on growth strategies of commercial banks in Kitui County hence the research gap which needed to be addressed by the study. The performance of the commercial banks in the Kitui County had been marginal in relation to other neighboring counties like Nairobi and Machakos Counties. Their growth and expansion was on the minimal and the impact the commercial banks created in the region had not been fully realized. Therefore the study did seek to investigate how corporate social responsibility affected growth strategies of commercial banks in Kitui County.

1.3 Objectives of the Study

1.3.1 General objective of the study
The main objective of the study was to determine effect of corporate social responsibility on growth strategies of commercial banks in Kitui County, Kenya.

1.3.2 Specific Objectives
The study was guided by the following specific objectives.

(i) To determine the effects of environmental protection on growth strategies of commercial banks in Kitui County, Kenya.
(ii) To evaluate the effect of philanthropy on growth strategies of commercial banks in Kitui County, Kenya.
(iii) To establish the effects of ethical labor relations on growth strategies of commercial banks in Kitui County, Kenya

1.4 Research Questions

(i) How does environmental protection affect growth strategies of commercial banks in Kitui County, Kenya?
(ii) How does philanthropy affect growth strategies of commercial banks in Kitui County, Kenya?
(iii) What is the effect of ethical labor relations on growth strategies of commercial banks in Kitui County, Kenya?

1.5 Significance of the Study
The findings of the study will be beneficial to the following parties: the study will provide the prospective investor with information regarding participation of various commercial banks in corporate social responsibility, which plays a major role in growth of banks profitability and corporate image in a competitive market. This will enable them to evaluate their risks in investment and also their return on investment on various commercial banks; the study will be of significant value to business community and entities that engage in banking services, thus enabling them to make a choice of commercial banks to operate with, depending on their contributions to the society; the study will be useful to the government because it will be able to establish which commercial banks are adhering to government policy regarding the corporate social responsibility. The study will enable the government to know the various activities of corporate social responsibility that commercial banks need to engage in, that foster rapid economic growth. This will guide them in formulating policies regarding corporate social responsibility activities; the findings of the study will be useful to the researchers who wish to undertake subsequent studies on the effects of corporate social responsibility on growth strategies of commercial banks.
1.6 Scope of the Study
The study covered commercial banks in Kitui County namely; National Bank of Kenya, Kenya Commercial Bank, Equity Bank, Co-operative Bank, Family Bank, Sidian Bank and Barclays Bank, which are the only commercial banks in Kitui County. Moreover the study comprised of staff in various departments namely Managerial, Operation, Sales/Credit. The study covered the last five years (2012-2017), when the performance of commercial banks in Kitui County had been marginal compared to neighboring Counties like Nairobi and Machakos. The study focused more on the effects of corporate social responsibility on growth strategies of commercial banks.

1.7 Limitation of the Study
Adequate finances were needed to conduct the study in commercial banks within Kitui County which was very costly. This was overcome by using my personal savings and borrowing soft loans from friends to conduct the research. There were some difficulties in accessing some of the classified information, since some banks felt that giving such confidential information was like a threat to their competitors. This was overcome by giving the banks introductory letters from Kenyatta University, showing that the intended study was specifically for academic purposes and assuring the banks of their confidentiality.

It took a long duration to collect data needed because most of commercial banks have tight working schedules. This was addressed by ensuring timely distribution of questionnaires, so as to give the respondents enough time to answer the questions. Accessibility to the data needed was tedious since giving out of some information required a lot of protocols to be observed. This was overcome by giving local banks adequate time within the specified duration to seek clearance from relevant authorities.
1.8 Organization of the Study
The researcher study was organized based on the following five chapters which included: Introduction was composed of Background of the study, Statement of the problem, Objective of the Study, Research questions, Significance of the study, Scope of the Study and limitation of the study. The second chapter was on Literature Review was composed of Theoretical review, Empirical review, Summary of Literature Research gaps and Conceptual framework. The third chapter was on Research Methodology which was composed of Research design, Target population, Data collection instrument, Data analysis and presentation and Ethical consideration. The fourth chapter was on Data analysis, Results and Discussion was composed of Response rate, Reliability test, Demographic findings and Descriptive findings. The last chapter of the study was composed of Summary of the findings, Conclusions, Recommendations and Suggestions for further research.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter presents views of various existing related literature on the subject under study. This includes theoretical review, empirical review, corporate social responsibility and growth strategies, summary of research gaps and conceptual framework.

2.2 Theoretical Review
This study was guided by Resource based theory, Institutional theory and Modern portfolio theory.

2.2.1 Resource Based View Theory
This theory was proposed by Wernerfelt in 1984. Resources are inputs which an organization uses in its production process to produce outputs. The firm resources include assets, intrinsic knowledge, organization technology and information base knowledge. Resources can either be tangible or intangible. This theory postulates that a firm that poses strategic resources has a golden advantage to develop as compared to its rivals. These competitive advantages help the firm enjoy strong profits (Barney, 2002).

A strategic resource is an asset in the firm that is rare, difficult to imitate, valuable, and non-substitutable. A resource is valuable to the firm if it is able to help the firm create strategies that, wards off threats to the extent of increasing the growth of the firm as compared to its competitors. Resources are rare if they are held by few or no other competitors. Resources are difficult to imitate if they are legally protected by intellectual property such as trademarks, patents or copyrights. Resources are non-substitutable if the combination of resources by other firms cannot duplicate the strategy provided by the resource bundle of a firm (Barney, 2002). Moreover a resource that is rare, difficult to imitate and which cannot be easily substituted gives an organization, a high competitive advantage over its rivals to grow and attain a larger market share through its growth strategies.
In resource based view theory, resources are given a major role in helping companies to achieve a higher organization performance. This resource can either be tangible or intangible. The theory assumes that companies achieve competitive advantage by using combined different bundles of resources. Resource based view holds that, a firm is able to maintain competitive advantage in the market if the internal growth strategies are easily exploited as compared to the external factors. Resource based theory consist of a number of related but distinctive branches; resource based theory, dynamic capabilities and core competencies approach (Williamson, 2004).

Peteraf (2005) underscore four cornerstones of competitive advantage: Homogenous competitors, imperfect mobility of strategic resources, ex ante limit to sustained competition of the available resources and ex post limit to competitive markets so that economic rents can prevail. The limitation of this theory is that it does not clearly give the managerial implications or operation validity. The sustained competitive advantage is not achievable given the dynamic changing environment. In addition the theory focuses on the internal mechanisms of the firm and ignores the external factors such as the demand side of the market. Therefore if the firm has capability to gain a competitive advantage, it might lack demand for the products because the theory fails to acknowledge the role of the customer in the market.

However the resourced based theory was useful in the study as it provided a better understanding of how organizations can exploit its resources that are valuable, limited, hard to imitate and non-substitutable by participating in corporate social responsibility activities to gain a competitive advantage from the market and implement suitable growth strategies to expand the firm performance.

2.2.2 Institutional Theory
This theory was proposed by Meyers and Rowan in 1977. An institutional theory argues that the institutional environment can affect the growth of formal structures in an organization, more than the existing market pressures. Innovations that are environmentally friendly and that improve the technical efficiency of the firm are easily
legitimized in the environment. Legitimization of these innovations consequently becomes a limiting factor for organization operating within such an environment and adopting them becomes a requirement for survival in the market.

Meyer and Rowan argues that institutions myths are only accepted without resistance in order for the organization to attain legitimacy in the institutional market. Institutional theorist postulates that, organization legitimacy explains its survival in a competitive market. Institutional theory explains how deliberate actions can lead an organization to adopt norms and ideologies in the market environment that will promote its survival. Therefore an organization that meets environmental expected demands receive legitimacy and hence worthy of resources by the environment at large (Toma, Dubrow, & Hartley, 2005).

The environment within the organization will always limit it to engage in certain strategic activities and ensures conformity by the organization. Institutional theorist argues that the environment controls the organization available choices and options; moreover the environment limits the extent to which an organization can make such choices. Institutional theory depends on environmental conditions that influence an organization such as societal norms and requirement that an organization need to accept in order to receive support. Institutional theory depends more on societal expectation that helps to explain processes of an organization and its structure. Institutional theory also postulates that the society has a great role in determining the legitimacy of an organization than the internal operations of an organization (Scott, 2008).

Institutional theory concentrates on the impact of the environmental forces that the organization experiences and influences of the organization policies and structures that forms within the organization field. Consequently organizations give in to these environmental pressures and forces in order to get resources from the existing environment, attain potential customers and institutional legitimacy (Jamie,Kimberly,& Lori 2012).
Organization growth stage of the life cycle takes place as firms attains the ability to acquire resources from the environment. Growth increases the division of labor and specialization at different stages leading to competitive advantage, surplus resources are added to the growth of the organization. An institutional theory explains how organization grows and survives in a competitive environment by fulfilling all stakeholders’ goals. Increasing legitimacy to stakeholders is equally important as increasing technical efficiency (Pradeep, 2013).

