

**FACTORS INFLUENCING CORPORATE SOCIAL RESPONSIBILITY
PROGRAMMES AMONG THE COMMERCIAL BANKS IN KENYA.**

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award of the Degree of Master of Business Administration**

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Declaration:

I hereby declare that this research project proposal is my original work and has never been presented in any other university

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Dedication

This research is dedicated to my cherished parents Simon Njoroge and Mary Muthoni, my fiancée Gedion all my sisters and brothers.

Acknowledgement

I acknowledge my supervisors Dr Jagongo and Mr Atheru for the academic advice, support and guidance which shaped my skills and knowledge towards the research project. I further acknowledge my research methods lecturer Mr Nzuki for impacting me with research knowledge. Special appreciations goes to my fiancée Gedion who enabled me overcome difficulties during the turbulent times by supporting me materially and morally. I owe special gratitude to my lecturers and fellow students who were committed and supportive towards my academic success. I highly appreciate the role played by my parents and my sister Anne for their financial support.

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God bless all.

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Operational definition of terms

Corporate social responsibility: According to the World Business Council For Development (1999) CSR is a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of local community and society at large.

Stakeholder: This term as used in this research refers to any individual or group that affects or can be affected by action, decisions, policies and practices or goals of the organization (Carroll 1996).

Sustainable Development: Economic Development that meet the needs of the present without compromising the ability of the future generations to meet to meet their needs (WCED, 1997).

Business Ethics: This is the ethical dimension of the firm and it focuses on promotion of good and interests both for the individuals within it and those it interact with. It is the foundation of CSR practice in organization.

Environment: This term as used in research refers to physical surrounding of the corporate

Tripple bottom line: This term will be used to mean a framework for measuring CSR levels against economic, social and environmental parameters.

Corporate: this term is used to mean organizations or companies.

Philanthropy: This is the practice of helping the poor and those in need especially by giving them money and other forms of materials.

Abbreviations and Acronyms

CSR: Corporate Social Responsibility

UN: United Nations

UNDP: United Nations Development Programmes

NGO: Non-Governmental Organizations

UNIDO: United Nations Industrial Development Organizations

CBK: Central Bank of Kenya

HRM: Human Resource Management

TBL: Tripple Bottom Line

Abstract

The study investigated on factors influencing Corporate Social Responsibility programmes implementation in the commercial banks in Kenya. Currently there are 44 commercial banks in Kenya as per the Central Bank of Kenya 2011. From 2005 to date commercial banks are actively engaging themselves in the CSR Programmes. The findings of this study will be significant to the commercial bank management in the decision making to know whether they should continue investing in CSR or not. Other people who will benefit include the stakeholders, researchers and scholars.

The study investigated the factors like: physical environmental effects like environmental conservation, stakeholder's values, company's policy guidelines and regulation, ethical practices and views of CSR in relation to profitability. These factors were independent variables which directly influence CSR as the dependent variable.

The research used descriptive research design. The target population was from the 44 commercial banks and the respondent comprised of 18 commercial banks with 1 CSR manager and 1 CSR officer from each bank giving a total sample size of 36 respondents. The research made use of self-administered questionnaires as a tool of data collection. The researcher was expected to create awareness to various stakeholders of commercial banks on which factors influence CSR programmes implementation among the commercial banks in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Different authors have defined CSR differently. According to European Commission Green Paper (2001) CSR is company's voluntary contribution to society and environment. Kibas (2004), in his paper at Federation of Kenya Employees workshop in Kenya, on the impact of CSR defined CSR as company involvement in the responsibility practices in separating and balancing the social economic and environmental components of the business while building the stakeholders value. This definition suggests a balancing of stakeholders profit motivation, economics and environmental contribution. CSR is meeting within the reasonable means the expectations of all stakeholders to maximize the company's positive image on its social and physical environment (Logan et al., 2003). According to Pearce (2000) feminist theory is key in business operation because it defines CSR as a focus on ethic of care. This theory of the philanthropic corporate citizenship assumes that a corporate has a conscience and concern to needy individuals and groups within the environment it operates in. It focuses on trails of close relationships such as sympathy, compassion and friendship. This theory explains why most business engage in charitable programmes and activities.

Halima, (2005) highlighted that CSR is a way of doing business by which managers internalize external factors. He further points out that when CSR is done well this process generates greater profits in the short-term through innovation, in the medium term through reputation in the long-term by creating new markets and anticipating new regulations. Commenting on CSR versus performance, Halima states that CSR is related to performance of the business. He further noted that business's first social responsibility is good performance leading to high profit to the owners after which it can use CSR as another business tool. According to the World Business Council for Sustainable Development (1999) CSR is continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life for the local community and society at large taking full account of its impact on all the stakeholders and environment when making decisions.

CSR activities are company's commitment to minimizing damage or eliminating harmful effects and maximizing its long-term impact on the society (Moses and Benham, 2004). Their

make included an action like behaving ethically treating employees fairly and minimizing damages on environment. This would mean a social responsible company will include considering the effects of its action on anyone and anything whether directly or indirectly. In conclusion CSR will mean corporate have responsibilities to the society that goes beyond the production of goods and services at a profit and it is the stakeholder alone. Corporate have the responsibility to help the society solve pressing social problems by devoting resources for them. The term Corporate Social Responsibility is used interchangeably with following terms: corporate investment, sustainability, corporate philanthropy corporate responsiveness and corporate citizenship. Sustainable businesses stand a chance of being successful tomorrow than it is today and remaining successful not just for month or even years but for decades. The council argues that CSR goes beyond charity and require that a responsible company should take CSR as part of their business.

While Corporate Social Responsibility (CSR) programmes may appear to be relatively new to the corporate world, literature reveals that the evolution of the concept itself has taken place over several decades. The fact that terminology itself has changed over this time also suggest that the meaning ascribes to the concept such as CSR will continue to evolve in tune with business, political and social development. It has been suggested by (Windsor, 2001) those business leaders have since 1920s have widely adhered to some conception of responsibility and responsiveness practices. CSR has the social obligation to pursue those policies to make those decisions or to follow those lines of action which are desirable in terms of objective and values of our society (Bowen 2004). According to Carroll (1999) Bowen is the “modern” father of CSR and believes that his work marks the beginning of modern period of fit on CSR. He took a broad approach to CSR including responsiveness, stewardship, social audit, corporate citizen and rudimentary stake holder theory (Windsor 2001) Carroll (1999) believed that this decade marked significant growth in attempt to normalize or more accurately state what CSR means “way to grow the economies without destroying the environment or sacrificing the well-being.”

The term CSR originated around a growing awareness in 1980s, that the nations had to find out the future generations. CSR has since become a buzzword for an array of social and environment causes. In the business world CSR denotes powerful and defining ideas (Freeman 1980). In 1990s Carroll (1999) observed that CSR was becoming embrace in the whole of the world by different and several forms like respecting the interdependence of the living being on one another and on corporate. CSR was embraced as an art of doing business in an

interdependent world for example it took project for electrification of rural areas (lighting up Kenya) to succeed in the interdependent world the project was carried out by UNIDO. In 2000s Windsor (2004) argued that CSR programmes are used by companies as the only way to work with them for mutual benefit. In the long run this will create more profit for the shareholders, to whom they may be accountable, develop relationship with them and find ways in which companies will be more social and economic oriented in the society.

According to Ufadhili Kenya (2010), CSR should be embraced by corporate organisation. According to Fredrick (1992) CSR can be looked at in three main ways namely environmental, social and economic practices. According to him environmental aspect encompasses aspects such as energy use, emission, waste control, sustainability development and product life cycle. Social field include workplace practices and community engagement. Work place would include working environment in the organization, remuneration, benefits, health, safety practices and human right among others. The economic issues involve market practices which touch on product description, safety, customers and shareholders relations and supply chain management. This is a summary of triple bottom line which is a powerful way of becoming profitable.

Corporations are increasingly being held responsible not only for their own activities but for those of their suppliers, the community where they are located and the people who use their product. As a result business is being forced to respond to social economic and environmental changes in the world around them. CSR appears to be an emerging issue in Kenya since government alone is unable to combat poverty and ensure sustainable development. International transitions, local NGOS, national and international companies need to support CSR programmes. United Nations (UN) was the first to introduce CSR activities other organizations that supported CSR included: UN global compact, United Nations Development Programmes (UNDP) growing sustainable business initiative and UNIDO. Other corporate that practice CSR include: East Africa Breweries Limited are best known for having established foundations which funds orphans, marginalized groups and vulnerable children in developing country, digging boreholes in arid and semi-arid areas. Firestone Company received an International Standards Organization (ISO) 14001 Award in compliance with international and corporate environment regulations and standard.

Banks were started by few individuals who were actually money lenders with the aim of lending Banking can be traced back to the year 1694 with the establishment of the England. The banks

lend money at an interest. Presently banks have grown to more sophisticated and the focus has trend to the quality of services offered to the customers. In Kenya, banks started in 1896 with National bank of India opening a branch in Kenya. In 1911 standard chartered bank opened its first branch in East Africa at Treasury square Nairobi and Kenyatta Avenue in Nairobi.1958 Grind lays bank of Britain merged with National bank of India to form National and Grind lays bank and renamed it the commercial bank. The co-operative bank of Kenya was established in1965 it was incorporated in 1968 with an objective of helping Kenyans get credit and control their economy programmes. In Kenya Commercial Banks are regulated by CBK Act Cap 491 and banking Act Cap 488.From last year there are 44 commercial Banks in Kenya which are registered and licensed under the banking Act. Out of the 44 commercial banks 7 of them have 35 and more branches across the country and the rest 37 have less than 35 branches (www.centralbank.go.ke).

In Kenya, Commercial banks engage in different CSR programmes depending on their sizes they are actively engaging themselves in CSR Programmes year after year and especially from 2005. The large network banks have spent more in CSR programmes as compared to the banks with less than 35 branches. Commercial banks CSR programmes include: Environmental activities like tree planting and clean-ups, promoting talents like music and sports, Campaign against unhealthy issues like HIV/AIDS, Cancer, Tuberculosis and Malaria, Education support, staff training and development, Gender and equality, attending to the community with special needs like disability and sponsoring the orphans. According the Kweyu (1993) in his survey of managerial attitude of CSR in 31 commercial banks found out that most banks in Kenya engage in CSR programmes. However pursuance of high profit remained the most important objective.

