CORPORATE SOCIAL RESPONSIBILITIES AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS, ECONOMICS AND TOURISM IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT OPTION) OF KENYATTA UNIVERSITY

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DECLARATION

This research project is my original work and has not been submitted for examination in this university or any other university.

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

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DEDICATION

This work is dedicated to my supervisor Dr. Samuel Maina and to my family members, Ian Kiogora, Leon Kiogora, Favour Kiogora and Frankline Kiogora. Your encouragement, support, and prayers this far has been instrumental.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

BSC	Balance Scorecard
CBK	Commercial Bank of Kenya
CSR	Corporate Social Responsibility
KCB	Kenya Commercial Banks
NACOSTI	National Councils of Sciences, Technology & Innovations
NGO	Non-Governmental Organization
NSE	Nairobi Security Exchanges
RBV	Resources Based Views
SACCOs	Savings and Credit Co-operatives
SME	Small and Mediums Enterprise
SPSS	Statistical Packages for Social Science
US	United States
VIF	Variance Inflation Factors
VRIN	Valuable, Rare, Imitable & Non-Substitutable

OPERATIONAL DEFINITION OF TERMS

Community based CSR: This concept refers to the activities and resources that are geared at contributing to the economic and social development of the communities in which the bank maintains its branches. In this study, community-based CSR was assessed through indicators such as community projects, job creation and community engagement.

Corporate Social Responsibilities: Means that a bank is willing to analyze and address its influence on society and the environment, in addition to its immediate financial goals, as part of its overall business strategy. Among its constituent parts are investments in the community, the environment, the workforce, and the customers. In this study, corporate social responsibility refers to contribution of banks in terms of community-based CSR, customer-based CSRs, employee-based CSRs and environmental based CSRs.

Customer based CSR: Activities with the objective of providing value to consumers while also taking into consideration their well-being and level of satisfaction. In this study, customer-based CSRs was assessed through indicators such as development of new products, discounts offered and digitalization.

Employee based CSR: include providing workers inside a bank with recognition, support, and growth opportunities. In this study, employee-based CSRs was assessed through indicators such as training, remuneration and diversity and inclusion.

Environmental based CSR: The practice of directing a portion of a bank's resources into activities that lessen the adverse impacts of those activities on the environment and work to make the environment more sustainable. In this study, environmental based CSRs was assessed through sustainable waste management, renewable energy use and carbon footprint.

Performance: Refers to the success of the bank in accomplishing its long-term goals as outlined in its strategic plan. It entails the financial component, the customer aspect, the internal processes, and learning and development. In this study, organization performance was assessed through indicators such as profitability, market share and bank efficiency.