The weakness in this theory is that formal structures of legitimacy may minimize efficiency and prevent organization’s competitiveness nature in their technical environment. To get rid of the negative effect the organization can separate its technical concentration from the legitimizing structures of the environment. With the help of this theory one understood how corporate social responsibility activities towards the environment could help to legitimize an organization in the market and enable an organization to implement its growth strategies more effectively. This theory also helped to understand organizations needed to develop policies pertaining to corporate social responsibility, so as to conform to the environmental conditions thus enabling it to develop growth strategies that would promote its sustainability.

2.2.3 Modern Portfolio Theory

The modern portfolio theory was proposed first by Harry Markowitz in 1952 in the Journal of Finance. Modern portfolio theory explains how risk-averse investors can formulate various portfolios to maximize expected returns on investment based on a certain level of market risks, stressing that risk is a necessary of a higher return. Modern portfolio theory allows investors to estimate the expected risks and expected returns as calculated statistically for their various investment portfolios. It was his position that portfolio risks should be minimized and expected rate of return maximized when assets with same price values were combined. It was realized that holding securities that tend to concert with each other do not necessarily reduce your risk on investment (Swamy, 2013).
Investment portfolios should be appraised based on market price of risks, which combines risks and rate of return into one measure, rather than risk or rate of return alone. This enables an organization to make comparison on various sets of portfolios because choosing which strategy to implement so as to gain competitive advantage and grow efficiently. Modern portfolio theory seeks to explain how we can maximize returns by selecting various assets in a given portfolio. The purpose of this theory is to maximize portfolios expected return by altering and selecting portfolios of various assets in the portfolio (Bodie Kane,&Marcus, 2009).

This theory argues that if an investor is presented with two portfolios of equal value that offer same expected returns, then the investor will select a less risky one. Investors will only assume a risky venture only if they are sure of an additional return to their investment. The modern portfolio theory is important in that, it provides a mathematical linkage between concepts of risk diversification and selection of various portfolio assets. The model links the expected rate of return portfolio to expected risks and indicates the importance of diversification to reduce total risks of a portfolio investment (Chen & Fang, 2009).

The limitation of this theory is that it assumes that assets returns are normally distributed random variables and also that investors have access to same information, have same expectation, and make same choices given a particular set of circumstances. This theory was important especially when choosing the corporate social responsibilities that could be of benefit to the local population, which could help an organization to reduce its expected risks in its investment, thus providing an optimal environment for developing growth strategies that could maximize the expected returns of an organization.

2.2.4 Stakeholder Theory

This theory was first proposed by freeman in 1984. Freeman stated that stakeholders are individuals or groups who affect or are affected by the achievement of the organization goals. He further argued that each of the stakeholder groups has a right not to be treated
as a means to an end and must be involved in shaping the future direction of the organization. Stakeholders include employees, customers, financiers, government agencies, trade unions, suppliers and the local community, which an organization has a social responsibility to address their needs as it strives to achieve the organization goal.

Bowman and Wiggen (2004) defined stakeholders as those people who are tangibly affected by the companies’ actions. The main essence of stakeholders’ theory is to establish the interaction between the corporation and its stakeholders. This theory suggests that a company success mainly lies in how well it satisfies all the stakeholders and not only from those who might profit it from their stock. In addition this theory views a corporate environment as an ecosystem of related groups who need to be considered and satisfied to keep the company healthy and successful in the long run, through application of various corporate social responsibilities to those groups.

Moreover stakeholders’ theorist argued that for any business to be successful it has to create value for all its stakeholders. Their interest has to be taken into account and the main concern of any manager is to establish how best to address the stakeholders satisfaction by maximizing the benefits and minimizing their damage. Stakeholder’s theory in itself is based on ethical and moral principles which should indicate some ethical component to corporate social responsibility decision (Philips, 2007).

The main limitation of this theory is that it focuses its interest on human participants in the business enterprises while ignoring the natural environment in which the business exist that does not directly involve people. Despite that the stakeholder theory is important in this study as it helps us understand how effectively we can employ corporate social responsibility to various stakeholders of the organization that affect its general performance and sustainability in a competitive market.
2.3 Empirical Review

An empirical review is an evidence based approach to the study and interpretation of the information. The empirical approach relies on real results from investigation, observation or experience rather than theoretical knowledge based on logical or mathematical assumptions.

2.3.1 Environmental Protection and Growth Strategies

Environmental protection has become very important with the extreme changes to weather fluctuations, increasingly global warming and dynamic environmental degradation. The world is growing in terms of population and industrialization, therefore overstretching the available resources (Millan, Holt,& Lloyd, 2010). Initially many industries did not incorporate degradation of the environment such as water pollution, air pollution and soil pollution along with the industrial growth policies. Currently environment protection has become a mandatory regulatory policy for all industries in the world, Kenya not being and exceptional. According to Attah (2010) in his study on environmental sustainability with a focus on global efforts to achieve sustainable economic growth found out that, sustainable environment growth can be achieved through integration of various regulatory policies that connect with the environment, economy and the society as a whole. These imply that in evaluating environmental policies the long term effect should be considered from various perspectives; economy, society and the environment. Achieving sustainability from one perspective may be successful in the short run period but costly in the long run period. Moreover with the need of sustainable development and growth then countries need to embark on industrial activities that comply with efficient use of natural resources through efficient technology.

ECOTEC (2002) on their study on analysis of Eco-industries, their employment and export potential, found out that spending on environmental protection activities accounted for two million jobs in European countries, environmental employment has been a source of job creation although it is adequately impossible to identify accurately its impact on aggregate employment. Environmental policies directly or indirectly raises the price of pollution, firms who uses less polluting substances or produces less polluting
products benefit a lot as demand shifts towards their output. This study demonstrates strengths into producing meaningful economic analyses that have important considerations that need to be examined to further refine the approach (ECOTEC, 2002). Despite having one of the largest economies in East Africa Community (EAC) and amongst the dynamics in Africa, Kenya as a country is facing a number of social, economic, and environmental challenges. Consequently recently the country has been facing fluctuating economic growth, low rate of industrialization and a deficit in current external budget. Environmentally Kenya as a country has a great potential to grow in its ecological capacity (Kingori, 2012).

Kenya has depleted some of its natural resources such as natural forests and ecosystems which are necessary to achieving sustainable growth in the long run. However the country is already implementing a number of policies and programs geared to transforming the country into a greener economy such as planting trees and banning deforestation activities (Republic of Kenya, 2012). A greener economy can be a good process to help the country to address its multiple challenges while achieving various targets of dynamic and stable economic growth, environmental protection, natural resource conservation and social inclusion (UNEP, 2015).

2.3.2 Philanthropy and Growth Strategies

Sponsorship refer to supporting of an activity by a firm by providing incentives or other resources that benefit the events; as a result the firm is usually given room for advertising in the events or as part of publicity during the events. Amoako, Baah and Dzogbenuku (2012) examined the effects of Sponsorship on marketing communication performance and found out that Sponsorship has grown in popularity in the recent times as a form of communication because it provides effective means of targeting selected market segments and affects marketing performance positively. Moreover most organizations are participating in various sponsorship programs to reach out to many customers as possible because there is a positive link between sponsorship and marketing performance.
In this regard therefore, sponsorship can be used as an expansion strategy by a firm, because sponsorship promotes loyalty for customers, thus demanding more of the organization products and services. Sponsorship can therefore be used by an organization to create a healthy competitive advantage over its rivals, just like any other strategic initiative sponsorship influences corporate structure, organization structure and company leadership thus promoting organizations profitability and growth in a highly competitive environment by reducing massive advertisements costs (Amoako, Baah, & Dzogbenuku, 2012).

A donation is a form of a gift given by a physical or legal person or organization for charitable purposes. Donations may take various forms like offering of products, cash or services. Many organizations have realized that philanthropic activities serve as a link of connecting with customers and building a corporate image in a competitive market. Lev, Petrovits and Radhakrishnan (2010) in their studies on how corporate charitable giving enhances revenue growth, examined the impacts of corporate philanthropy on revenue growth of public companies in 1989-2000, found out that appropriate corporate giving program helps firms create satisfaction amongst customers leading to higher revenues in long run. They also found out that firms donating presently are indeed better in future under certain prevailing conditions. A donation which improves a firm’s reputation can attract new customers or ensure existing customers less likely to shift to other competitors.

Naomi (2011) in her studies on corporate philanthropy as a determinant of profitability among banks found out that, firms obtain a positive score as a result of environmentally sound practices such as pollution prevention and recycling while negative scores are realize when firms neglect such practices. Moreover there was a positive relationship between corporate philanthropy and profitability in firms that engaged in corporate social responsibility activities. Corporate donations are fundamentally driven by sense of solidarity and company’s philanthropic strategy remains basically under the confines of traditional charity.
Wang, Choi and Li (2008) in their study re-examined the relationship between corporate philanthropy and financial performance found out a positive regression coefficient for corporate giving and a negative coefficient for corporate giving, which they interpreted as decreasing marginal returns at higher level of giving. They also noted that philanthropy was a managerial prerequisite in relation to high organization performance. Moreover corporate giving improves reputation among stakeholders which in turn improves financial performance and organization growth.

2.3.3 Ethical Labor Relations and Growth Strategies
Wright and Geroy (2001) in their study on changing mind set: the training myth and need for world class performance found that the employees’ competencies changes through effective ethical training programs; it improves overall job performance of the employee to effectively perform the current job, enhances knowledge, skills and attitude for the workers thus transforming the organization to an excellent performance in the long run. Ethical trainings of employees develop competencies in them and they are able to implement their work more efficiently thereby achieving the organization growth competitively.