1.2 Statement of the problem

In view of the background of the study, it is clear that organizations have social obligations above and beyond making profit. Most of the companies are starting to realize that the path to lasting economic success cannot be achieved by profit maximization in short-term and therefore they are looking for ways which will enable them gain long-term profit.CSR has become a central factor in ensuring company's long-term success (Weikert, 2006).Commercial banks are faced by stiff competition and therefore they are looking for solutions which will make them attain competitive advantage. From the background of study banks are actively engaging in CSR programmes this raise some questions like what is in CSR for banks. Previous studies in this area of CSR have come up with different findings. Rariega (2001) in a survey of social

responsiveness of pharmaceutical firms to HIV/AIDS pandemic found that managers were aware of CSR however the pursuance of high profit remained the most important. Anyona, (2005) carried out a research on CSR behavior in the financial institutions and found out that most of them adopt CSR in different levels however he did not investigate on the factors influencing CSR programmes in the Commercial banks in Kenya and therefore leaving a gap to be filled by investigating on which factors influence CSR programmes in the commercial banks in Kenya.

OBJECTIVES OF THE STUDY

1.3 General objective

To find out factors influencing CSR programmes implementation in the Commercial banks in Kenya

1.4 Specific objectives

1. To find out influence of the physical environmental effects on the CSR programmes in Commercial banks in Kenya
2. To determine the influence of the stakeholders values on CSR programmes in Commercial banks in Kenya
3. To establish the influence of company's policy guidelines and regulations on CSR programmes in commercial banks in Kenya
4. To find out how ethical practices influence CSR programmes commercial banks in Kenya.
5. To determine how profitability influences CSR programmes in commercial banks in Kenya.

1.5 Research questions

1. Which physical environmental effects influence CSR programmes in commercial banks in Kenya?
2. To what extent do the shareholder's values influence CSR programmes in the commercial banks in Kenya?
3. How do company's policy guidelines and regulations influence CSR programmes in the commercial banks in Kenya?
4. How do ethical practices influence CSR programmes in the commercial banks in Kenya?
5. To what extent does profitability influence CSR programmes in the commercial banks in Kenya?

1.6 Significance of the study

The finding of the research report will be of great help and importance to various groups as follows: It will help the top management in the bank to understand needs and demands of the society in which they operate. This will play a major role in influencing the design of the strategic planning system, allocation of resource, company's policies and practice among other aspects of business. The government and company policy makers will utilize the findings for new policy consideration especially to the environmental concern and this will enable them establish a new strategy for promoting environmental protection through consumer protection, product safety and work place hygiene. Employees will be in a position to understand their social roles that they should perform as society is their consumer base and cannot afford to neglect their demands.

The stakeholders of the organizations' operating in business and society at large will benefit significantly in terms of information provided on CSR, knowledge and awareness of social issues, environmental safety, employment, poverty, health issues and other important area in CSR. The research report will also benefit other organizations and industries which will understand the need for implementing CSR programmes it will provide them with base line information and create a research gap. Others researcher and scholars will also borrow ideas of further research study as well to base policy formulation and implementation on CSR activities.

1.8 The scope and limitations of the study

There were 44 commercial banks in Kenya as per the Central Bank of Kenya in year 2011 and they were spread in different part of the country the study addressed 18 commercial banks in Kenya at their head offices where CSR programmes were planned and supervised. The limitations of the study were issues relating to confidentiality since some respondent could not be willing to provide information relating to CSR programmes they were undertaking. To cope with this the researcher structured the questions in a way that the respondent would feel that their confidentiality is not exposed. The other limitation was that persons in charge of CSR were busy and could not allocate adequate time for questionnaires completion. The researcher did the follow up to ensure the questionnaires are filled and completed.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This area covered the CSR, CSR programmes, CSR programmes among the commercial banks in Kenya ,physical environmental effects, stakeholders values, stakeholder theory, company's policy guidelines and regulations, ethical practices as a concern, profitability view of CSR, argument for and against CSR, conceptual framework and summary of literature review and research gap.

2.1.1 Corporate Social Responsibility

Sustainability found its ground world-wide in 1920s. Originally it meant 'capable of being borne or endured,' but in a more recent time it become 'capable of being up-held or defended.' Environmentalists clearly drive towards the former view whilst business tends towards the second and government vacillates between the two. There can be few in the business community who has not had to address some aspect of sustainability within the past few years (Windsor 2001). He further observed that it is becoming impossible in recent times to pick up any business publication or Newspaper and not be faced with an article addressing some aspect of CSR. Windsor noted that the focus of those initiative have ranged from across a wide and diverse landscape of social and ethical challenges. This turn has lead to changes that have emerged at both customer and shareholder levels.

In 1930s and 1940s CSR was taking a different but positive direction According to Carroll, (1999) investigating the many and varied views propounded around sustainability and CSR opened up the prospect of seeing that at its core is a practical benefit for all stakeholders. His comment were if CSR can be evaluated and developed within the overall business strategy then the prospect of meeting some of the long-term sustainable challenges may be more readily achieved. Where commercial benefit can be recognized, promoted and integrated with the ability to help developing region then progress can be both valuable and productive. At the same time, if the stakeholders could collaborate to look at practical objectives and incentives then the foundation to move to a more sustainable future could be laid within the business strategy.

Today attention to CSR is essential to creating and sustaining values of shareholders. It is about business behavior and earning the trust and loyalty of the stakeholders it is a concept but not an obligation since it is implemented fully on a voluntary basis according to which the social context of the business is very important. The way CSR is applied is very much dependent on the size of the company and the business being done (World Business Council, 2002). Further observation of the council was that the purpose of CSR was solely to focus on attaining the best financial result but on positively influencing employment, social and natural environment. A survey by Ufadhili Trust on Commission to work with private sector to make CSR an integral part of the business conducted an explanatory study on CSR in Kenya 2006 and observed that levels of awareness of CSR did not go beyond philanthropy.

2.1.2 Corporate Social Responsibility programmes

CSR has become a millstone for the community, increasing a whole new raft of pressure in what is an increasingly complex trading environment. The concept of sustainability is a sensible idea to conserve resource hence it has become a buzzword for every NGO trying to generate financial support World Business Council (2002). The council further observed that the major challenge for any manager in addressing the CSR programmes is that there is so much written and so many interest groups that one can only capture the issues involved. In the business environment, it is perhaps the view of many that CSR is the primary focus and that sustainability belongs to the next level down. Whilst it is easy to accept that the drivers for the business world are focused on the impact on their commercial dealings, it must be accepted that interaction with the wider social community is part of the trading environment World Bank Environmental matters (2004). Rariega (2001) in the survey of social responsiveness of pharmaceutical firm to HIV/AIDs pandemic found out that manager are aware of CSR however the persuarance of high profit remained the most important objectives of the bank. Rariega did not investigate on what was influencing the level of awareness among the managers so that they could engage in CSR programmes.

According to National Intelligence Council (2002) the business world has no mandate if it does not have the customers significantly influence the performance of the businesses that serve them. There is a simple model that reflects the drivers for customer, which are price, delivery and quality. The council noted that environment is perhaps the most obvious concern that faces all sectors of the community, whether it is global warming or the impact of natural disasters, which have always been part of the picture. One must also consider the impact of manmade

disaster, which are in some ways inevitable if the thirst for growth and demand is maintained. Many corporations today would consider the lack of ethical practices as even more of a pollutant. Globalization has opened up world's markets but has brought with it more open exposure to bribery and corruption. In developing regions, those practices have more of a detrimental impact than the prospect of industrial exploitation. In other parts of the world, the culture of facilitation payments has been a practice for centuries and perhaps ignores the rights of a country to manage its own standards (Transparency International, Global Corruption, 2005).

According to Article 13, Business Unusual (2004), the balance in sustainability rests in the hands of the stakeholders and more importantly, in the value concepts that they employ or deploy. Those stakeholders can be both beneficiaries and critics at the same time. In the article it was noted that many outside the business community would tend to take a very harsh view of the right to make profit, ignoring the fact that this wealth feeds back the community and into development projects. As a result the focus of CSR will inevitably concentrate on visible profit rather than the long-term implication. According to the Article this would in turn present the opportunity for those outside to criticize rather than consult. The conclusion of the Article was that CSR should be part of the corporate business plan and it should be linked to the profit profile.

2.1.3 CSR Programmes in the Commercial Banks in Kenya

CSR should be of great value in the commercial banks since they have a special role and responsibilities in financing the country's economy. Consequently banks play a social role in the local economy. Indeed it is essential that banks pay attention to people in need of the resources. Banks are involved in micro-lending activities in favor of very small businesses and start-ups and are also engaged in issuing loans and mortgages loans thus enabling people to obtain better education and live more comfortable houses at expectable prices (Gilbert Hie CEO of the banking republic, 2010). According to Gilbert CSR is to protect borrowers and stakeholders against all kinds of risks and banks have the responsibility towards customers, staffs, stakeholders, suppliers, environment, charity, sponsorship and society as a whole. According to the CBK, banks have already established a social policy for years to come and all social and charity programmes are executed in accordance with this long-term corporation strategy of the bank. Till today Commercial banks have been actively engaging themselves and executing various CSR projects the ultimate goal of which is the proper, duly and timely support and assistance to those who truly and utterly need it.