ABSTRACT

Most commercial banks in Kenya have struggled to maintain high organizational performance because of the country's increasingly unstable and competitive economic environment. Reduced profitability among commercial banks could be attributed to decreased market share due to increased number of other financial institutions including micro finance institutions and savings and credit co-operatives. In order to survive and enhance its performance, commercial banks need to be flexible and position themselves strategically. Corporate social responsibility is among the strategies that the commercial banks have adopted to address the problem of poor performance. Therefore, the main objective was to examine how corporate social responsibilities affects performance of chosen Kenyan commercial banks in Nairobi City County. Specifically, the study intended to examine how environmental, community, employee, and customer-based corporate social responsibility initiatives affected performance of chosen Kenyan commercial banks in Nairobi City County. The research was based on stakeholder theory, resource-based view theory, institutional theory, and agency theory. The study used an explanatory research design. The targeted population was 152 management staff drawn from human resource department and department of strategy and operations. The study sampled 91 participants. The questionnaire was used for collecting the primary data. The questionnaires were distributed using drop and pick later approach. Analysis of the data was through descriptives such as frequencies, percentage, mean and standard deviation. The inferential statistics like regression analysis was used for establish how corporate social responsibility influenced organizational performances of commercial banks. The research results were highlighted in Tables. The study established environmental based corporate social responsibility (β=0.698; p= 0.019), community-based corporate social responsibility (β=0.764; p=0.001), employee-based CSRs (β=0.846; p=0.000), customer-based corporate social responsibility results into (β=0.793; p=0.004) had substantial effects on performances of commercial banks. The study concluded that environmental based corporate social responsibility, community-based corporate social responsibility, employee-based corporate social responsibility and customer-based corporate social responsibility substantially affected the performances of commercial banks in Nairobi City County. Based on first objective, The study recommends that commercial banks in Nairobi City County should develop and implement an efficient waste management system. The study recommends that the bank needs to adopt a comprehensive strategy for managing its carbon emissions and reporting its carbon footprint. Based on second objective, the research recommended that commercial bank's management need to maintain and intensify investments in corporate social responsibility programs aimed at enhancing beneficiaries' lives particularly in education, health and other humanitarian efforts. Based on third objective, the study recommends that commercial banks should come with strategies to ensure provision of learning and development opportunities for its employees which would foster a skilled and capable workforce. Regarding the fourth objective, the study recommends that commercial banks should implement personalized services and communication strategies that focus on understanding each client's unique needs.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizational performance in any financial institutions is of the utmost significance for maintaining economic development and stability (Saadaoui & Chtourou, 2023). Organizational performance pertains to the extent of achievement of an organization's objectives and goals. It gauges the effectiveness and efficiency with which a bank utilizes its resources to attain its intended results (He & Zhang, 2022). Organizational performance ensures that the bank remains financially stable, which is essential for its long-term survival and ability to serve its customers. Saraswati and Agustina (2022) argued that poor organizational performance can lead to regulatory fines, penalties, and even loss of license, which can be detrimental to the bank's reputation and operations. In a competitive market, banks with superior organizational performance can offer better products, services, and rates, attracting a lot of clients and attaining a competition edge (Fraj & Martinez, 2020; Kariuki & Bett, 2021). According to Rahayu and Wibowo (2020), banks that are profitable and efficient are in a better position to properly deploy money, which in turn helps to stimulate economic development and contributes to the creation of jobs. Most financial institutions especially banks have recognized the role that corporate social responsibilities (CSR) play in shaping organizational performance.

Corporate social responsibility, often known as CSR, refers to the efforts made by businesses to improve the communities in which they do business, advance sustainable practices, and provide solutions to societal problems (Lu, Liang, Zhang, Rong, Guan, Mazeikaite & Streimikis, 2021). Donations to charitable organizations, community service, support for local initiatives, sustainable business practices, and other activities may all fall under the umbrella of corporate social responsibility (Khan & Butt, 2022). Based on their research, Ojuando and Kihara (2021) conclude that banks do participate in CSR activities as part of their larger CSR programs. Many banks and other financial companies have established philanthropic arms or foundations to aid with humanitarian causes including education, healthcare, poverty alleviation, and environmental protection. Additionally, they engage in things like volunteer work, aid for victims of natural disasters, and community improvement initiatives (Nguyen & Nguyen, 2021).

Corporate social responsibility through various investments including environmental based CSRs, community-based CSR, employee-based CSRs and customer-based CSRs have assisted banks in building a positive brand image and reputation (Lu, *et al*., 2021). According to Bugandwa, Kanyurhi and Mushigo (2021), engagement of banks in socially responsible activities, such as supporting community development projects and promoting financial literacy leads to increased customer loyalty and trust, which in turn can positively impact the bank's performance. CSR practices also assist banks in attracting capital from investors that are looking for companies which socially responsible and in turn enhances organizational performance (Bugandwa, *et al*., 2021). According to Low and Spong (2022), corporate social responsibility positively affected the staff engagement and retention as they have higher likelihood to be inspired and devoted to the banks if they feel that the employer is contributing positively to society.

Globally, financial institutions have recognized the need to adopt various CSR practices in an effort to enhance performances. In the United States, a number of the best commercial banks have been recognized for their CSR efforts (Tasnia, AlHabshi & Rosman, 2021). For example, JPMorgan Chase has promised $30 billion over the next five years to support economic opportunity initiatives, Bank of America has committed $1 billion to help combat economic and racial inequality, and Wells Fargo aims to donate and invest $400 million in local communities by 2025. In addition, a significant number of financial institutions are now investing in environmentally friendly policies and methods. For example, Citigroup has pledged to source 100% renewable energy for its worldwide operations by the year 2020, while Goldman Sachs has established a target of contributing $150 billion in finance and consulting services for initiatives that encourage sustainable development (Fourati & Dammak, 2021). In Iran, Ghahroud, Hosseini, Ariannejad and Partovi (2020) argued that corporate social responsibility has assisted banks to differentiate themselves and attract new customers by investing in sustainable finance through developing new products which cater to the growing demand for environmentally friendly banking solutions.