Harrison (2000) in his study on employee development found that, effective learning through training affects the organization output by improved employee performance and acts as a necessity towards achievement of organization growth. He further noted that ethical training has been seen to yield performance improvement related to self -benefits for workers in an organization.

According to Swart, Mann and Price (2005) on their study on human resource development, found that bridging the employee performance gap meant to implement relevant ethical training programs so as to develop specific skills for workers thus improving their job performance. They further found that trainings facilitates the organization to realize that its employees are underperforming and thus their knowledge and skills need to be upgraded according to specific needs and objectives of the organization to grow competitively.
Moreover a manager has an obligation to identify factors that can prevent employee training program effectiveness and should evaluate the right course of action to mitigate such hindrances, therefore promoting high employee productivity so as to attain competitiveness in the market (Mckinsey, 2006). Employees are most valuable asset in an organization, therefore for any organization to achieve its strategic objectives then it must invest adequately in human capital.

Several studies have been carried to investigate the importance of fair employee treatment in organization. According to Lee and Wong (2006) in their studies on attitude formation of benefit satisfaction, they found out those organizations rewarding employees for excellent performance had an impact in the company’s innovation performance. They also found out that it requires employees who are skillful, well-motivated, innovative and easy adapt with the changing technological innovations in the market. Moreover the employees have to be objective oriented to the organization strategic goals.

Armstrong (2000) in his studies found out that reward strategy is the policy that can provide a definite direction for an organization to design programs, which will lead it to reward the good performance by workers who support the achievement of organization goals. In addition to that employees need also to be paid according to their job worth. This makes the employees feel appreciated for their role in the organization thus promoting high production.

Moragwa (2013) in his study determination of compensation among commercial banks in Kenya found that to achieve internal consistency, firm employees must be convinced that all jobs are compensated according to their value, such that they are confident that the company remunerations reflect the importance of each person’s job to the success of the organization. This in return will enhance motivation and outstanding performance by the employees leading to high efficiency and productivity by the company. Employee performance can be attributed to proper compensation by the company.
O’Brien (2014) in his articles “Why strong employee and employer relationship is important and how to achieve this?’’ Suggested that maintaining high employee-employer relationship can be key to ultimate success of an organization and advantageous. It is known that if strong relationship exist then employees will be more productive, more efficient, create less conflict and will be more loyal. Moreover companies that have invested into employee relationships programs have experienced increases in productivity, increase in profitability and consequently organization growth. This can be attributed to high employee motivation, morale and commitment to organization objectives.

2.4 Corporate Social Responsibility and Growth Strategies

Corporate social responsibility plays a great role on growth of organization in the modern economy; it may have direct or indirect influence on growth strategies depending on environmental conditions affecting the organizations. The convention view hold that corporate social responsibility is expensive since being socially responsible brings about additional expenses. The convention views maintain that the additional expenses will reduce profits and will lead to competitive disadvantage for organizations (Adrian & Simon, 2017). Moreover dissatisfaction by some stakeholders can adversely affect organizations performance and can lead to loses in future, as this would imply that the stakeholders withdraw their support from the organization and switching to more promising organizations. Therefore in this view managers are required to balance their decision in implementing corporate social responsibility activities that will influence the organization growth without rendering the organization into a situation of competitive disadvantage in the market and also maintain the future growth of the organization.

George and Jeff (2008) in their study “ Attaining sustainable growth through corporate social responsibility”, observed that to attain growth through corporate social responsibility, companies must align Corporate social responsibility with organization strategies and integrate it within the organization, thus ensuring funds necessary to achieve organizations objectives are wisely invested, implementation of open information
strategy for transparent information sharing with various stakeholders and transparency to improve the level of engagement of key customers. They also argued that if these activities are done with combinations, then corporate social responsibility can be a direction for an organization competitive strategy.

Nixon, Hellen and Kennedy (2014) in their studies “Investment in Corporate social responsibility and sustained growth in Commercial Banks of Kenya” found out that investment in corporate social responsibility had positive effects on sustained growth of banks. This was due to the fact that corporate social responsibility activities create a platform for banks to promote their brand value and enhance social insurance. Moreover they observed that the increased desire to have sustained growth by banks, there was need to invest in society benefitting activities to increase the stakeholders’ confidence and satisfy their expectations. Therefore commercial banks need to embrace corporate social responsibility activities that are accessible, ethically acceptable, have a positive impact, relevant within the environment, technically innovative and replicable. This enables an organization to have a higher competitive advantage hence promoting its growth.

2.5 Summary of Literature Review and Research Gaps

There are significant gaps in the area of study of investigating the corporate social responsibility effects on growth strategies within commercial banks in Kitui County. There are no previous studies which have adequately addressed the research problem. For instance Sabina (2013), in her study internal growth effects on financial performance of commercial banks, does not capture the aspect of corporate social responsibility effects on growth strategies of commercial banks.

Harrison (2000), on his study on employee development tries to examine the importance of employee empowerment benefits to the organization productivity, does not address corporate social responsibility adequately. Consequently Lee and Wong (2006), in their studies of attitude formation and benefit satisfaction were evaluating the benefits of employees’ rewards on companies’ innovation performances, do not capture the aspect of growth strategies clearly but focuses more on organization performances. Moreover other previous studies such as; How corporate charity contributions enhances revenue growth,
Corporate social responsibility and stock market performances, Investment in Corporate social responsibility and sustained growth in commercial banks have been rather general and therefore do not adequately address Corporate social responsibility effects on growth strategies of commercial banks in Kitui County, hence there was need to carry out the research study in an effort to plug this gap.

Table 2:1 Summary of Literature Review and Research Gaps

<table>
<thead>
<tr>
<th>Author/Year</th>
<th>Findings</th>
<th>Focus of study</th>
<th>Knowledge Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas &amp; Willy (2015)</td>
<td>The authors found out that the banks practice cost leadership and differentiation business strategies in their operations to varying extent.</td>
<td>The study was carried out to determine the effects of business strategies on performance of banks in Kenya.</td>
<td>The study fails to examine corporate social responsibility activities in the commercial banks.</td>
</tr>
<tr>
<td>Mwadime (2010)</td>
<td>The research study found out that the reasons for growth were; growth of customer base/ market share, stronger corporate image, increase investor confidence, increase in Shareholder value, increase in shareholder base, building a Stronger brand name, presence of virgin market in other countries, favorable political environment.</td>
<td>The study focused on analysis of growth strategies by the Kenya Commercial Bank.</td>
<td>This study fails to examine such factors as environmental protection, charitable donations and ethical labor practices which this study focused greatly.</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Findings</td>
<td>Methodology</td>
<td>Conclusion</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Cathrine (2013)</td>
<td>The study found out that corporate social responsibility increased customer awareness of the products offered, improved the level of customer loyalty, reduced the marketing costs and operational cost, as well as promoting the image of the Bank.</td>
<td>The study was carried out to determine how Corporate Social responsibility Strategy influences the Competitive Advantage of commercial banks in Kenya.</td>
<td>The study focused on corporate social responsibility influence on competitive advantages while this study examined corporate social responsibility influences on growth strategies.</td>
</tr>
<tr>
<td>Peninah (2010)</td>
<td>The study findings indicated that product development had the highest effect on performance of commercial banks, followed by market penetration; diversification and market development had the lowest effect.</td>
<td>The study focused on effects of expansion strategies on performance of commercial banks in Kenya.</td>
<td>The study fails to examine corporate social responsibilities activities which this study focuses on.</td>
</tr>
<tr>
<td>Amole, Adebiyi &amp; Awolaja (2012)</td>
<td>The authors found that there was a positive relationship between banks corporate social responsibility activities and profitability.</td>
<td>This paper focused on examining corporate social responsibility and profitability of banks in Nigeria.</td>
<td>This study focused majorly on profitability as opposed to this study which has focused on several variables.</td>
</tr>
</tbody>
</table>

### 2.6 Conceptual Framework

As shown in the Figure 2:1 below the framework depicts the relationship between independent variable and dependent variable of our study on corporate social responsibility effects on growth strategies of commercial banks in Kitui County. The independent variables include environmental protection, philanthropy and ethical labor relations while the dependent variables include market penetration, diversification, market development and product development.
Corporate Social Responsibility

Growth Strategies

**Environmental Protection**
- Water conservation
- Air conservation
- Land conservation

**Philanthropy**
- Charitable trust
- Donor advised funds
- Sponsorship

**Ethical Labor Relations**
- Fair Employee treatment
- Employee Trainings

**Independent variable**

**Market Penetration**
- Number of products
- Number of customers.

**Market Development**
- Number of New geographical markets
- Number of New distribution channels

**Product Development**
- Number of Modifications of existing product
- Number of Development of new products

**Diversification**
- Number of Related
- Number of Unrelated

**Dependent variable**

*Figure 2:1 Conceptual Framework*

*Source: Author (2018)*
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter outlines the research design, target population, sample design, data collection methods, data analysis and presentation that were used in the study.