Equity's CSR programmes include the following: supporting in the eradication of poverty, hunger and provision of humanitarian AID the bank used kshs 85million for the last four years , Education support for both secondary and university students who performs very well they spend kshs 112million on such issues for the last five years, Gender equality and women empowerment the bank spent kshs 2million for the last two years, Environmental sustainability by planting trees they spent kshs150 million on environment for the last five years, bank leadership and voluntary service to society and Entrepreneurship programmes amounting to kshs 5 billion. Equity investing in the society has been their key part of the corporate strategy it will spend kshs 78 million per year on CSR initiative. KCB support the following CSR Programmes: helping the IDPs, supporting Education costed them kshs 15million for both primary and secondary schools in the last three years, environmental conservation through tree planting spent kshs 10.4million for the last five years and sponsoring Kenya National Championship for the last 4 years has spent kshs 90million (www.kcb.ac.ke 2011).

Barclays bank has supported environmental conservation by spending kshs 12 million on tree planting for the last 2 years, health issues the bank has spent kshs 3.4million from last year and supporting education for schools has spent kshs 3million for two years. National bank has spent kshs 12million on environmental conservation and kshs 5.4million on support from 2009 to date (www.nationalbank.ac.ke) Standard chartered bank has spent kshs 32million in supporting the blind to see in the last four years. Co-operative bank engage in CSR programmes of construction of street seats worth kshs 1.2million for last 2 years and kshs 2million has been spent on education support for the last two years (www.co-operativebank.ac.ke). Family bank has spent kshs 3.1million on street lights in different towns and kshs 500000 for campaign against HIV/AIDS in Kenya (www.familybank.ac.ke). Other banks CSR budget is less than 1million and is mostly on environmental conservation.

Building a strategy must recognize the business environment and the landscape of the community. The implication of the globalization is a consistent factor to most business operation and this brings both opportunity and risk. The network of stakeholder contributes pressure and influence on the strategy that must be addressed. If sustainability is to be a real concern and focus, then there is need to validate their individual agendas. The conflicts that currently exist are largely generated by individuals and groups, which in themselves have contradicting drivers and demands. Balancing these is a crucial part but eventually being able to

deliver real progress. In the mean time, the challenge for the business world should be focusing on how they can create wealth or value benefits from alternative approaches which, in parallel, will contribute proactively and responsibly to the wider agenda and to real sustainable outcomes. It is unrealistic to assume that commercial stakeholder will support significant reduction of investment return unless there is an alternative value being generated (Blyth 2005). From the background of the study and above literature the concerns of most corporation in relation to CSR are environmental conservation, stakeholder's value, company's policy and regulations, ethical practices and profitability view of CSR.

2.1.4 Physical Environmental effects

According to World Bank (2004) environment is crucial part of all our lives and it should be a concern in every aspect. A change in the environment can result in all manner of implication both locally and globally. Implementing effective environmental system and safeguard is part of the business process. Environmental standard have established under ISO 14000 addressing the key issues such as pollution, energy consumption and waste are factors for every business to consider. The attention bestowed upon the task of environment is because it is "the primary set of force which an organization must respond" (Miles, ET, al, 1998). According to Bourgenoues, (1988) organization strategy. "How an organization defines its relationship to its environment in pursuit of its objective is largely shaped by an organization is task environment. The environment include physical environment which is as a result of economical, social, political, technological ecological and legal environment. The issue of global warming has been with us for many years and yet there remain a debate as to whether the cause has been manmade influence or it is still the of evaluation (Arctic council, 2004). The report by arctic further indicates that arctic will warm by 4-7 degrees celsius with the next 100 years this will have the major impact including a combination to raising the sea levels.

Another report by Greenland Ice (2010) by a leading University suggests that 8 degree Celsius warning in the next 350 years resulting on the sea-levels rising by up to 7 meters. This trend should be taken seriously by both business and individuals. According to the UN Report (2003) Ozone layer is fluctuating and that weather is more erratic and that acid rain is in fact slowing the progress of warming through dilution of natural methane which is a major greenhouse gas. Acid rain kills of the forests which help to control carbon dioxide. Gala theory states that the earth is a self-regulating system which is a view that most people who have worked with the land has some sympathy towards. It does not require a scientist to understand that if you dump

chemicals into the environment and rapidly reduce the natural filters such as the rain forest you will create change and the change affects the place we operate in. Waste in any form has a major impact on the environment and as we continue to dump non degradable product in to the arena, then corporate must realize we are affecting the long-term balance (Blyth 2005).

Desertification is an evolution that proceeds modern industrialization world but in the recent years the pressure to produce more has encouraged farming community to develop bigger fields with less sustainability. These forests are making ways for fields but in the long-term those will create unstable ground and become susceptible first to land to slip then to loss of fertile ground. Environmental change is not emotional or public relations issue. It has a direct impact on business and understanding the risk may help to bring the balance into the whole subject environmental change has a direct impact on floods, erosion and storm damage all of which will have an impact on the business performance. Change in the environment may also have an impact on health in the workplace such as ultra-violet rays as corporate enjoy outdoor pursuit. Impact on transport, power transmission and telecommunications are as a result of change in weather. In the long run the impact on building designs and standards will surely flow from a significant change in the environment. On the positive side environment offer many opportunities to exploit new markets such as increased leisure, change in eating habit, new building technology, environment technology and renewable energy (World Bank, Environmental Matters, 2004).

2.1.5 Stakeholder's values

The growing influence of stakeholder's is gaining more importance at the corporate board level, but to move forward to a more sustainable future means that they are recognizing that governance must move from compliance to commitment. There is a growing acceptance that are achieved by having regards for the many stakeholders in organisations but their primary duty and responsibility should be to find out long-term stakeholder's values. According to Benjamin (2005) stakeholders include the following: investors, employees, government, consumers, suppliers, customers, regulators and government bodies. He further observed that if many organizations have to stand up and declare a position they also need to validate it and frequently defend it in the market. For example Unliver corporate motto is "we believe that to succeed we require the highest share of corporate behavior towards our employees, consumers and societies and the world in which we live in. According to Fredrick (1992) as companies come under the pressure to make public their policies and approaches to sustainability, stakeholders feel they

have the right to judge how companies perform. Fredrick further noted that there is a balance certainly to be struck between commercial benefits and the long-term sustainability and social programmes that not provide short-term, high margin dividends. Both customers and investors will need to consider their own aims and policies. Kiarie (1997) in a survey of awareness of executive of medium size scale manufacturing firms in Nairobi found out that most executives were aware of the need for CSR especially in engagement to social activities.

Feminist theory (Pearce 2000) focuses on the ethics of care. This theory is the root of philanthropic corporate social citizenship .which is a form of CSR. It assumes that a corporation has conscience and concern to needy individuals and groups with the environment it operates in. It focuses on trails of close relationships such as sympathy, compassions and friendship this theory explains why firms must engage in CSR programmes. According to (ping 2002), provision for employment and social welfare facilities to community operating outside it. Employees are also seen in the network of the shareholders since CSR considerations affect employees expectations (Fredrick, 1992).He clarifies that employees performance is affected by the working environment and labor considerations. How employees are managed affect the output, performance and quality standards. Fredrick gave an advice that an intelligent company should be looking for intelligent customers and suppliers. Unless there is a common acceptance of common values, the impact of sustainability strategy will be limited. The customer has the power to dictate a clear focus on sustainable approaches but must be prepared on occasional to priorities the long-term value over the short-term cost saving. Investors have to balance their return on investment and focus on companies that are balancing value and sustainability which may require a more time to return full credit on investment (Tompkins, 2003).

2.1 .6 The stakeholder's theory of CSR

According to freeman (1984) CSR describe and analyze the corporation's relationship in the society .Freeman is given credit for doing the seminar work on the stakeholder theory which involves taking the interest and concern of all the public into account in arriving at the management decision. Fredrick (1992) furthered on freeman's work and noted that corporation should adhere to the needs, interest and influences of those affected by their policies and operations. Stakeholder is any individual or group who can affect or is affected by actions, decision policies and practice or goals of the organization (Carroll 1996). According to ethical dimension of international management (2004) stakeholders are people with interest of an organization and may affect or are affected by organization in some fashion. The stakeholders

are considered to be the following: customers, supplier, government, competitors, communities, employees, shareholders and government bodies (Carroll 1999). The stakeholder theory has contributed much too how many corporation relate to the society today.

2.1.7 Company's policy guidelines and Regulations.

In Kenya CSR is more of a voluntary based function and it is more of customer driven programme. In fact there is neither legal provision nor policy guideline at government and also at the sector level. It is only at the corporate level where CSR policies are emerging in Kenya. Systematic accounting is demanded For CSR programmes to prove that they are complementary to overall business objectives of the firm. This has lead to a raise of social audit (Peace 2000) The primary drivers of the most business leaders is keeping the regulatory processes at bay and satisfying the compliance requirements. In the current processes in the financial sectors where off-showing may be a cast advantage but brings with it the need for extended responsibility. Successful competitors will be those whose directors look at long- term as well as short –terms issues and take all factors influencing companies' relationship into account. The regulatory framework that business operations have to contend with includes industry sector guidelines, regional controls, national regulators, multinational agreements international conventions regulations like the ISO. A responsible organization should always put into considerations how its policies are formulated, implemented, controlled and evaluated. When business can follow local laws in one country and can do what would not be acceptable in others. It is likely that it will become a target for criticism. The biggest danger with over –regulation is that it promotes a need for compliance rather than commitment and a duty of care for sustainable development (Transparency International, 2005).

There is no doubt that regulators must be in place to control the criminal performance of organizations but the difference between what is legal can create abnormalities country by country. Regulations tend to be reactive responding to crimes and environment challenges that have already occurred. In 2000 a UN survey was established that 60% of those questioned wanted companies to do more than simply follow their traditional role of paying taxes, creating employment, obeying and have been incorporated into registration across a broad range of nations but not all the law and making profits. Human rights have been high on the agenda for number of years; the implication is that, organizations will have to devote their time to ensure a legally defensible position rather looking to integrate human rights into more efficient business practices. The turn ball report in 1999 recommended that risk management includes: health,

safety, environment, reputation and ethical issues. The real question the business and stakeholders must ask is to what level should we assume companies can take over government policy in host or home country and to what level of blame should they face if they fail to influence those practices that are considered unacceptable. Companies need to ask themselves if there are views where regulations are necessary to defend the business community in today's market place.