Regionally in Africa, most of the commercial bank’s operating have implemented CSR programs in their institutions and are taking part in a variety of social and environmental initiatives. In Nigeria, the awareness among commercial banks in Nigeria about their duties regarding CSR has significantly increased (Umar & Musa, 2021). A significant number of commercial banks in Nigeria have institutionalized their corporate social responsibility

(CSR) operations and are actively engaged in various social and environmental initiatives (Okike, Ekoja & Nyahas, 2023). Some financial institutions have established foundations or formed partnerships with non-governmental organizations (NGOs) in order to contribute to societal goals such as the improvement of healthcare, the alleviation of poverty, and the maintenance of a healthy environment. For instance, Access Bank has a Sustainability Centre that focuses on the preservation of natural resources, the promotion of environmentally responsible methods of doing business, and the provision of educational opportunities. Activities that enhance social welfare, educational advancement, and healthcare are encouraged via Zenith Bank's community service program (Okike, *et al*., 2023). In addition, certain Nigerian banks are investing money in the development of environmentally friendly practices and technologies (Mogaji, Hinson, Nwoba, & Nguyen, 2021).

In Uganda and Tanzania, most of the commercial banks have established charitable foundations or formed partnerships with non-governmental organizations (NGOs) in order to contribute to a variety of humanitarian causes, such as the improvement of healthcare, the alleviation of poverty, and the maintenance of a healthy environment (Tuhaise, 2023; Mcharo & Cobbinah, 2022). CRDB Bank supports a foundation in Tanzania that is dedicated to bettering the country in the areas of education, healthcare, and social welfare. Tuhaise (2023) noted that education, health, and community growth are the three major areas of the CSR program that is offered by Stanbic Bank in Uganda. A number of the region's financial institutions, including banks, have also made investments in environmentally responsible practices and equipment. Some banks have formed green finance in order to assist environmentally friendly activities, while others are incorporating sustainable practices into their everyday operations in order to reduce their environmental impact (Ayub & Anuri, 2021).

Locally in Kenya, several commercial banks in Kenya have created foundations or formed agreements with non-governmental groups in order to assist social causes such as education, healthcare, the alleviation of poverty, and the maintenance of an environmentally sound environment (Khabelwa, 2019). For instance, Equity Bank has a foundation that supports projects in the areas of education, health, agriculture, and entrepreneurship. In contrast, KCB Bank has a foundation that supports initiatives in the areas of education, health, and the environment. Other financial institutions, such as the Co-operative Bank, have also initiated CSR initiatives with the goals of fostering community growth and providing assistance to disadvantaged people (CBK, 2021). According to Kimani (2018), Equity Bank runs a program called "Wings to Fly," which provides scholarships to academically gifted but financially disadvantaged students. Equity Bank's Wings to Fly program has provided a clear path for its recipients and cultivated strong loyalty from those directly affected by the initiative. Mokaya (2020) noted that CSR activities have seen Standard Chartered Bank have invested in sustainable projects for supporting local communities in Kenya and this have led to increased customer loyalty and trust, leading to higher deposits and lower customer acquisition costs.

1.1.1 Corporate Social Responsibilities

Corporate social responsibility term was used by Khan and Butt (2022) to describe a company's dedication to thinking about and doing something about its effect on the world outside of just making money. It involves voluntarily incorporating social and environmental issues into the operations of a corporation as well as the relationships that firm has with various stakeholders. CSR encompasses a wide range of topics and activities, including as ethical corporate practices, environmental sustainability, charity, the health and happiness of employees, and community participation. According to Alam and Akbar (2019), companies that engage in CSR make an effort to make a good contribution to society, to advance sustainable development, and to solve the difficulties that society faces. The adoption of CSR not only contributes to the development of a favorable reputation and the enhancement of brand value, but it also promotes long-term sustainability and contributes to the development of a society that is more equal and inclusive (Aras & Crowther, 2019).