3.2 Research Design
A research design can be described as a scheme that is used to give answers to a research problem. This study used descriptive and explanatory study. Descriptive study was concerned with answering the how, where and what phenomenon in the study (Cooper & Schindler, 2003). This design was chosen because it was accurate, precise and easy. The descriptive study gave statistical information about the aspects of the study that was useful to policy makers. Moreover the study used explanatory research design to establish the extent of cause-and-effect relationships of the variables.

3.3 Target Population
The target population for the study was the seven commercial banks in Kitui County namely; Kenya Commercial Bank, National Bank, Equity Bank, Cooperative Bank, Family Bank, Sidian Bank and Barclays Bank of Kenya. The study focused on commercial banks staff who were one hundred and twenty eight in number in Kitui County. The staff members were distributed in various departments within the banks namely managerial, operation and sales/credit. Mugenda and Mugenda (2003) noted that a good target population should have notable observable characteristics, which the researcher intends to generalize the results of the study. In the study the banking staff had observable characteristics as they had full knowledge of the departments they represent.
The population characteristic from Commercial Banks in Kitui County is summarized in the table below.

**Table 3:1 Target Population**

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya Commercial Bank</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>National Bank</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Equity Bank</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Cooperative Bank</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td>Family Bank</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Barclays Bank of Kenya</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Sidian Bank</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total number of respondents</strong></td>
<td><strong>128</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Commercial Banks Human Resource Information Systems.

The respondents in the study were the banking staff drawn from various departments within the commercial banks. The respondents were involved in daily operations of the banks and had a wide knowledge of the activities in their banks. The study was a census. The reason for choosing these respondents was that they were literate, conversant with the area of study and had a wide knowledge of banking operations.

### 3.4 Data Collection Instrument

The self-administered questionnaire was preferred for this study since all the respondents were literate, able to answer questions adequately and had a well knowledge of banking operations. The questionnaire was designed to have five sections. The first section constituted general questions about the Background of the respondent while the other four sections constituted questions regarding the objectives of the Study. The primary data and secondary data were collected for the purpose of analyzing the investigation of the study. Primary data was collected using structured self-administered questionnaires which were consisting closed and open ended questions, while secondary data was collected using previous annual reports of the banks.
3.4.1 Validity of Research Instrument

A pilot study was conducted to test the validity and reliability of the data to be collected using our research instrument. This enabled the researcher to know the areas which needed to be improved in terms of content. Content validity was carried out for the research instrument through seeking the supervisor’s opinion so that necessary correction and modification could be done to the research instrument to enhance validity. This helped to improve the content of the research instrument so as to enhance validity of the research tool. Cooper and Schindler (2003) noted that content validity employed in study is a measure of degree to which data collected using a particular instrument represents a specific dominion or content of a particular concept. Moreover internal validity was also tested to ensure research experiment design closely followed the principles of cause and effect.

3.4.2 Reliability of Research Instrument

Mugenda and Mugenda (2003) observed that reliability was increased by including similar items on a measure by testing a diverse sample of individuals and using uniform testing process. The reliability of the questionnaire was determined by test-retest reliability method. A Cronbach Alpha (α) was computed to test the consistency and scale measure of study variables. For this study the researcher selected one bank and used it as the pilot study for the investigation. He gave the respondents in the selected bank questionnaires and responses taken. After a specific duration about two weeks, the respondents in the selected bank were given the questionnaires and their responses taken. Using the data collected between the durations, Cronbach Alpha (α) was calculated to ascertain the reliability of the instrument. A higher coefficient of above 0.7 indicated good reliability.

3.5 Data Collection Procedure

An approval letter was issued at Kenyatta University and an authorization letter was sought from National commission for Science, Technology and Innovation (NACOSTI) by the researcher permitting him to collect the data in commercial banks in Kitui County. A copy of this letter helped the researcher to introduce himself to the management of various banks within Kitui County and also helped the researcher to supply the banks
with questionnaires for the purpose of data collection. The researcher used drop and pick method due to the nature of operations in commercial banks, which had tight working schedule.

3.6 Data Analysis and Presentation

The data collected was verified for completeness and actualization of results. The data collected was purely quantitative and was analyzed using descriptive statistics of mean, standard deviation, frequency and also percentages. To test the effect of corporate social responsibility on growth strategies of commercial banks, a multiple regression model was employed and a computer package SPSS (statistical package for social sciences) version 20 was used to analyze the data for this study. Therefore the researcher intended to estimate the following multiple regression model.

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

Where \( Y \) = Growth Strategies;
\( \alpha \) = Constant Term;
\( \beta_1, \beta_2, \beta_3 \) = Regression coefficients;
\( X_1 \) = Environmental protection;
\( X_2 \) = Philanthropy;
\( X_3 \) = Ethical labor Relation;
\( \epsilon \) = error term

Co-efficient \( \beta_1, \beta_2, \beta_3 \) were be used to measure the sensitivity of the dependent variable (Growth strategies) to unit changes in the three variables.
3.7 Ethical Considerations
The information that was collected was very sensitive given the competitive nature within commercial banks in the market. The researcher ensured that the information collected was handled with utmost confidentiality. He also reassured the respondents that the information collected was used for academic purposes only before the beginning of data collection, by providing them with the approval letter from Kenyatta University to carry out the research. Moreover authority to collect data was sought from National commission for Science, Technology and Innovation (NACOSTI). All the respondents were treated with utmost respect and courtesy.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction
This chapter presents the analysis of the collected data and discussion of the findings of the study in accordance to the research objectives and results presented in simple descriptive tables of frequency and percentages.

4.2 Response Rate
The study managed to achieve a 100.0% (128 responses) response rate since the population was small. One type of questionnaire was used for all respondents. Mugenda and Mugenda (2003) advise that a response rate which is above 50% is considered adequate for analysis of study conducted. The response rate in this study was found to be reliable hence the analysis of the collected data.

4.3 Reliability Test
This is usually the consistency in data collection measure. The researcher conducted a pilot test to establish the reliability of the results. A Cronbach Alpha (α) was computed to test the consistency and scale measure of study variables. The value of Cronbach Alpha (α) for all the variables was found to be higher than the critical 0.70 meaning that the data collection instrument was reliable, thus it enabled the researcher to proceed with further analysis.

Table 4.1: Reliability Analysis

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental protection</td>
<td>0.888</td>
<td>Reliable</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>0.873</td>
<td>Reliable</td>
</tr>
<tr>
<td>Ethical labor Relation</td>
<td>0.743</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

4.4 Demographic Findings
The study sought to establish the background information of the respondent such as designation, department, duration of service, academic qualification and professional qualification. The results are shown in Tables 4.2, 4.3, 4.4, 4.5 and 4.6.
Table 4.2 Designation of the respondent

<table>
<thead>
<tr>
<th>Designation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>20</td>
<td>15.6</td>
</tr>
<tr>
<td>Bank Officers</td>
<td>46</td>
<td>35.9</td>
</tr>
<tr>
<td>Clerk</td>
<td>62</td>
<td>48.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher (2018)*

From the findings in Table 4.2 the study found that majority of the respondents 62 (48.5%) were clerks. Bank officers constituted 46 (35.9%) while managers were 22 (15.6%). This is a normalized distribution of the employees in the banks. The nature of this study generated more interest from bank clerks as they are directly involved in most banking operations.

Table 4.3 Department of the respondent

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial</td>
<td>19</td>
<td>14.8</td>
</tr>
<tr>
<td>Operations</td>
<td>51</td>
<td>39.9</td>
</tr>
<tr>
<td>Sales/Credit</td>
<td>58</td>
<td>45.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher (2018)*

From the findings in Table 4.3 the study found that sales/credit departments were 58 (45.3%), followed by operations department who were 51 (39.9%) and Managerial department who were 19 (14.8%) which is a fair representation considering that Kitui County has seven commercial banks. Majority of the respondents (75%) worked within operation and sales/credit departments.
From the findings in Table 4.4 the study found that most employees 46 (35.9%) have been in the same position for 1 to 4 years. Similarly, another larger number 39 (30.5%) have been in same position for 5 to 10 years. Thirty-four employees 34(26.6%) have been in the same position for less than a year while only 9 (7.0%) have been in the same position for over 10 years. The results indicate that work experience was a necessary requirement for employees to be promoted from one position to another. This is shown by the minority of employees (7%) who had worked in the same position for over ten years.

From the findings in Table 4.5 the study found that 55 (43.0%) have been in banking sector for 5 to 10 years, 40 (31.3%) of the respondents have been in the banking sector for 1 to 4 years. At least 23 (17.9%) have had over 10 years in the banking sector. Just 10 (7.8%) of the respondents had less than a year in the bank. This implies most of banking employees (60%) have adequate work experience about banks operations.
Table 4.6 Highest education level of the respondent

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post graduate</td>
<td>17</td>
<td>13.3</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>89</td>
<td>69.5</td>
</tr>
<tr>
<td>Diploma</td>
<td>22</td>
<td>17.2</td>
</tr>
<tr>
<td>Certificate</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher (2018)*

From the findings in Table 4.6 the study found that 89(69.5%) of the employees were bachelors’ holders, at least 17 (13.3%) of employees were postgraduates while 22 (17.2%) were diploma holders. This indicated an elite working class likely to deliver the goals of commercial banks in a competitive manner.