The compliance match up to the objectives and values of organization companies should consider dependence on the Information Communication Technology (ICT) and internet has become virtually irreversible. Some groups use internet to promote their position and have used viruses into place to prevent organization destruction to damage companies. This implies that regulation on internet has to be among other issues to be regulated and the most important ones would include: employment laws, taxation, social welfare, environmental controls and pollution, transport, wage rates, waste, packaging, health, safety, energy, equality and ethics and human rights. Employment law is the key and organizations need to build up employee's loyalty and attract the best workers. Taxation is a common regulatory tool and can lead to transferring production or service support into specific region where incentive for economic generations can be available. Energy is one of the key issues of most business venture and thus a region with low cost indigenous fuel suppliers provides attractive manufacturing locations. The fair treatment of workers will improve the output and the performance which overall may balance initial cost considerations and help to develop long-term sustainable programmes. In the same way health and safety is something to be considered because it affects the company directly in that an employee cannot work in unsafe place (National Intelligence Council, 2002).

According to Freidman (1990) the more the concepts are fostered and integrated into the business, the easier it will be to benefit from alternative thinking and perhaps handle the occasional problems that for certain will occur. The more integrated the business within the value chain, the more opportunity there will be for organization to influence the approaches of others on whom they depend thus building a collaboration which may even in time bend across competitive boundaries if there is sufficient customer power. CSR should be focused on adding values and not regulatory compliance and public relations. For most companies a sustainable approach can be a value in itself and also provides a franchise for future business. It helps build long-term relationships with customers, employees, investors, and suppliers and foster a risk

management culture all of which are essential to strong investment profit and strong earnings potential to the benefit of all stakeholders. This would make sense and simple implying to be a good business, to change the culture of CSR compliance to business development. Companies needs to consider within their environment the potential benefits that can be derived from a robust sustainability program.

The stability and confidence that is transferred into a sustainable business strategy will almost certainly reduce operation cost like attracting good staffs, training and recruitment cost. Community projects are often the more visible aspect of corporate sustainability programmes, which is perhaps reflective of a cynical initial approach and more than commitment. A diverse workforce brings greater innovations and a company's commitment to sustainability can offer innovation solutions that derives to the market community programmes which connects the business to the wider world that help to bring in environment and cost saving approaches as well as building customer's loyalty market and enhance employees skills and morale, all of which build up to profit making. The concept further informs that building up the local economy, companies should be looking to invest in or support small local companies in that as the local grows so does the resource base.

Many companies like shell, BP among others have supported small companies which has led to increased stability and provided a reliable cost effective local support network. There are many organizations that see themselves in an environment context, waste management, renewable energy, environment products, pollution control and recycling to name just a few industries demonstrate that organizations not only benefit from adopting a sustainable approach but they can create business ventures in that themselves deliver profit. No doubt that when a corporate embraces CSR then at long run there will be some benefits to be enjoyed Leon Benjamin (2005).The following are some benefits of the CSR: innovation, sustainability, market competition, customer demand and profit. Mududa (2003) carried out a study to investigate CSR practices among polythene manufacturers in Kenya. From the study 98% of the respondent that of shareholders support and corporate social investment policy as the main barrier to CSR implementation.

2.1.8 Ethical practices

Ethical conduct is a requirement for all business which means operating within the applicable laws. Take an example of the policy established by the co-operative bank; it has made a public commitment not to invest in any government or business that does not uphold human rights, and

to avoid arms manufacturing and animal testing some might argue that this means limiting growth. It is also likely that some may criticize some of its practice being unethical but the investing potential for its customers does not seem to have affected the bank's customer's choice and it has positioned itself well in the market. The World Bank (2004) launched an initiative that required companies bidding on large bank funded projects to certify that they have taken steps to ensure that no one acting on their behalf will engage in bribery.

According to the transparency international (2005) issues of ethical trading would include the following: ethical consumers, working conditions, ethical investors, internet abuse, cultural diversity, corruption, moral dilemmas, equal opportunities and bribery. Corruption is a big risk but the solution is not an easy one to digest. It has not been easy to stop corruption because unfair competition is not valid since other countries claim the same principle. Further suggestion is that those problems can be overcome by international agreement. Government, institutions and companies should establish a main code of conduct enforcing such an approach of fair treatment. Companies and government must be ready to walk away from business and penalize companies that break the rules. Defining bribery may be a significant problem given the confusions of political contributions, philanthropic contributions, gift and hospitality and facilitation payments.

In the ethical market place we would never see people being exploited or human trafficking, other illegally or fashioned issues within local regulations. Similarly there is much talk about lack of equality for women around the world. There is also a moral dilemma between what is locally acceptable and what other developed societies may consider acceptable. Workers are not likely to be most efficient in poor factory conditions which do not help in maintaining good employees. What many in the business community are perhaps missing is that poorly paid or badly treated quality or productive training cost. If workers are ill or injured they cannot work through bad health and unsafe arrangements. According to national intelligence council 2015 (2002) ethical trading fails to reach the agenda issues and does not impinge on the trading community. Growth and globalization perhaps are the reasons collaborating on legal and humanitarian introducing measures to demand that supplies comply with a minimum standard. The ethical customers can set their own standards in respect to a wide variety of issues by cases specific personal choices such as women in a work place. Companies should be very clear to their stakeholders about what are the positions they will take and be prepared to defend them.

Those outside the business world should be prepared to accept that others might have a slightly different perspective that is equally valid.

2.1.9 Profitability views in relation to CSR

According to Bowen (2002) the more the concept are fostered and integrated into the business, the easier it will be to benefit from alternative thinking and perhaps handle the occasional problems that for certain will occur. The more integrated the business within the value chain the more opportunity there will be for organization to influence the approaches of others on whom they depend thus building a collaboration which may even in time bend across competitive boundaries if there is sufficient customer power. CSR should be focused on adding values and not regulatory compliance and public relations. For most companies a sustainable approach can be a value in itself of also provides a franchise for future business. This helps build long-term relationships with customers, employees, investors, and suppliers and foster a risk management culture all of which are essential to strong investment profit and strong earnings potential to the benefit of all stakeholders. This would make sense and simple implying to be a good business, to change the culture of CSR compliance to business development, companies needs to consider within their own environment the potential benefits that can be derived from a robust sustainability programme. A study done by Mwangi (2008) on relationship between CSR and profitability found out that there is a relationship between CSR and profitability. The stability and confidence that is transferred into a sustainable business strategy will almost certainly reduce operation cost like attracting good stuff, training and recruitment cost. Community projects are often the more visible aspect of corporate sustainability programmes, which is perhaps reflective of a cynical initial approach that saw more than commitment.

A diverse workforce brings greater innovations and a company's commitment to sustainability can be seen as the innovation solutions that derives to the market community programmes that connects the business to the wider world and can help to bring in environment and cost saving approaches as well as building customer's loyalty market and enhance employees skills and morale all of which build up to profit making. The concept further informs at building up the local economy (World Business council, 2004). Companies should be looking to invest in or support small local companies the benefit being that as the local grows so does the resource base. Many companies like shell, BP among others have supported small companies which has led to increased stability and provided a reliable cost effective local support network. There are

many organizations that see themselves in an environment context, waste management renewable energy, environment products, pollution control and recycling to name just a few industries demonstrate that organizations not only benefit from adopting a sustainable approach but they can create business ventures in that themselves deliver profit. No doubt that when a corporate embraces CSR then at long run there will be some benefits to be enjoyed Leon Benjamin (2005).The following are some benefits of the CSR benefits: innovation, sustainability, market competition, customer demand and profit.

2.2 Argument for CSR

Public expectation: social expectation of business has increased dramatically since 1960s.public opinion in support of business pursuing social as well economical goals is now well profits. This is the normal result of better community relation and improved business image solidified. Long run profit socially responsible business tend to have more and secure long run that responsible. Ethical obligation: business should be socially responsible because responsible actions are right for their own sake. Public image: firm seek to gain more customer, better employees, access to market and other benefits like better environment: involvement by business can solve difficult social problems, thus creating a better quality life and a more desirable community in which of social accountability to the business sector to the public.

Lack of skills: business people are Government regulation adds economic cost and restricts management decision flexibility by becoming socially responsible, business can expect less government regulation. Balance of responsibly and power: large amount of responsibility and power: business has large amount of responsibility that is required balancing power and responsibility. When power is significantly greater than goods, the imbalance encourages irresponsibility behavior that works against the public. Stakeholder interest: social responsibility will increase or improve price of a business stock in the long run. The stock market will view the socially responsible company as less risky and open to public attacks Possession of resource: business has financial technical experts and managerial talent to provide support to public and charitable project that needs assistance.