Businesses, people in general, and the natural world all stand to benefit significantly by practicing responsible corporate social behavior. According to Brammer and Pavelin (2019), corporate social responsibility (CSR) enables businesses to show their commitment to ethical and responsible business practices. This, in turn, may help businesses improve their reputation and establish trust among many stakeholders, such as customers, workers, investors, and communities. CSR activities often provide fruitful outcomes such as improved public opinion of a business and enhanced consumer loyalty (Brammer & Pavelin, 2019). According to Cui and Zhang (2019), businesses may lessen their ecological footprint, encourage environmental stewardship, and provide support to community development if they adopt responsible business practices and incorporate them into their operations. CSR also plays an important part in creating inclusive development since it places an emphasis on fair employment practices, diversity and inclusion, and charitable initiatives to raise up communities that have been historically disadvantaged (Cui & Zhang, 2019).

According to Ding and Zhang (2020), the four primary varieties of corporate social responsibility investments are ones in the community, with employees, in the environment, and with customers. Mokaya (2020) conceptualized corporate social responsibility using environmental investment, community-based CSR through education sponsorship and customers investment through economic inclusion programs. Additionally, Mugoiri (2018) conceptualized CSR through indicators like environmental CSRs, philanthropic CSRs and CSRs for development of communities. Further, Ngatia (2014) conceptualized corporate social responsibility using investments in the community, investment in customers relationship programs, community-based CSR and environmental funding. In addition, Mwangangi (2018) conceptualized corporate social responsibility through enhanced employee relation, customer relation, community relation and government relation. These studies concur with the current study which conceptualizes corporate social responsibility through environmental based CSRs, community-based CSR, employee-based CSRs and customer-based CSRs.

According to Chen and Zhu (2020), environmental based CSRs are money spent by businesses on initiatives that lessen their negative impact on the planet's natural resources. Companies who show their commitment to reducing the effects of climate change, safeguarding biodiversity, and minimizing their ecological footprint by investing in the environment do so by making environmental based CSRs. These kinds of endeavors not only aid in the protection of the natural world, but they also improve the image of the firm, bring in clients who are environmentally conscientious, and ensure that environmental standards are followed (Chen & Zhu, 2020). Environmentally responsible business practices can coexist with financial success, as environmental based CSRs can lead to long-term cost savings, improved operational efficiency and resilience in the face of changing environmental circumstances (Brammer & Pavelin, 2019).

When a business invests in the communities around its facilities, it undertakes initiatives and makes donations with the aim of bettering such areas (Jones, 2021). To fulfill social needs, enhance the quality of life, and promote sustainable growth, investments are made in the community. Cash gifts, employee volunteer programs, education, healthcare aid, infrastructure development, and partnerships with community organizations are all examples of how businesses may contribute in their communities (Mugoiri, 2018). All of these forms are examples of investments. Companies actively connect with and assist the communities that they are responsible for by making investments in their communities. These investments contribute to social cohesion, economic empowerment, and general well-being (White, 2022).

Investing in workers is providing them with recognition, assistance, and opportunities to grow while working for a firm. This comprises programs that seek to promote the health and well-being of employees, cultivate a good working environment, and provide possibilities for professional development and promotion (Zhang & Zhang, 2022). Employee based CSRs may include a wide variety of activities, including fair remuneration, employee benefits, programs to promote work-life balance, opportunities for professional development and training, diversity and inclusion efforts, and health and wellness programs. Companies may show their dedication to the employees' well-being as well as their professional development by placing an emphasis on employee-based CSRs. This, in turn, leads to enhanced staff morale, increased work satisfaction, improved productivity, and decreased turnover rates (Sturman & Aime, 2021).

Customer based CSRs are activities that try to give value to consumers while taking into consideration their well-being and level of contentment with the product or service (Chen, Zhang & Wang, 2023). The ways in which consumers can invest in a company's social responsibility range from ensuring the quality and safety of products to promoting ethical sourcing and manufacturing practices to offering helpful customer service to protecting personal information and customer privacy. Companies may show their dedication to developing long-term relationships with clients by investing in their consumers. These partnerships are founded on mutual trust and benefit both parties involved and this may result in an increase in consumer loyalty, a good view of the brand, and a competitive edge in the market (Otieno, Owuor & Odhiambo, 2021). In this study, Corporate Social Responsibilities was measured by environmental-based CSRs, community-based CSRs, employee-based CSRs and customer-based CSRs.