4.3.6 Other Professional Trainings

The study found out that the respondents did not have other professional trainings. This was attributed by the fact that many banks recruited employees who had done courses related to banking such as finance, audit and accounting, marketing and sales. The recruited employees only needed induction courses about bank operations.

4.5 Descriptive Analysis

The study sought to answer the research question through analyzing specific objectives and the findings of the study are discussed in the preceding section.

4.5.1 Environmental Protection and Growth Strategies of Commercial Banks in Kitui County, Kenya.

The study sought to determine the effects of environmental protection on growth strategies of commercial banks. The results are shown in Table 4.7.
Table 4.7 Environmental protection and Growth Strategies

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very Low</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Very High</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in forest conservation programs</td>
<td>19(14.8%)</td>
<td>55(43.0%)</td>
<td>21(16.4%)</td>
<td>22(17.2%)</td>
<td>11(8.6%)</td>
<td>2.328</td>
<td>.644</td>
</tr>
<tr>
<td>Participation in land conservation programs</td>
<td>8(6.3%)</td>
<td>20(15.6%)</td>
<td>77(60.2%)</td>
<td>15(11.7%)</td>
<td>8(6.3%)</td>
<td>4.314</td>
<td>1.228</td>
</tr>
<tr>
<td>Use of environmental friendly technology</td>
<td>32(25.0%)</td>
<td>31(24.2%)</td>
<td>36(28.1%)</td>
<td>21(16.4%)</td>
<td>8(6.3%)</td>
<td>2.005</td>
<td>.814</td>
</tr>
<tr>
<td>Participation in water conservation programs</td>
<td>27(21.0%)</td>
<td>29(22.7%)</td>
<td>33(25.8%)</td>
<td>24(18.8%)</td>
<td>15(11.7%)</td>
<td>4.337</td>
<td>.675</td>
</tr>
<tr>
<td>Participation air conservation</td>
<td>49(38.3%)</td>
<td>21(16.4%)</td>
<td>26(20.3%)</td>
<td>18(14.1%)</td>
<td>14(10.9%)</td>
<td>2.081</td>
<td>.783</td>
</tr>
</tbody>
</table>

Source: Researcher (2018)

From the findings of the study in Table 4.7, the respondents indicated that there is high participation in water conservation programs as shown by a mean of 4.337 and high participation in land conservation programs as shown by a mean of 4.314. The respondents also indicated that there is a low participation in forest conservation programs as shown by a mean of 2.328, low participation air conservation as shown by a mean of 2.081 and low use of environmentally friendly technology as shown by a mean of 2.005. These findings indicated that banks were rarely utilizing environmental protection since it had little significant effects on growth strategies of commercial banks, thus banks were paying less attention on environmental protection since its impact on its growth strategies was minimal. This is in disagreement with Attah (2010) who observed that sustainable environment and growth could be achieved through integration of policies that connect with the environment, economy and society. Banks in the past paid little or no attention to climate and environment related activities. However, in the recent times such programs have been rolled out by commercial banks due to competitiveness in
the market and the regulatory requirements by the government that persuades commercial banks to engage in environmental protection despite the fact that it has little impact on its growth strategies.

4.5.2 Philanthropy and Growth Strategies of Commercial Banks in Kitui County, Kenya.

The study sought to evaluate the effects of philanthropy on growth strategies of commercial banks. The results are shown in Table 4.8.

Table 4.8 Philanthropy and Growth Strategies

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very Low</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Very High</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education sponsorship for the needy and bright students in primary education</td>
<td>15(11.7%)</td>
<td>19(14.8%)</td>
<td>15(11.7%)</td>
<td>42(32.8%)</td>
<td>37(28.9%)</td>
<td>4.337</td>
<td>.675</td>
</tr>
<tr>
<td>Education sponsorship for the needy and bright students in Secondary education</td>
<td>5(3.9%)</td>
<td>11(8.6%)</td>
<td>12(9.4%)</td>
<td>52(40.6%)</td>
<td>48(37.5%)</td>
<td>4.463</td>
<td>.619</td>
</tr>
<tr>
<td>Sponsorships for Sports such as football</td>
<td>12(9.4%)</td>
<td>16(12.5%)</td>
<td>18(14.1%)</td>
<td>40(31.3%)</td>
<td>42(32.8%)</td>
<td>4.289</td>
<td>.662</td>
</tr>
<tr>
<td>Sponsorship for Radio programs that promote economic growth</td>
<td>3(2.3%)</td>
<td>10(7.8%)</td>
<td>20(15.6%)</td>
<td>57(44.5%)</td>
<td>38(29.7%)</td>
<td>3.812</td>
<td>1.090</td>
</tr>
<tr>
<td>Sponsorship for Television programs that promote social and moral growth in the society</td>
<td>1(0.8%)</td>
<td>3(2.3%)</td>
<td>21(16.4%)</td>
<td>62(48.4%)</td>
<td>41(32.0%)</td>
<td>3.563</td>
<td>1.440</td>
</tr>
<tr>
<td>Growth of Technology access to rural areas</td>
<td>12(9.4%)</td>
<td>21(16.4%)</td>
<td>52(40.6%)</td>
<td>25(19.5%)</td>
<td>18(14.1%)</td>
<td>2.125</td>
<td>1.014</td>
</tr>
<tr>
<td>Health care (malnutrition) for the needy in the region through charity organization like Red cross</td>
<td>10(7.8%)</td>
<td>12(9.4%)</td>
<td>42(32.8%)</td>
<td>38(29.7%)</td>
<td>26(20.3%)</td>
<td>3.120</td>
<td>0.943</td>
</tr>
<tr>
<td>Reduction of mortality among pregnant mothers in the region through donations to the health sector</td>
<td>18(14.1%)</td>
<td>45(35.2%)</td>
<td>30(23.4%)</td>
<td>22(17.2%)</td>
<td>13(1.2%)</td>
<td>2.319</td>
<td>1.045</td>
</tr>
<tr>
<td>Contribution towards Agriculture through provision of seedling and equipment to small scale farmers</td>
<td>8(16.3%)</td>
<td>19(14.8%)</td>
<td>24(18.8%)</td>
<td>47(36.7%)</td>
<td>30(23.4%)</td>
<td>3.692</td>
<td>1.082</td>
</tr>
</tbody>
</table>

*Source: Researcher (2018)*
From the findings of the study in Table 4.8, the respondents indicated that there is high education sponsorship for the needy and bright students in Secondary education as illustrated by a mean of 4.463, high education sponsorship for the needy and bright students in primary education as illustrated by a mean of 4.337, high sponsorships for Sports such as football as illustrated by a mean of 4.289, high sponsorship for Radio programs that promote economic growth as illustrated by a mean of 3.812, high contribution towards Agriculture through provision of seedling and equipment to small scale farmers as illustrated by a mean of 3.692 and high sponsorship for Television programs that promote social and moral growth in the society as illustrated by a mean of 3.563. This is in agreement with Cathrine (2013) who found out that corporate social responsibility increased customer awareness of the products offered, improved the level of customer loyalty, reduced the marketing costs and operational cost, promoting the image of the Bank in a competitive market, as well as its overall growth.

The respondents also indicated that there is moderate health care (malnutrition) for the needy in the region through charity organization like Red cross as illustrated by a mean of 3.120, low reduction of mortality among pregnant mothers in the region through donations to the health sector as shown by a mean of 2.319 and a low growth of Technology access to rural areas as shown by a mean of 2.125. The findings indicated that participating in sponsorship activities positively influenced implementation of growth strategies in commercial banks in Kitui County. This is in agreement with Lev et al (2002) who hypothesized in their studies that corporate giving helps a firm retain satisfied customers and high revenues as well as sustained growth. Moreover, Wang et al (2008) found a positive regression coefficient for corporate giving and a negative coefficient for corporate giving, which they interpreted as decreasing marginal returns at higher level of giving. They noted that philanthropy was a managerial prerequisite in relation to high organization performance and corporate giving enhances reputation amongst stakeholders which in return enhances organization growth.
4.5.3 Ethical Labor Relations and Growth Strategies of Commercial Banks in Kitui County, Kenya.

The study sought to establish the effects of ethical labor relations on growth strategies of commercial banks. The results are shown in Table 4.9.