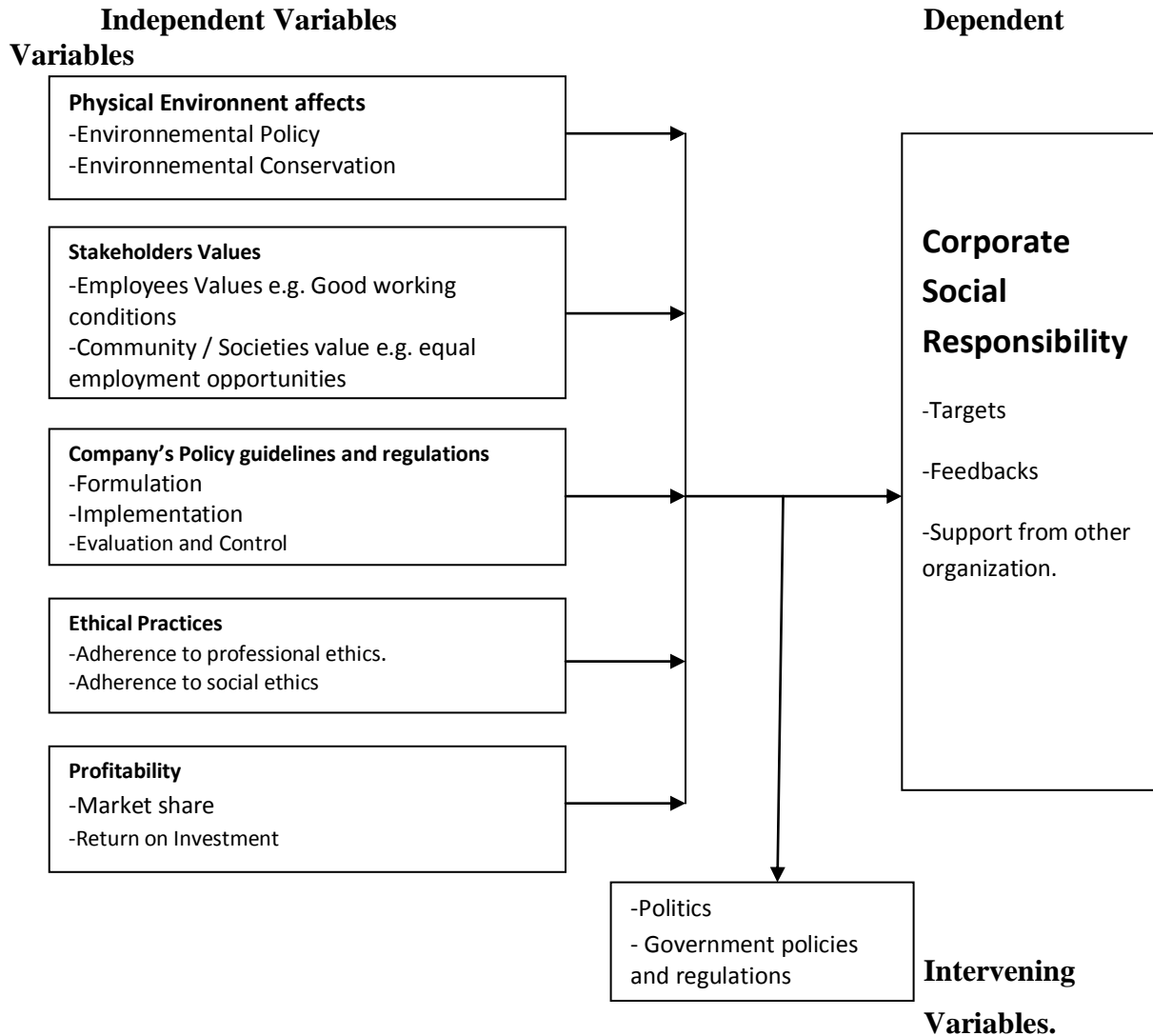
2.3 Argument against the assumption of CSR by business.

Violation of profit maximization .This is the essence of the classical viewpoint .business is must CSR programmes do not pay their own way business must absorb those cost passed to someone

socially responsible when it attends strictly to its economic interest and leaves other activities to other institution. Dilution of purpose: CSR dilute primary goal of the origination. Lack of accountability and Political representations to pursue social goals and area held accountable for their action .such is not the case with business leaders. There are no direct lines poorly qualified to cope with social issues.

2.4 CONCEPTUAL FRAMEWORK

Figure 2.1: Conceptual framework



The independent variables of this study are factors which include: Physical environmental effects, stakeholders values, company's policy guidelines and regulations, ethical practices and profitability of the firm which depend on each other but jointly influence CSR Programmes which is a dependent variable The intervening variables include government regulations in promotion of environmental standards and politics. The conceptual framework is an equation of how independent variables (factors influencing (CSR) with the interference of intervening variables influence the dependent variable (CSR programmes) in the commercial banks in Kenya.

2.5 Summary and the gap to be filled by the study.

The literature review shows that when a company embraces CSR internal changes like improved working condition, gaining customer loyalty, better ethical trading and increased productivity results. Companies enjoys greater acceptance in its region and environment as a whole (Orlitzky,2001).CSR helps the companies to achieve long-term success in the market.CSR thus is more than just defensive factor but also give a company better competitive edge especially now days when competition is intensive and customers are changing their expectations (Mutuku,2004).The previous studies are done on general sectors and case study in relation to CSR profitability, attitude, perception, practices and awareness. The studies were showing that there is a positive relationship between CSR and profitability in the long-run, some executives would perceive CSR as a waste of finances, most companies practice CSR and therefore they have a good attitude towards CSR practices however none of the studies addressed the factors that were influencing CSR programmes implementation among the commercial banks hence leaving a gap to be filled by investigating on factors influencing CSR programmes implementation in the commercial banks in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section covered the study Research Design, the target population, sample size, sample procedure, data collection procedure and instruments, data analysis and presentation.

3.2 Research Design

The study used descriptive research design. Descriptive design is used when collecting information about people's attitude, opinion, habit or any other variety of education or social issues and the design report the way things are at the present (Mugeda and Mugeda,1999).This design is appropriate for the study where the objective is to provide comparative description of the population and cases where researcher wished to discover association among different variables (Coopers and Schindler, 2003).

3.3 Target Population

The target population was from the 44 commercial banks in Kenya as per the Central Bank list of 2011 where all the bank CSR managers (44) and the Officers in charge of the CSR programmes implementation (44) were targeted. According to Coopers (2003) target population is the list of all the element from which a sample is drawn.

3.4 Sampling procedure and sample size

The researcher purposively sampled all the 7 commercial bank with 35 or more branches the respondent were 7 CSR managers and 7 CSR officers. The branch network was the measure of size. Out of the remaining 37 commercial banks with less than 35 branches, the researcher randomly sampled to ensure each and every element in the population had an equal chance of being included in the sample (Gall et al, 1996).The sample was done according to Mulusa (1990) who suggest that 30% of the target population is representative enough to generalize characteristic being investigated. The sampling gave 11 commercial banks and the respondents were 11 CSR managers and 11 CSR officers. The total sample size was 36 (18 CSR managers and 18 CSR officers). Kathari (1990) describes a sample size as the number of items selected from the universe to constitute a sample.

3.5 Data collection procedure

Primary data was used in data collection. The primary data was through questionnaires because it was easy to use and respondent could have been busy for the interviews. The questionnaire mostly had closed ended question and some open ended questions which gave the respondent an opportunity to express their comment that could not be capture in the closed ended question. The questionnaire were dropped and collected after 2 weeks.

3.6 Research instruments

The research used self-administered questionnaires for the survey as they are commonly used instruments to collect important information about the population (Orodho,2004) especially when the respondent can be reached. The questionnaire consisted of both open ended and closed ended questions. It also made use of likert scale.

3.7 Pilot Study

The questionnaire was pilot tested to 5 subjects identical to the actual sample used in the study. This helped to eliminate vague and unclear questions, which would enhance reliability of the instruments. The data collected would be analyzed so as to test and refine the effectiveness of the data analysis techniques. To control validity, research assistant were trained for one day by the researcher mainly in data collection methods, rapport with the respondent, good communication skills, probing and accuracy in data recording. Training was done in the real environment in which the assistance worked from so as to orient them for the actual exercise.

3.8 Data analysis and presentation

Data was collected, coded and analyzed. Descriptive statistical method was used to analyse the coded data. This included measure of central tendency like frequency distribution tables and percentages. The data was also analyzed with the help of Computer software package Statistical Package for Social Science (SPSS) and excel. Data was presented by use of tables, bar chart, frequency distribution tables and pie charts.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter provides and discusses the result of the study. It provide the research findings and results from the respondent based on the questionnaires that they filled specifically to identify factors influencing CSR programmes implementation in the commercial banks in Kenya.

The research had a sample size of 36 respondents which represented 40.9% of the entire population. A response rate of 83.3% was achieved based on the fact the researcher distributed the questionnaire to assure confidentiality and collected them after two weeks.

4.1.1 The response rate per department

Departments	Frequency	percentages
Corporate affairs	12	40
Marketing	10	33.3
Human Resource	8	26.7
Totals	30	100

From those respondent interviewed the distribution per department was as indicated in the table above 40% were from corporate affairs 33.3% marketing and 26.7% from human resource.73.3% were from corporate affairs and marketing hence they play a big role decision making as far as CSR is concerned.

4.1.2 Response by job category

The responses according to the job category within the institution are tabulated below. This is important since it gives information about CSR from different job categories.

Job Category	Frequencies	Percentages
Executives	9	30
Managers	8	26.7
Supervisors	7	23.3
CSR Officers	6	20.0
Totals	30	100

Out of the respondent who were interviewed 30% were executives,26.7% were managers,23.3% were supervisors and 20% were CSR officers. Executive and managers have a greater influence in decision making on CSR issues since they comprise 56.7% of the total people interviewed.

4.1.3 Frequency of CSR programmes.

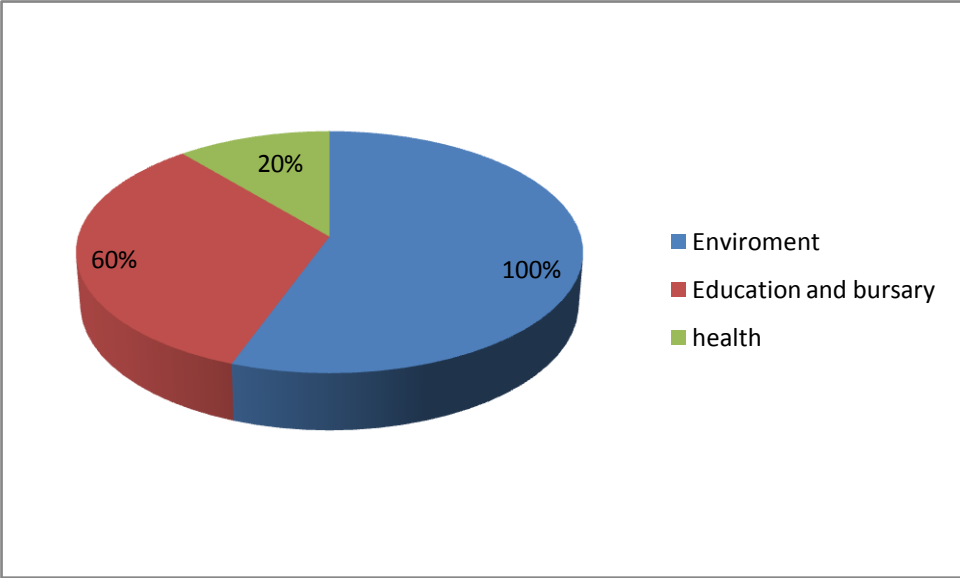
The table below indicates how oftenly the CSR programmes are carried out within the surveyed banking institutions.