1.1.2 Organizational Performance

According to Huang (2018), the definition of company performance is the accomplishment of objectives that an organization has set for itself. According to Daft (2019), it refers to the capability of a company to accomplish the objectives it has established for itself by making the most effective usage of the available resources. According to the opinions of Chen, Zhang and Wang (2023), the success of a company is determined by the complicated correlation of seven factors. These criteria are: profitability, dependability, quality of work, productivity, effectiveness, and efficiency, as well as creativity (Eisenhardt & Schoonhoven, 2018). As a result, performance is intrinsically linked to the fulfillment of each and every one of the seven criteria that are considered to be performance objectives. Despite the fact that there are no commonly acknowledged definitions for performance, a company should have goals that include a method for monitoring the overall outcomes in accordance with the agendas that have been set (Bain, 2019).

The performance of an entity is very important since it contributes to the measurement of the institution's efficiency as well as the firm's competence and productivity. In addition to this, it is believed to be a determination of efficiency, which takes into account the efficiency of resources that have been used in the creation of output or goods of the kind favored by consumers as well as society in the long run (Bain, 2019). The profitability of an organization may be deduced from the company's performance, which takes into account both the revenue and the expenses of the business. According to Chakravarthy (2018), it is the responsibility of business managers to enhance the performances of their firms, because the continued existence of a firm is contingent on the profitability of its operations. In addition, the performance of a company demonstrates how well an organization is doing in terms of the means by which it is working to realize its goals, purpose, and vision (Eisenhardt & Schoonhoven, 2018).

Because the success of a company cannot be evaluated based on a single index, there is a reluctance among commercial organizations to use both monetary and non-monetary performance metrics (Chakravarthy, 2018). In the past, researchers have routinely evaluated a company's efficiency with balanced scorecard by Kaplan and Norton's (1992). A balanced scorecard is used to provide success metrics for a firm based on its objective, vision, and strategy. It is a statistic that may be used to judge how well the firm is doing overall. According to Kaplan and Norton (1992), it takes into account the financial component, the customer aspect, the internal processes, and learning and development. In this study, organizational performance was assessed in terms of profitability, market share and bank efficiency.

1.1.3 Commercial Banks in Nairobi City County

As per the Central Bank of Kenya, a commercial bank is defined as any firm that is currently involved in or plans to engage in banking operations within Kenya (CBK, 2021). The commercial banking business is responsible for a wide variety of financial services, including but not limited to receiving deposits, giving loans, remitting money, and more (Ontita & Kinyua, 2020). The segment fulfills an essential function within the financial system by placing a significant emphasis on both the economy's savings mobilization and credit provisioning needs. The Central Bank is said to have oversight over the industry in the Bank Supervision Yearly Report (2021). There is now just one mortgage financing business, 38 commercial banks, and thirteen microfinance institutions. Eleven of the total 38 listed businesses are headquartered in NSE.

Several Kenyan commercial banks have established philanthropic foundations or partnered with non-governmental groups to support social issues including education, healthcare, poverty reduction, and environmental preservation. In addition, certain Kenyan financial institutions are making investments in environmentally friendly policies and methods (Mugoiri, 2018). For instance, some financial institutions have begun offering green finance in order to assist in the development of environmentally friendly initiatives, while others are integrating sustainable business practices into their daily operations, such as increasing their use of renewable energy sources and decreasing their reliance on paper products. In spite of this, there is much opportunity for development in regard of the level of CSR that is practiced by Kenyan commercial banks (Mokaya, 2020).

Some banks have been condemned for not doing enough to help the areas in which they are located, while others have been blamed for putting too much emphasis on their brands rather than making an actual difference in the world (Ngatia, 2014). The performance of commercial banks has been mixed, with some commercial banks reporting a gain in their client base while other commercial banks reporting a decrease (CBK, 2021). During the last five years, we have seen some banks, such as Chase bank, fail as a result of poor performance, which in turn had a detrimental impact on their customer base. At the same time, other banks like National bank, have been purchased by KCB. During this period, other banks like Equity, Cooperative, KCB, and Standard Chartered have reported enhancements in both their performances and customer retention capabilities (CBK, 2021).