Table 4.9 Ethical Labor Relations and Growth Strategies

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very Low</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Very High</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewarding outstanding employee performances</td>
<td>10(7.8%)</td>
<td>19(14.8%)</td>
<td>43(33.6%)</td>
<td>34(26.6%)</td>
<td>22(17.2%)</td>
<td>3.337</td>
<td>0.675</td>
</tr>
<tr>
<td>Employee Compensation in respect to their qualification and job description</td>
<td>11(8.6%)</td>
<td>20(15.6%)</td>
<td>46(36.0%)</td>
<td>31(24.2%)</td>
<td>20(15.6%)</td>
<td>3.817</td>
<td>1.735</td>
</tr>
<tr>
<td>Employees Good working conditions</td>
<td>8(6.3%)</td>
<td>13(10.2%)</td>
<td>25(19.5%)</td>
<td>49(38.3%)</td>
<td>33(25.8%)</td>
<td>4.164</td>
<td>0.979</td>
</tr>
<tr>
<td>“Strong employee and employer relationship”</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effect of training on employee Efficiency</td>
<td>11(8.6%)</td>
<td>14(10.9%)</td>
<td>16(12.5%)</td>
<td>53(41.4%)</td>
<td>34(26.6%)</td>
<td>3.990</td>
<td>0.978</td>
</tr>
<tr>
<td>Effect of training on Competency of employees</td>
<td>11(8.6%)</td>
<td>13(10.2%)</td>
<td>10(7.8%)</td>
<td>62(48.4%)</td>
<td>32(25.0%)</td>
<td>4.217</td>
<td>1.000</td>
</tr>
<tr>
<td>Effect of training on employee adaptability to changes in technology</td>
<td>5(3.9%)</td>
<td>16(12.5%)</td>
<td>25(19.5%)</td>
<td>58(45.3%)</td>
<td>24(18.8%)</td>
<td>3.683</td>
<td>1.242</td>
</tr>
</tbody>
</table>

Source: Researcher (2018)

From the findings of the study in Table 4.9, the respondents indicated that there is a high effect of training on Competency of employees as shown by a mean of 4.217, high employees Good working conditions as shown by a mean of 4.164, high effect of training on employee Efficiency as shown by a mean of 3.990, high employee Compensation in respect to their qualification and job description as shown by a mean of 3.817 and high effect of training on employee adaptability to changes in technology as shown by a mean of 3.683. The respondents indicated a normal rewarding outstanding employee performance as shown by a mean of 3.337. The findings are in agreement with Moragwa (2013) who found out that to achieve internal consistency, firm employees must be convinced that all jobs are compensated according to their value, such that they are confident that the company remunerations reflect the importance of each person’s job to the success of the organization. This enhances motivation and outstanding performance
by the employees leading to high efficiency and productivity by the company. This indicated that most respondents were skewed positively on these statements, which can be interpreted as ethical labor relations had positive effects on growth strategies of commercial banks. This study further found that banks participating in sound ethical relations had greater impact when implementing growth strategies in commercial banks. This is in agreement with Lee and Wong (2006) who hypothesized that rewarding employees for excellent performance had an impact on company’s performance and also on its growth strategies.

4.5.4 Growth Strategies employed by Commercial Banks in Kitui County.
The study sought to establish various growth strategies employed by commercial banks in Kitui County, Kenya to promote their expansion. The results are shown in Table 4.10.

Table 4.10 Commercial Banks Growth Strategies.

<table>
<thead>
<tr>
<th>Market penetration</th>
<th>Very Low</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Very High</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling of more products to established customers by your bank</td>
<td>7(5.5%)</td>
<td>15(11.7%)</td>
<td>20(15.6%)</td>
<td>46(35.9%)</td>
<td>40(31.3%)</td>
<td>4.386</td>
<td>0.750</td>
</tr>
<tr>
<td>Finding of new customers within the existing market by your bank</td>
<td>12(9.4%)</td>
<td>29(22.7%)</td>
<td>21(16.4%)</td>
<td>35(27.3%)</td>
<td>31(24.2%)</td>
<td>3.243</td>
<td>1.032</td>
</tr>
<tr>
<td>Increase the usage of your bank products by the current customers</td>
<td>5(3.9%)</td>
<td>10(7.8%)</td>
<td>15(1.7%)</td>
<td>50(39.1%)</td>
<td>48(37.5%)</td>
<td>4.381</td>
<td>0.764</td>
</tr>
<tr>
<td>Engaging in promotion of its products</td>
<td>6(4.7%)</td>
<td>9(7.0%)</td>
<td>10(7.8%)</td>
<td>57(44.5%)</td>
<td>46(35.9%)</td>
<td>3.976</td>
<td>0.811</td>
</tr>
<tr>
<td>Market development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling its products in new geographical areas</td>
<td>8(6.3%)</td>
<td>17(13.3%)</td>
<td>35(27.3%)</td>
<td>37(28.9%)</td>
<td>31(24.2%)</td>
<td>3.333</td>
<td>0.687</td>
</tr>
<tr>
<td>Different pricing</td>
<td>10(7.8%)</td>
<td>18(14.1%)</td>
<td>30(23.4%)</td>
<td>47(36.7%)</td>
<td>22(17.2%)</td>
<td>3.619</td>
<td>0.962</td>
</tr>
</tbody>
</table>
Strategies for your bank's products

<table>
<thead>
<tr>
<th>Development of new distribution channels for the products by your bank</th>
<th>6(4.7%)</th>
<th>11(8.6%)</th>
<th>50(39.1%)</th>
<th>39(30.5%)</th>
<th>22(17.2%)</th>
<th>3.833</th>
<th>1.034</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion for new users of your bank products</td>
<td>12(9.4%)</td>
<td>32(25.0%)</td>
<td>18(14.1%)</td>
<td>33(25.8%)</td>
<td>33(25.8%)</td>
<td>3.071</td>
<td>0.712</td>
</tr>
</tbody>
</table>

**Product development**

<table>
<thead>
<tr>
<th>Modification of existing products</th>
<th>6(4.7%)</th>
<th>12(9.4%)</th>
<th>10(7.8%)</th>
<th>53(41.4%)</th>
<th>47(36.7%)</th>
<th>4.381</th>
<th>0.764</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of new products</td>
<td>14(10.9%)</td>
<td>14(10.9%)</td>
<td>15(11.7%)</td>
<td>53(41.4%)</td>
<td>32(25.0%)</td>
<td>3.976</td>
<td>0.811</td>
</tr>
</tbody>
</table>

**Diversification**

<table>
<thead>
<tr>
<th>Related relationship of new products to the existing products in the market</th>
<th>10(7.8%)</th>
<th>28(21.9%)</th>
<th>30(23.4%)</th>
<th>25(19.5%)</th>
<th>35(27.3%)</th>
<th>2.810</th>
<th>1.065</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrelated relationship of new products to the existing products in the market</td>
<td>39(30.5%)</td>
<td>21(16.4%)</td>
<td>20(15.6%)</td>
<td>21(16.4%)</td>
<td>27(21.1%)</td>
<td>2.136</td>
<td>0.713</td>
</tr>
</tbody>
</table>

**Source: Researcher (2018)**

From the findings of the study in Table 4.10, regarding market penetration, the respondents indicated selling of more products to established customers by their bank was high as shown by a mean of 4.386, increase the usage of your bank products by the current customers as shown by a mean of 4.381, engaging in promotion of its products as shown by a mean of 3.976 and normal trend of finding of new customers within the existing market by their bank as shown by a mean of 3.243. The findings are in agreement with Harzing (2010) who asserts that firms may seek to increase its market share through market penetration strategies, so as to gain reputation since market leaders have their influence that they can use for their own advantage. Large player in the market
have a higher competitive advantage to negotiate with suppliers and channel members hence promoting firm’s expansion.

Regarding market development, the study established that development of new distribution channels for the products by their bank as shown by a mean of 3.833, that different pricing strategies for their bank’s products as shown by a mean of 3.619, that selling its products in new geographical areas as shown by a mean of 3.333 and that expansion for new users of your banks products as shown by a mean of 3.071. The findings are in agreement with (Dupis & Prime, 2007) who found out that successful market development could be achieved through the following approaches; finding of new geographical markets, new distribution channels and use of different price strategies to attract new customers and create new market areas.

With regard to product development, the respondents indicated that there is a modification of existing products was high as shown by a mean of 4.381 while there was a high development of new products mentions as shown by a mean of 3.976. These findings are in agreement with Peninah (2010) who found out that product development had the highest effect on performance of commercial banks, followed by market penetration; diversification and market development had the lowest effect. Moreover, the success the success of a product in the market determines the success of growth strategy and its efficiency (Hung et al., 2007).

Finally, on diversification, the respondents indicated that there is a low related relationship of new products to the existing products in the market as shown by a mean of 2.810 while there was a low unrelated relationship of new products to the existing products in the market as shown by a mean of 2.136. These findings show that most commercial banks did not adequately utilize the diversification strategy for its expansion. This is in agreement with (Chandler, 2010) who indicated that a diversification strategy is pursued when firms have opportunities embedded in market structures as well as opportunities for growth in the firm’s basic business.
4.6 Multiple Regression Analysis

The researcher conducted a multiple regression analysis to test the relationship between the variables. This showed how the dependent variable is influenced by the independent variables.

Table 4.11 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.886\textsuperscript{a}</td>
<td>.785</td>
<td>.798</td>
<td>.15066</td>
</tr>
</tbody>
</table>

Source: Researcher (2018)

From the findings in Table 4.11, the coefficient of correlation R was 0.866 an indication of strong positive correlation between variables. Coefficient of determination $R^2$ was 0.785 implying 78.5% of variation in growth strategies was explained by the independent variables (Environmental protection, Philanthropy and Ethical labor Relation). The residue 15% would be explained by other factors beyond the scope of the current study.