Frequency of CSR	Frequencies	Percentages
Regularly	9	30
Yearly	15	50
Rarely	6	20
Totals	30	100

Nine (9) respondent representing 30% observed that CSR is carried out regularly, fifteen (15) representing 50% said that CSR programme is carried out yearly and six (6) representing 20% observed that it was carried out rarely.80% of the respondent observed that review is done either regularly or yearly.

4.2 CSR PRACTICES

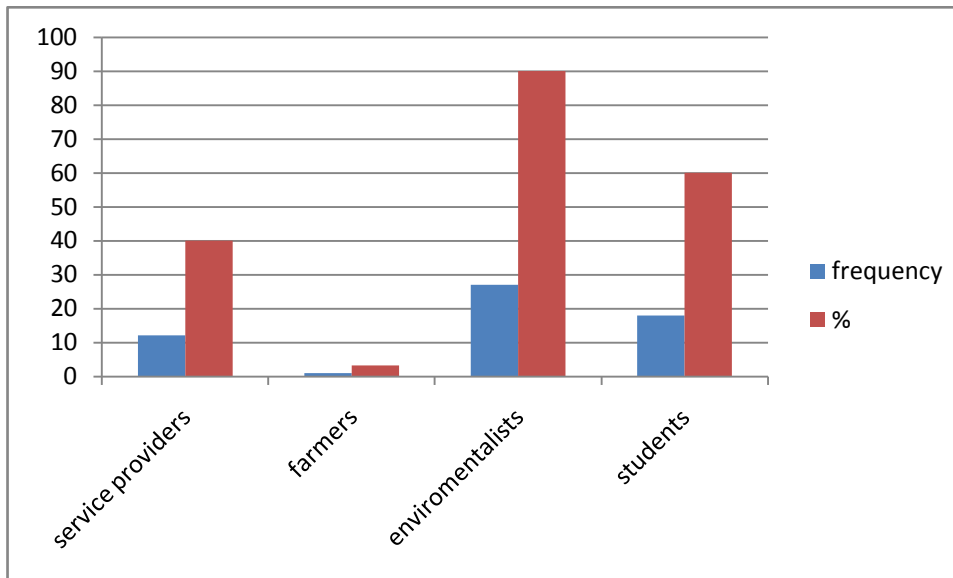
4.2.CSR programmes in the institutions.



The 100% of respondents said that the company had programmes on environmental conservation which was the most embraced by the most banks under survey. There were other

programmes like improvement of education in the society which was implemented by 60% and programmes on health with 20% embracement which was the least embraced by most banks under survey

4.2.2 Target clients.



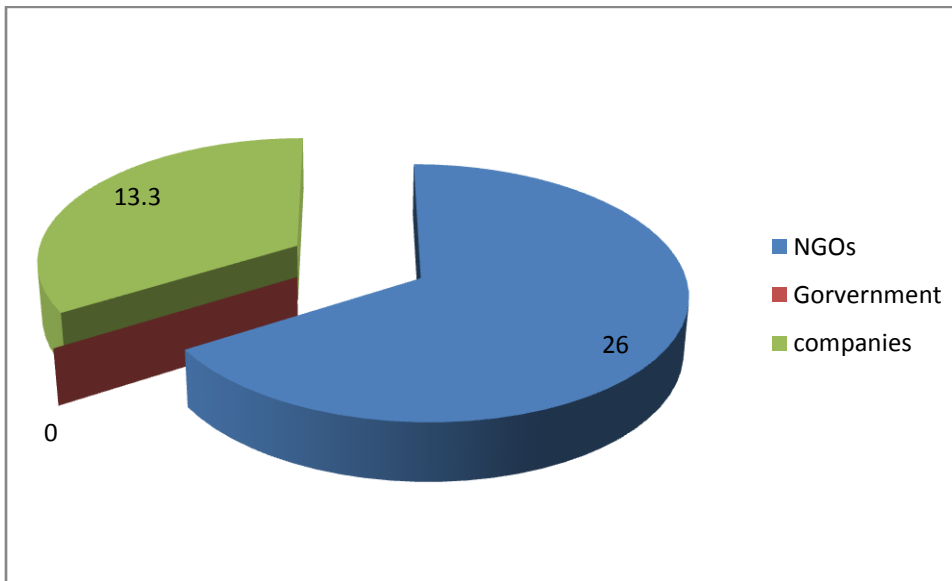
Among the target clients environmentalist were the most targeted with ninety percent (90%) followed by students with sixty percent (60%), service providers with forty percent (40%) and farmers with three point three percent (3.3%) were insignificantly targeted.

4.2.3 When the CSR programmes began in the institutions.

Years	Frequency	Percentage
Before 1990	6	20
Between 1991-2000	15	50
After 2001	9	30
Totals	30	100

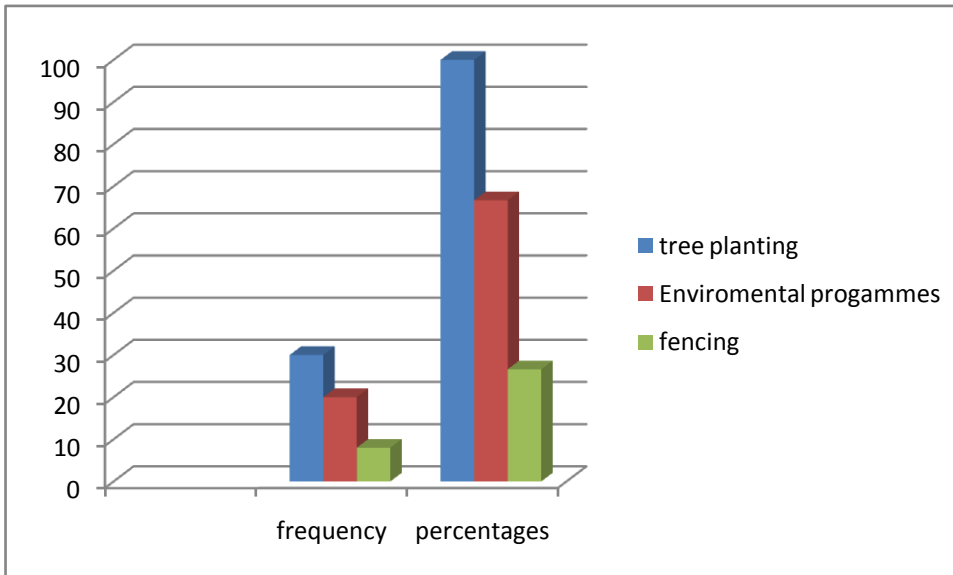
20% of the respondent reported that CSR programmes began before 1990, 50% between 1991-2000 and 30% after 2001. At least 70% of the respondent indicate that CSR has been going on in the last 10 years.

4.2.4 Supports to CSR programmes



30% of the institutions got external supports while 70% did not get any external support. Eight (8) banks representing 26% were supported by NGOs four (4) representing 13.3% got external support from companies while government did not support any CSR programme in the banks.

4.2.5 Environmental Programmes.



All the respondents had the environmental policy in place. The respondents reported that tree planting was among the highest embraced environmental conservation with a frequency of twenty nine (29), this included reforestation, environmental clean-ups was done with a

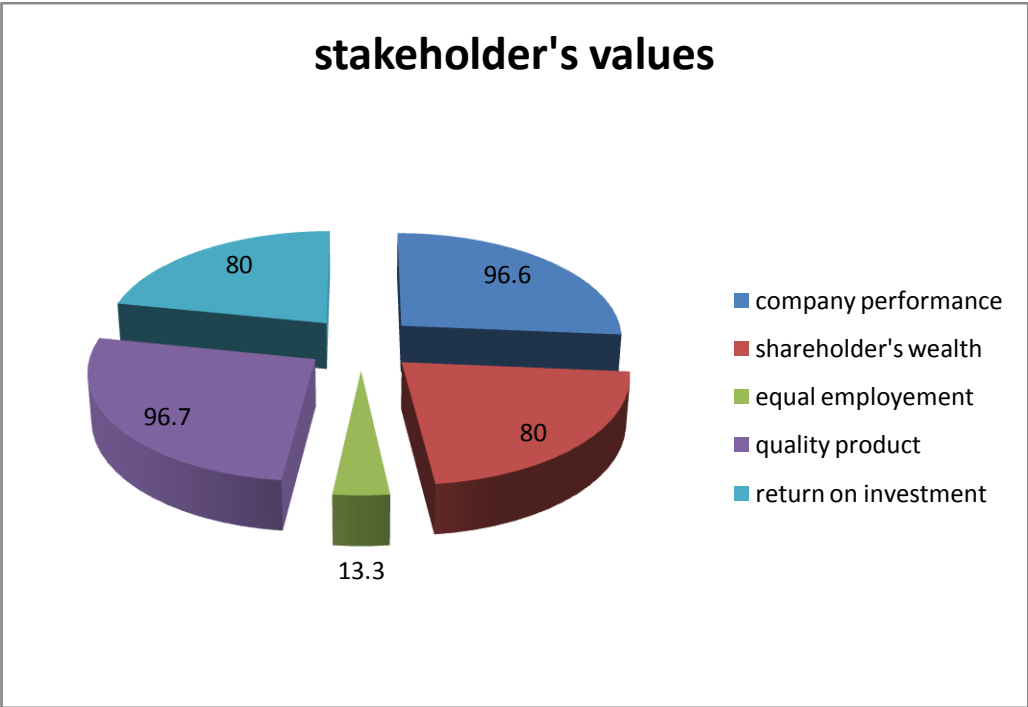
frequency of eighteen percent (18%) and fencing of existing forests was done by a frequency of four (4).