1.2 Statement of the Problem

Most commercial banks in Kenya have struggled to maintain high organizational performance because of the country's increasingly unstable and competitive economic environment (CBK, 2021). For instance, KCB Group Plc experienced a 17.9% decrease in net profit for the first half of 2023, with a Profit After Tax of KES 16.1 billion, compared to KES 19.6 billion in the same period of 2022. On the other hand, family bank profitability registered a 12.5% decline to KShs. 1.4 billion in 2023 as compared to KShs. 1.6 billion made in 2022. The overall performance of commercial banks reduced by 11.8% between 2019 and 2021 and reduced by 12.3% between 2022 and 2023. Between 2019 and 2023, the commercial has showed a trend of declining performance in terms of market share, profits accrued and bank efficiency (CBK, 2023). Reduced profitability could be attributed to decreased market share due to emergence of MFIs and SACCOs. In order to enhance its performance, commercial banks need to position themselves strategically (Mugoiri, 2018).

The commercial banks have adopted CSR as one of the initiatives for addressing the issue of poor performances. Commercial banks in Kenya have made strong efforts to promote corporate social responsibility (Alam & Akbar, 2019). Some of the corporate social responsibilities that have been embraced and implemented by commercial banks include environmental based CSRs, community-based CSR, employee-based CSRs and customer-based CSRs. It is perceived that adopting corporate social responsibility (CSR) would enhances customer loyalty and retention, boosts employee involvement, enhances brand perception, attracts investment and top-tier talent and impact organizational performance (Thuranira, 2017). Despite the importance linked to corporate social responsibility, the existing literature have failed to explicitly establish its effect on organizational performances of commercial banks particularly in Nairobi County.

There have been a number of empirical research undertaken on the link between organizational performances and CSR. The existing studies exhibited various research gaps ranging from contextual, conceptual and methodological gaps. For instance, a study conducted by Alam and Akbar (2019) exhibited a contextual gap as it was done in Bangladesh and not in Kenya. Further, a study by Ngatia (2014) focused on insurance companies and hance could not be generalized for commercial banks in Nairobi County. In addition, a study conducted Khabelwa (2019) exhibited conceptual gaps as it examined financial performance while the current research focuses on organizational performance.

Moreover, research by Thuranira (2017) was limited to banks in Homabay county and not in Nairobi City County. Also, research conducted by Musungu (2019) exhibited methodological gaps as it employed correlational study design which could not be applicable in the current study. Therefore, this sought to bridge these research gaps by examining the effect of corporate social responsibilities on performances of commercial banks in Kenya.

1.3 Objectives of the Study

This section highlights the general and specific objectives that the research intended to achieve.

1.3.1 General Objective

The main objective was to examine how corporate social responsibility affect the performances of Kenyan commercial banks in Nairobi City County, Kenya.

1.3.2 Specific Objectives

Specifically, the study sought:

i. To assess the effects of environmental-based CSRs on performances of commercial banks in Nairobi City County, Kenya.
ii. To establish the effects of community-based CSRs on performances of commercial banks in Nairobi City County, Kenya.
iii. To examine the effects of employee-based CSRs on performances of commercial banks in Nairobi City County, Kenya.
iv. To determine the effects of customer-based CSRs on performances of commercial banks in Nairobi City County, Kenya.

1.4 Research Hypotheses

The study tested the following hypothesis:

H_{01}: Environmental-based CSRs has no significant effect on performances of commercial banks in Nairobi City County, Kenya.

H_{02}: Community-based CSRs has no significant effect on performances of commercial banks in Nairobi City County, Kenya.

H_{03}: Employee-based CSRs has no significant effect on performances of commercial banks in Nairobi City County, Kenya.

H_{04}: Customer-based CSRs has no significant effect on performances of commercial banks in Nairobi City County, Kenya.

1.5 Significance of the Study

Many people in the business world, from upper management to regulatory bodies to bank researchers, stand to benefit from the information gleaned from this study. A wide range of commercial corporate interests would be served by these numbers. The executives of commercial banks would find the study to be helpful in identifying how they might enhance their banks' performance via the implementation of corporate social responsibility initiatives.

Government and other policymakers could utilize the study results to effciently direct commercial banks and other firms in the sector toward adopting corporate social responsibility strategies that boost both their own and the sector's performance. The study's findings are significant because they can serve as a benchmark for similar studies in the future. It's possible that the results would be useful to academics and researchers for filling in knowledge gaps and assessing empirical literature on themes linked to the study.