Table 4.12: ANOVA.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>199.121</td>
<td>3</td>
<td>66.374</td>
<td>83.968</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>98.017</td>
<td>124</td>
<td>0.790</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>297.138</td>
<td>127</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the findings in Table 4.12, p-value was 0.000 and F-calculated was 83.968. Since p-value was less than 0.05 and the F-calculated was greater than F-critical (2.4472), then the regression relationship was significant in determining how environmental protection, philanthropy and ethical labor relation influenced growth strategies of selected commercial banks in Kitui County, Kenya.

Table 4.13 Coefficients of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.445</td>
<td>.102</td>
<td>17.15</td>
<td>.000</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>.352</td>
<td>.174</td>
<td>.541</td>
<td>3.81</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>.821</td>
<td>.063</td>
<td>.449</td>
<td>1.221</td>
</tr>
<tr>
<td>Ethical labor Relation</td>
<td>.448</td>
<td>.050</td>
<td>.938</td>
<td>3.81</td>
</tr>
</tbody>
</table>
A regression model was finally computed. The study used analytical statistics and the following model was generated using SPSS.

\[ Y = 0.445 + 0.352X_1 + 0.821X_2 + 0.448X_3 +0.004 \]

Where;
- \( Y \) - Growth Strategies
- \( X_1 \) - Environmental protection
- \( X_2 \) - Philanthropy
- \( X_3 \) - Ethical labor Relation

From the findings the study found that if all independent variables were held constant at zero, then the growth strategies of selected commercial banks in Kitui County, Kenya will be 0.445. From the findings the coefficient for environmental protection is 0.352 which is significant since \( p=0.001 \) is less than 0.05, meaning that a unit change in environmental protection leads to a 0.352-unit change in growth strategies of selected commercial banks in Kitui County, Kenya. This is similar to a study conducted by Attah (2010) who indicated that sustainable environment growth can be achieved through integration of various regulatory policies that connect with the environment, economy and the society as a whole. These imply that in evaluating environmental policies the long-term effect should be considered from various perspectives; economy, society and the environment. Achieving sustainability from one perspective may be successful in the short run period but costly in the long run period.

The study also found that a unit change in philanthropy changes would lead to 0.821 units change in growth strategies of selected commercial banks in Kitui County, Kenya. The variable was significant since \( p\)-value=0.001<0.05. This is in agreement with Amoako (2012) who indicated that sponsorship can be used by an organization to create a healthy competitive advantage over its rivals, just like any other strategic initiative sponsorship influences corporate structure and company leadership, thus promoting organizations profitability and growth in a highly competitive environment by reducing massive advertisements costs. Similarly, Amole, Adebiyi & Awolaja (2012) stated that there was a positive relationship between banks corporate social responsibility activities such as philanthropy and growth in profitability in the long run.
The study further found that a unit change in ethical labor Relation would lead to 0.448 units change in growth strategies of selected commercial banks in Kitui County, Kenya. The variable was significant since p-value=0.000<0.05. This is in agreement with Wright and Geroy (2001) who indicated that effective training programs improves overall job performance of the employee to effectively perform the current job, enhances knowledge, skills and attitude for the workers thus transforming the organization to an excellent performance and growth in the long run. Moreover O’Brien (2014) indicated that maintaining high employee-employer relationship can be key to ultimate success of an organization growth and advantageous. He stated that if strong relationship exists then employees will be more productive, more efficient and create less conflict.

Finally, Philanthropy had the greatest effect on growth strategies of selected commercial banks in Kitui County, followed by ethical labour relation while environmental protection had the least effect on growth strategies of selected commercial banks in Kitui County, Kenya. All variables were significant since their p-values were less than 0.05.
CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction
This chapter presents a brief discussion of the study in summary of the findings, conclusion and recommendation of the study based on the objectives of the study.

5.2 Summary of the Findings
The study was aimed to determine how corporate social responsibility affected growth strategies of commercial banks in Kitui County, Kenya. The study achieved this through investigating the following three objectives; determining the effects of environmental protection on growth strategies of commercial banks, evaluating the effect of philanthropy on growth strategies of commercial banks and establishing the effects of ethical labor relations on growth strategies of commercial banks in Kitui County, Kenya. The study found that banks participation in environmental protection programs was found to be minimal with most respondents rating conservations of forest, land, air and environmentally friendly technology averagely. Banks have in the recent resulted to initiating environment protection programs as a way of giving back to community and a reaction to emerging competition in the market and government regulatory requirements for organizations to be environmentally friendly, thus participation in environmental protection by commercial banks had some significant effects on its growth strategies hence it cannot be absolutely ignored.

The effect of philanthropy on growth strategies of commercial banks was also investigated. Mostly banks were found to sponsoring education in both primary and secondary schools for bright needy students. Secondly banks were found to sponsor many TV and Radio programs that promote economic growth and awareness in the market. Programs with high view and audience definitely improve brand awareness. However, banks were not participating a lot in malnutrition issues and health programs as well as agriculture programs; only less than 50% were in the precedent programs. In conclusion participation in philanthropy by commercial banks was seen to significantly influenced growth strategies in a positive manner.
The effect of Ethical labor relation on growth strategies of commercial banks was also investigated. Ethical labor relation is a very important factor in an organization. Most banks were found to practice high level of employee treatment and training. Employee performance rewarding, compensation for a qualification added in the job description card, ensuring of employees Good working conditions and strong employee and employer relationship were rated “high” and “very high” by majority. Training of the employees sharpens the skills, improves efficiency, and improves competency and adaptability to new working technologies geared towards improved output. Therefore, participation in ethical labor relations by commercial banks significantly affected growth strategies positively.

The study found out that Commercial banks utilize a number of strategies to improve their growth. Modification of existing products was the main strategy with 36.7% of the employees suggesting that it was highly utilized. Engaging in promotion of its products was also cited by many (35.9%) as also highly utilized. Banks also were keen on cross-selling (selling of more products to established customers by banks) to their customers. However, banks were moderately exploiting chances like; selling products in new geographical areas, development of new distribution channels for the products, different pricing strategies for banks products. This gradually improved market development strategy by commercial banks in the market. The study also found out that the new products in the banks had a significant relationship to the existing products in the market.

5.3 Conclusion
The study concludes that in order for the commercial banks to achieve and sustain high level of growth and profitability in the market, they must actively engage in philanthropy activities such as sponsorships of education, sports and TV& radio programs which directly or indirectly affect most of their customers, and which have a very high influence on growth strategies of commercial banks.

The study also concludes that for the commercial banks to excel in growth, they must exercise good working ethical labor relation to their employees, such as rewarding
outstanding performances, effective training programs, and proper employee compensation with respect to their qualification and also good working conditions for all employees, because ethical labor relation had a significant positive impact on growth strategies of commercial banks.

The study further concludes that Commercial banks are indebted to participate in environment protection programs in the Kitui County such as using environment friendly technology, participating in water, air, and forest conservation programs either directly or indirectly as they affect most of the local population, this will improve the customers’ loyalty and consequently promote their growth in the region despite the fact that environment protection has a lower contribution towards growth strategies of commercial banks.

5.4 Recommendation

This study makes several recommendations for policy implementation. Foremost, the study has established that commercial banks adopt various CSR initiatives; it is therefore recommended that the adoption of the initiatives be encouraged and reinforced in order to drive competitive advantage and present the bank as an important and beneficial member of society. The study suggests that it is important for policy makers to look into incorporating of stakeholders in driving the CSR agenda, this not only builds belief in the brand but also sustenance as the stakeholders feel part of the team that is aiming to make a lasting difference in the community they live and work in. The study recommends that the management of commercial banks should increase the budget allocation to philanthropic activities such as sponsoring education of children in primary and secondary school, TV& radio programs which highly affect the general population which can enable the commercial banks to implement their growth strategies more effectively.
The study also recommends commercial banks are required to walk an extra mile in ensuring the best ethical labor relation policies are developed and implemented for all their employees. The study also recommends commercial banks to set aside a budget for continuous training of employees as a result of dynamic change in technology and skill upgrade for employees. This guarantees motivated, dedicated, skillful and improved workforce which forms a strong base for effective implementation of the growth strategies by the banks.

The study further recommends involvement by commercial banks in the millennium global programs like environment protection which is core for the banks to thrive in a competitive market. Environmental protection has become a regulatory requirement by the government for all organization operating within its boundaries. Thus, the study recommends commercial banks should roll out environment protection programs and policies that are geared in promoting the social welfare of the community and thus significantly influence implementation of the growth strategies.

**5.5 Suggestions for Further Research**

The researcher recommends a similar study to be carried in other counties in the country facing same economic growth challenges in the banking sector to allow generalization of results. A similar study could also be carried out in other financial institutions within Kitui County such as savings and credit corporations and microfinances. The study focused mainly on commercial banks in Kitui County, thus the same study can be carried out in other industries within the county.

The study recommends that further research be done to establish if from a management stand point it is best to focus on fewer corporate social responsibility initiatives and really drive brand appeal and uptake or if spreading the investment in community on several initiatives is beneficial and sustainable in the long run to drive business growth.
To the researchers, it is recommended that similar study be conducted using a specific case study rather than industry survey. This is because the results may not be generalized given that each organization faces different challenges in selecting and executing their CSR initiatives. Case study would also provide more detailed information describing strategy selection criteria by a single organization.