4.2.6 Response rate by budget allocation.

Budget allocation	Frequency	Percentage
0-500000	12	40
500001-1000000	6	20
1000001-1500000	2	6.7
Above 1500001	10	33.3
Totals	30	100

All the respondents a hundred percent (100%) indicated that they had a budget for CSR programmes within the institutions during the financial year. This meant that the company provided for CSR in its financial obligation in any particular year. 40% of the respondent interviewed allocated between 0-500000, 20% allocated 500000-1000000, 6.7% allocated 1000001-1500000 and 33.3% allocated above 1500001

4.3 STAKEHOLDER’S VALUES



All the respondents reported that the customer was most significant stakeholder and that the stakeholder’s values extremely influence CSR programmes. 96.6% Company’s performance ,

shareholders wealth, quality products and return on investments were the main stakeholder's values equal employment was insignificant stakeholder's value.

4.4 COMPANY'S POLICY AND REGULATIONS

4.4.1 When the policy guidelines and regulations on CSR formulated

Year	Frequency	Percentage
Before 1984	1	3.3
Between 1985-1990	2	6.7
Between 1991-2000	17	56.7
After 2001	10	33.3
Totals	30	100

All the respondents (100%) indicated that they had CSR policies and regulations.56.7% of the respondent interviewed reported that most of the CSR policies were formulated between 1991-2000, 33.3% were formulated after 2001,6.7% between 1985-1990 and 3.3% before 1984.CSR began gaining prominence after 1990 by 90%.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid LF	8	26.7	88.9	88.9
LI	1	3.3	11.1	100.0
Total	9	30.0	100.0	
Missing System	21	70.0		
Total	30	100.0		

LF-Lack of finance

LI-Lack of Involvement

93.3% of the respondent interviewed observed that policies were formulated through board of directors and 6.7% through participatory meeting.70% implement the CSR policy.26.7% did not implement CSR policy and the main challenge was finance,3.3% did not implement due to lack of involvement.

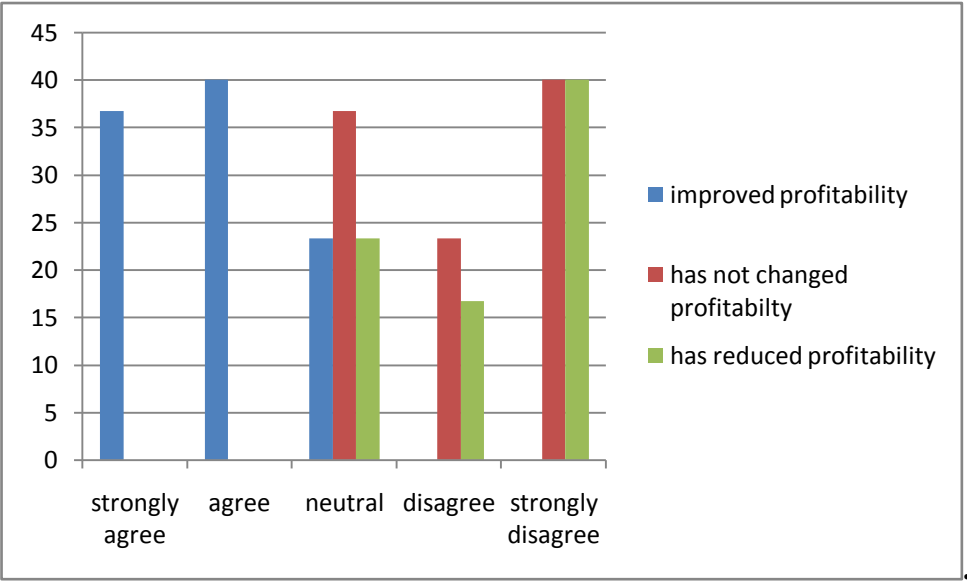
4.5 ETHICAL PRACTICES

4.5.1 Ethical practices guidelines on CSR programmes

96.7% of the respondent interviewed observed that ethical guidelines which existed were followed and 3.3% observed that they were not followed. The ethical practices by most banks under survey were gender equality, no corruption, no tribalism, and respect to human rights.

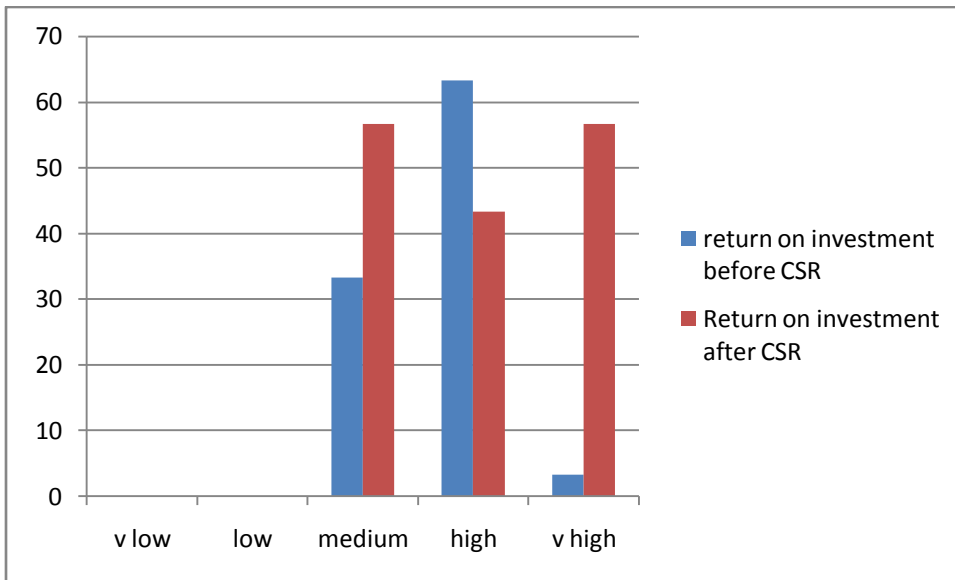
4.6 PROFITABILITY

4.6.1 Response rate by relationship between CSR and profitability.



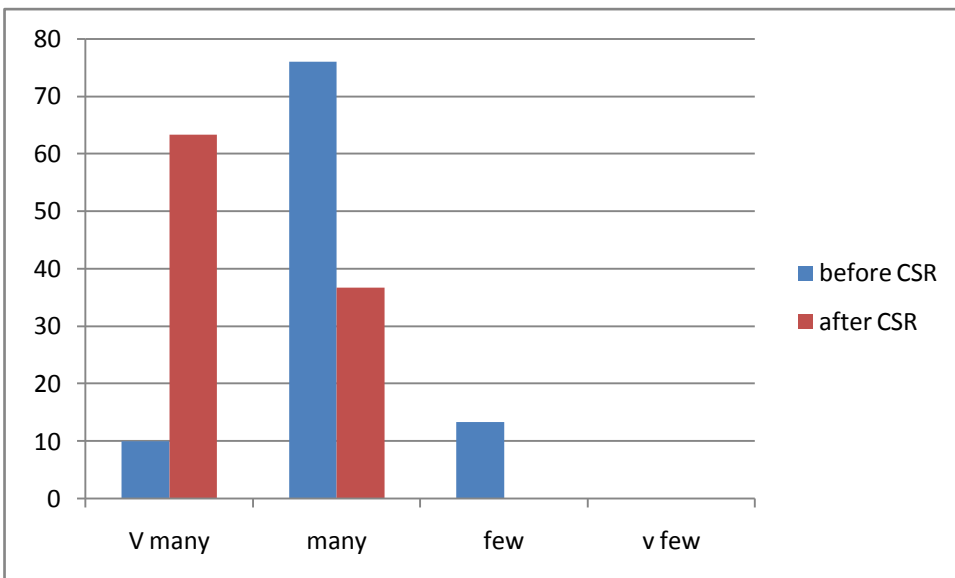
Thirty seven percent (37%) strongly agreed that CSR improve profitability 40% observed that CSR programme improved profitability, 23.3% observed that CSR had no change on profitability 37% did not know whether CSR has changed profitability, 23.3% did not know whether CSR has reduced profitability, 23.3% disagreed that CSR has not change profitability, 17% disagreed that CSR has not changed profitability while 40% strongly disagreed that CSR has reduced profitability.

4.6.2 Rate of return on investment before and after CSR programmes.



33.3% observed that the rate of return on investment was medium before CSR was embraced while 57.7% observed that the rate of return on investment was medium after embracing CSR, 63.3% observed that the rate of return on investment was high before CSR 43.3% of the respondents interviewed observed that profit was high after CSR was embraced, 57.7% observed that the rate of return on investment was very high after CSR, while 3.3% observed that the rate of return on investment was very high before CSR.

4.6.3 Number of customers served



10% of the respondents served very many customers before CSR while 66.7% served very many customers after CSR, 74.6% of the banks served many customers before CSR engagement while 33.3% served many customers after CSR engagement, 13.3% served few customers before CSR embracement. This means that CSR has led to increase in number of customers.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter will cover summary of the findings, conclusions of the study, recommendations and suggested area of further research.

5.1 Conclusions of the findings

The response rate was 83.3% .From the data analysis CSR was incorporated in 3 departments corporate affairs, marketing and human resource where corporate affairs and marketing were most used department with 73.3%.Executives and managers who comprised a total of 56.7% of the total respondents this implies that managers and executives play a major role in decision making of the CSR programmes in the institutions. Majority of the respondents understood CSR as a voluntary programme of giving back to the community. From the analysis it emerged that 20% rarely carry out the CSR programmes while 80% carried out the programmes either yearly or regularly.

Environmental conservation was the most embraced part of their CSR programme as compared to bursary in education and health. From the analysis the most targeted clients were environmentalist with 90% students 60% service providers 40% while the farmers were the

least targeted with 3.3%. Majority of the respondents indicated that they evaluated their target clients and found out that more was needed to be done on health programmes and that CSR programmes should be carried out regularly on a continuous basis. 80% of the CSR programmes began after 1990, while 20% began before 1990. The external support was mainly from the NGO and companies while government support was nil.