The study confined itself to all the Commercial Banks operating in Kitui county, Kenya and the findings are not applicable in other sectors as a result of uniqueness of the banks competitive landscape. It is therefore recommended that the study is replicated in other service sectors to establish the relationship between corporate social responsibility and growth strategies.
REFERENCES


APPENDICES

APPENDIX I: RESEARCH AUTHORIZATION

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Ref. No. NACOSTI/P/18/23922/23963

Samuel Karani Kubai
Kenya University
P.O. Box 43844 - 00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Corporate social responsibility effects on growth strategies of selected commercial banks in Kitui County” I am pleased to inform you that you have been authorized to undertake research in Kitui County for the period ending 19th July, 2019.

You are advised to report to the County Commissioner and the County Director of Education, Kitui County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Kitui County.

The County Director of Education
Kitui County.
APPENDIX II: INTRODUCTORY LETTER

THE MANAGER

THE MANAGER

RE: Request to fill in the Questionnaire.

I am a postgraduate student at Kenyatta University undertaking a Master degree in Business Administration (Strategic option). As part of the requirement for the award of degree, I am required to conduct a research on CORPORATE SOCIAL RESPONSIBILITY EFFECTS ON GROWTH STRATEGIES OF COMMERCIAL BANKS IN KITUI COUNTY, KENYA.

The purpose of this letter is to request you to avail the necessary information from the point of view of your bank. Your participation is very essential for the accomplishment of this study and it will be highly appreciated. I guarantee that the information given will be treated with utmost confidentiality and will be used only for academic purposes. Kindly spare some time to complete the questionnaire attached.

Thank you.

Yours faithfully

Samuel Kubai
APPENDIX III: QUESTIONNAIRE

This questionnaire is to gather the information for academic purpose only. Kindly tick your response for every question in the boxes below.

SECTION A: Background information.

You are requested to fill your personal information in the spaces below. Please tick only one response.

1. Designation of the respondent…………………………

2. What is your current department in the bank?
Managerial { } Operations { } Sales/Credit { }

3. How long have you served in your current position?
Less than 1 yr. { } 2-4yrs { }
5-9 yrs. { } over 10yrs { }

4. How long have you served in the banking sector?
Less than 1 yr. { } 2-4yrs { }
5-9 yrs. { } over 10yrs { }

5. What is your highest level of qualification?
Certificate { } diploma { }
Degree { } postgraduate { }
Others (specify)……………………………………

6. Which other professional training do you have?

..........................................................................................................................
SECTION B: Environmental Protection and Growth Strategies of Commercial Banks in Kitui County.

The section below covers questions on the effects of environmental protection on growth strategies of commercial banks in Kitui County.

Kindly tick your response for every question in the boxes below.

Where rates are given as 1=very low, 2=low, 3=normal, 4=high, 5=very high.

<table>
<thead>
<tr>
<th>Activity/Rate</th>
<th>Very Low(1)</th>
<th>Low (2)</th>
<th>Normal (3)</th>
<th>High (4)</th>
<th>Very High(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you rate your participation in forest conservation programs towards your banks performance and its growth strategies?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How do you rate your participation in land conservation programs towards your banks performance and its growth strategies?</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How do you rate your bank towards use of environmental friendly technology that promotes implementation of growth strategies?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How do you rate your bank implementation of growth strategies in the market after participation in water conservation programs in the county?</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>How would you rate air conservation programs by your bank towards your organization growth strategies?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION C: Philanthropy and Growth Strategies of Commercial Banks in Kitui County.

The section below covers questions on the effects of philanthropy on growth strategies of commercial banks in Kitui County.

Kindly tick your response for every question in the boxes below.

Where rates are given as 1=very low, 2=low, 3=normal, 4=high, 5=very high.

<table>
<thead>
<tr>
<th>Activity/Rate</th>
<th>Very Low(1)</th>
<th>Low (2)</th>
<th>Normal (3)</th>
<th>High (4)</th>
<th>Very High(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the level of implementation of growth strategies by your bank after involvement in education sponsorship for the needy and bright students in primary education?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is the level of implementation of growth strategies by your bank after involvement in education sponsorship for the needy and bright students in Secondary education?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is the level of implementation of growth strategies by your bank after involvement in sponsorships for Sports such as football?</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>What is the level of implementation of growth strategies by your bank after involvement in sponsorship for Radio programs that promote economic growth?</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>What is the level of implementation of growth strategies by your bank after involvement in sponsorship for Television programs that promote social and moral growth in the society?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity/Rate</td>
<td>Very Low(1)</td>
<td>Low (2)</td>
<td>Normal (3)</td>
<td>High (4)</td>
<td>Very High(5)</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>What is the extent to which your bank facilitates the growth of Technology access to rural areas so as to promote its sustainable growth strategies?</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>What is the extent to which your bank facilitates Health care (malnutrition) for the needy in the region through charity organization like Red cross in order to promote its sustainable growth strategies?</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>What is the extent to which your bank facilitates reduction of mortality among pregnant mothers in the region through donations to the health sector in the county so as to promote its sustainable growth strategies??</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>How do you rate your bank contribution towards Agriculture through provision of seedling and equipment to small scale farmers in the region so as to facilitate implementation of growth strategies?</td>
<td></td>
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</tbody>
</table>
SECTION D: Ethical Labor Relations and Growth Strategies of Commercial Banks in Kitui County.

The section below covers questions on the effects of ethical labor relations on growth strategies of commercial banks in Kitui County.

Kindly tick your response for every question in the boxes below.

Where rates are given as 1=very low, 2=low, 3=normal, 4=high, 5=very high.

<table>
<thead>
<tr>
<th>Activity/Rate</th>
<th>Very Low(1)</th>
<th>Low (2)</th>
<th>Normal (3)</th>
<th>High (4)</th>
<th>Very High(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>To what extent does your bank reward outstanding employee performances that can enhance efficient implementation of growth strategies?</td>
<td></td>
<td></td>
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<tr>
<td>How do you rate employee Compensation in respect to their qualification and job description in your bank towards achieving sustainable growth strategy?</td>
<td></td>
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</tr>
<tr>
<td>To what extent do you rate your employees Good working conditions that can facilitate implementation of organizations growth strategies?</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>How effective is your “Strong employee and employer relationship” in your bank towards achieving the organization growth strategies?</td>
<td></td>
<td></td>
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<tr>
<td>Activity/Rate</td>
<td>Very Low(1)</td>
<td>Low (2)</td>
<td>Normal (3)</td>
<td>High (4)</td>
<td>Very High(5)</td>
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<tr>
<td>How does training affect employee skills in performance of their duty toward achieving the banks growth strategies objective?</td>
<td></td>
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<tr>
<td>What is the effect of training on employee Efficiency towards banks performance and growth strategies?</td>
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</tr>
<tr>
<td>How do you rate Competency of employees in performance of their work and implementation of growth strategies after training?</td>
<td></td>
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</tr>
<tr>
<td>How do you rate employee adaptability to changes in technology and implementation of growth strategies after training programs?</td>
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</tbody>
</table>
SECTION E: Growth Strategies employed by Commercial Banks in Kitui County.

The section below contains questions on various growth strategies that can be used by commercial banks in Kitui County on their daily operations to promote their expansion.

Kindly tick your response for every question in the boxes below.

Where rates are given as 1=very low, 2=low, 3=normal, 4=high, 5=very high.

<table>
<thead>
<tr>
<th>Activity/rate</th>
<th>Very Low(1)</th>
<th>Low (2)</th>
<th>Normal (3)</th>
<th>High (4)</th>
<th>Very High(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market penetration</strong></td>
<td></td>
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<tr>
<td>How do you rate selling of more products to established customers by your bank?</td>
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<tr>
<td>How do you rate finding of new customers within the existing market by your bank?</td>
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<tr>
<td>How do you rate the strategies to increase the usage of your bank products by the current customers?</td>
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<tr>
<td>How do you rate the extent to which your bank engages in promotion of its products?</td>
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<tr>
<td><strong>Market development</strong></td>
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<tr>
<td>What is the level of engagement by your bank to selling its products in new geographical areas?</td>
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<td>What is the level of development of different pricing strategies for your banks products?</td>
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<tr>
<td>What is the level of development of new distribution channels for the products by your bank?</td>
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<tr>
<td>What is the level of expansion for new users of your banks products?</td>
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<tr>
<td>Product development</td>
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<tr>
<td>How do you rate the modification of existing products by your bank so as to increase its sales?</td>
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</tr>
<tr>
<td>How do you rate the development of new products by your bank so as to increase its sales?</td>
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<tr>
<td>Diversification</td>
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<tr>
<td>What is the level of related relationship of your new products of your bank to the existing products in the market?</td>
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<tr>
<td>What is the level of unrelated relationship of your new products of your bank to the existing products in the market?</td>
<td></td>
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</tr>
</tbody>
</table>

THANK YOU
APPENDIX IV: LIST OF COMMERCIAL BANKS IN KITUI COUNTY

Kenya Commercial Bank

National Bank of Kenya

Equity Bank of Kenya

Barclays Bank of Kenya

Family Bank of Kenya

Co-operative Bank of Kenya

Sidian Bank of Kenya