All the respondents agreed that they had a policy on environmental conservation and this could be the reason as to why environmental conservation was the most embraced CSR programme. Among the environmental conservation tree planting was done by all the banks under survey while environmental clean ups and fencing of the existing forest was not done by all the banks but some. All the respondents also indicated that the company budgeted for CSR activities during any given financial year. 60% had a budget allocation between 0-1000000 while the rest 40% had a budget allocation above 1000000. This implies that CSR is not done without plan and direction.

From the data analysis the stakeholders values were viewed to have significantly influenced the CSR programmes this means that values of the stakeholders strongly determines whether CSR programmes will be implemented or not. All the respondents indicated that company's performance, shareholders wealth, quality products and high return on investment to be very important stakeholder's values while equal employment was considered to be slightly important. This implies that employees do not strongly influence CSR programmes implementation.

On CSR policy the respondents affirmed that they were in operation in the banks under survey. 90% of the respondents indicated that CSR policies were formulated after 1990 while 10% indicated that CSR policies were formulated before 1990. Most of the policy formulation were formulated at the board of directors level but a few were done through participatory meetings. Failure of implementing CSR policies was as a result of lack of finances and lack of involvement of all members of the institution. All the respondents observed that policies were evaluated and the findings were that more policies should be in place especially on health programmes because it is basic in life.

Majority of the banks 96.7% incorporated ethical practices in the administration of CSR programmes and some of those practices included gender equality, avoidance of corruption,

moral values and respect to human rights. All the respondents indicated that all the ethical practices were followed.

From the analysis the researcher can make a general conclusion that CSR programme implementation has led to improvement in profitability. This implies that profitability has influenced CSR programme implementation. CSR implementation has led to the increase in the rate of return on investment. More customers were served after embracing CSR programme. Since the main objective of a business is to maximize profit which is as a result of serving more customers whose results are high rate of return on investment. I conclude that CSR should be embraced because it is profitable.

From the summary different conclusions can be made regarding factors influencing CSR programmes implementations among the commercial banks in Kenya. The CSR programmes were being coordinated from three departments and were mostly implemented by executives and managers. The most embraced CSR programme was environmental conservation through. In summary physical environmental effects especially environmental conservation, profitability, company's policy guidelines and regulations on the CSR, and stakeholders values strongly influenced CSR programmes implementation among the commercial banks in Kenya. Ethical practices did not have a strong influence on CSR programme implementation.

5.3 RECOMMENDATIONS

- From the conclusion, the researcher recommends that commercial banks in Kenya should embrace CSR and have independent departments to carry out CSR programmes. This will enhance the banks to become more focused in CSR programmes to meet with the rising need and demands for the programme.
- The researcher recommend to the bank management to consider farmers in their CSR programmes since agriculture sector is the backbone of the economy and it benefits everybody in the community.
- The researcher recommends that the government should support CSR programmes since it will have increased revenue when the banks make high profit. The government can also partner with banks in the CSR programmes geared towards environment conservation which could be costly if done independently.
- The banks should come up with training and development programmes to empower the board of directors on to come up with more informed decisions through consultancy.

- Other organizations should embrace CSR since it can lead to an increase in profitability. CSR can also be used as a marketing strategy especially in advertisement of the company's product, seeking to improve corporate image and in seeking more customers

5.4 AREAS OF FURTHER RESEARCH

- 1) From the research there is an outstanding concern for the environmental conservation where every bank under survey embraced it this raise some questions like what is in environmental conservation for CSR therefore a research can be done on the impact of environmental conservational as a CSR programme on profitability.
- 2) From the data collected and analyzed there was a clear indication that government did not support the CSR programmes this leaves some questions unanswered like is it a waste of government money and time to support CSR? In this relation most of the government sectors do not carry out the CSR programmes thus a research can be done on the attitude of the public sectors towards CSR activities.

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APPENDIX 1: WORKPLAN

ACTIVITY	PERIOD
Concept paper	10 TH -18 TH Jan 2011
Writing proposal	21 ST Jan-15 TH March 2011
Defense and corrections	March 23 RD –March 30 TH 2011
Data collection	1 ST April-1 ST may 2011
Data analysis and interpretation	3 RD may -8 TH may 2011
Submission of final research	10 TH may 2011

APPENDIX 2: BUDGET

Activity	Amount
Writing and binding of a project proposal	10,000
Travelling Expenses	10,000
Accommodation	5,000
Preparation of questionnaires and interviews	8,000
Writing and binding of the Final project	9,000
Miscellaneous expenses	8,000
Total	50,000

APPENDIX 3: LETTER OF INTRODUCTION

LETTER OF INTRODUCTION

JANE GAKENIA NJOROGE

P O BOX 660

LIMURU

MOBILE NUMBER: 0721-711-435

TO THE RESPONDENTS

REF: RESEARCH PROJECT

I am a postgraduate student at Kenyatta University undertaking a research project as part of the requirement of the degree of masters of Business Administration (MBA). The research on the topic is an investigation of the factors influencing CSR programmes among the commercial banks in Kenya.

Your bank will contribute to the success of the research project. Any information provided will be treated in strict confidence and will be used solely for academic purpose. Your Cooperation to make this study a success will be highly appreciated.

Yours Faithfully

Jane Gakenia Njoroge

APPENDIX 4: QUESTIONNAIRE

Research topic: An investigation of factor influencing corporate social responsibility programmers among the commercial banks in Kenya.

All information given will be used for academic purpose only and will be treated with a lot of confidentiality

Part A: personal data

1. What is the name of your bank?
2. What is the name of your department?
3. Does your bank have a special department that regulates CSR programmes?

- i) Yes
- ii) No, used with other department (state)
- iii) No existence
- b) If yes name the department

.....

b) Indicate your job category (tick where appropriate)

- Executive manager supervisor
- CSR Officer Others (specify)

5) How often are the CSR programmes carried out?

- Regularly yearly monthly
- Rarely

Section B: CSR practices

1. What do you understand by CSR?

.....

2. What are the CSR programmes in this institution? (Tick where appropriate)

- i) Environmental conservation
- ii) Bursaries and Education programmes
- iii) Health programmes
- iv) Others specify

3. Who are your CSR target clients?(tick against your target clients)

- i) Service providers ()
- ii) Farmers ()
- iii) Environmentalists ()
- iv) Students ()
- v) Others specify

4. Does your institution evaluate target clients comment and feedbacks on CSR programmes?

Yes No
b) If yes what are their comments about CSR programmes?
.....
.....

5. When did the CSR programmes begin in your institutions?

- i) Before 1990
- ii) Between 1991-2000
- iii) After 2001

6. Do you get support when implementing CSR Programmes?

Yes No

b) If yes who supports you?

- i) NGOs
- ii) Government
- iii) Companies
- iv) Others specify

Physical environmental effects

1. Does your institution have a policy on environment conservation?

Yes No

b) If yes tick your environmental programmes

- i) Tree planting ()
- ii) Environmental clean ups ()
- iii) Fencing the existing forests ()
- v) Others specify.....

2. Do you have a budget for environmental conservation?

Yes No

b) If yes what are budget allocation for environmental conservation programmes for the last one year?

- i) 0-500000
- ii) 500001-1000000
- iii) 1000001-1500000
- iv) Above 1500001

Stakeholder's values

1. To what extent do the stakeholder's values influence CSR programmes?

Extremely	Significant	Moderately	Insignificant
-----------	-------------	------------	---------------

significant		significant	
1	2	3	4

2. Among your stakeholders whom do you value most?

- i) Customers ()
- ii) Employees ()
- iii) Community ()
- iv) Shareholders ()
- v) Others specify.....

3. Rank the following stakeholder's values 1-most 2-important 3-slightly important 4-not important

- i) Company's performance (1) (2) (3) (4) (5)
- ii) Shareholders wealth (1) (2) (3) (4) (5)
- iii) Equal employment (1) (2) (3) (4) (5)
- iv) Quality products (1) (2) (3) (4) (5)
- v) High return on investment (1) (2) (3) (4) (5)

Company's policy guidelines and regulations on CSR

1. Do you have CSR policy?
 Yes No

- b) If yes when was formulated?
- i) Before 1984
 - ii) Between 1985-1990
 - iii) Between 1991-2000
 - iv) After 2001

2. How were the CSR policy formulated?

- i) Through Board of Directors ()
- ii) Through stakeholders meeting ()

- iii) Participatory meeting ()
- iv) Directives ()
- vi) Others specify.....

3. Are the CSR policies implemented?

Yes No

b) If no why?

i) Limited finances ()

ii) Lack of involvement ()

iii) Unwillingness by the employees ()

iv) Others specify.....

2. Has the policies been evaluated or accessed?

Yes No

b) If yes what were the findings?

.....

Ethical practices

1. a) Does your institution have CSR ethical guidelines?

Yes No

b) If yes name some

.....

2. a) Are those ethics guidelines stated above followed?

Yes No

c) If No what are the reasons?

i) Poor planning ()

ii) Lack of follow up ()

iii) Poor perception of CSR ()

iv) Ignorance ()

v) Inadequate qualified professionals ()

vi) Others specify.....

Profitability

1. To what extent do you agree or disagree with the following statements regarding relationship between CSR and profitability?

1-Strongly agree 2-Agree 3-Neutral 4-Disagree 5-Strongly disagree

- a) CSR has improved profitability of this institution (1) (2) (3) (4) (5)
- b) CSR has not changed profitability of this institution (1) (2) (3) (4) (5)
- c) CSR has reduced profitability of this institution (1) (2) (3) (4) (5)

2. What was your rate of return on investment before and after being socially responsible?

a) Before

Very low	Low	moderate	high	Very high
1	2	3	4	5

b) After

Very low	Low	moderate	high	Very high
1	2	3	4	5

3. How many customers did you serve before and after the engagement of CSR programmes

a) Before

Very many	Many	few	Very few
1	2	3	4

b) After

Very many	Many	few	Very few
1	2	3	4

THANK YOU