1.6 Scope of the Study

The objective of the study was investigating the effects of corporate social responsibilities on performances of commercial banks in Kenya. The research was done in Nairobi County. The specific objectives sought to establish how environmental, community, employee and customer-based CSRs as the aspects of corporate social responsibilities affect performance among banks. The performance as the dependent variable was assessed through balanced score card using indicators such as profitability, market share and bank efficiency. The study adopted explanatory research design and the targeted population was 152 management staff drawn from human resource department and department of strategy and operations. The data was collected using questionnaires The time scope for the study was 2019 to 2023.

1.7 Limitations of the Study

Due to the fact that the study relies on self-reporting from the bank personnel, there is the potential for some bias to be present. By debriefing the respondents on the usage of the information, the researcher was able to offset the bias that is caused by self-reporting. Another possible limitation of the study was the study area size, which made it difficult to personally meet and distribute questionnaires to the great majority of respondents. The researcher got over this obstacle, though, by physically distributing the questionnaire. In addition, the instruments used to gather data did not have an accuracy rate of one hundred percent since the respondents had some level of bias. In this context, research conducted pilot research for testing the validity and reliability of the questionnaires.

In addition, there was a possibility that some of the responders who are needed for the research may have reservations about taking part in it. This obstacle was addressed by the researcher when they have secured the necessary permits, consents, and permissions from the appropriate authorities, such as the University, Equity bank Kenya limited and NACOSTI. In addition, all of the ethical standards were met, and the participants were notified about those requirements. Lastly, the researcher demonstrated a desire to share their results with any respondents who are interested in hearing them.

1.8 Organization of the Study

The project is divided into five chapters. Chapter one highlights the backgrounds, problem statements, objectives, research questions, significance, scope and limitations. Chapter two presents the literature including theoretical reviews, empirical studies, research gaps and conceptual frameworks. Chapter three highlights the research methods including designs, population, sampling methods, piloting, research instruments, methods for collection and analysis of data and research ethics. Chapter four highlights the results and discussions for both descriptive and inferential statistics while chapter five highlights the summary of findings, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews earlier research that has been done on the topic of corporate social responsibility and performances, and the theoretical framework that was employed throughout the study. This section contains theoretical reviews, empirical reviews, a summary of the literature reviews and list of research gaps. In addition, it presents a conceptual framework illustrating the predicted relationships among the variables of the study.

2.2 Theoretical Literature Review

This section presents a framework that explores the association amongst CSR and performances. The main theory for the study supporting organizational performance was Balanced Scorecard (BSC) model. Other supporting theories include stakeholders' theory, resource-based perspectives theory, institutional theory and agency theory.

2.2.1 Balanced Scorecard (BSC) Model

The balanced score card was postulated by Kaplan and Norton in the early 1990s. The Balanced Scorecard (BSC) is strategic management frameworks which facilitate the measurement and control of performance across four primary dimensions: financials, customers, internal processes, and learning and growths (Khomba, 2015). It enables companies to merge data into a single report that offers analysis on both the quality of services and operational efficiencies, in addition to financial metrics. The BSC serves as a tool for organizations to synchronize their actions with their overarching vision and strategy (Iranzadeh, Nojehdeh & Emami, 2017). The balanced scorecard method posits that the conventional financials metrics firms use to track their strategic objectives are inadequate for maintaining companies on course. Financial indicators reveal past events rather than the current or future direction of the business. The objective of the balanced scorecard system is to offer stakeholders a holistic perspective by integrating metrics beyond financial indicators such as customer satisfaction and product innovation alongside financial measures (Iranzadeh, *et al*., 2017).

The BSC assumes that there are cause-and-effect relationships between the different perspectives. For instance, improvements in employee training and development (learning and growth perspective) leads to better internal processes, which result in enhanced customer satisfaction, that, consequently, should results to enhanced financial performances in the long run (Eisenberg, 2018). The BSC assumes that effective communication and alignment are essential for achieving organizational goals. By providing a clear and comprehensive view of performance across different perspectives, the BSC helps align the efforts of different departments and individuals with the firm's entire strategy. The BSC assumes that performance management is an ongoing process which needs continuous monitoring and improvement. It offers a structure for establishing goals, monitoring advancement, and adapting as necessary to ensure the organization stays aligned with its strategic goals (Cooper & Ezzamel, 2016).

The balanced score card supports evaluation of organizational performance for commercial banks in terms of profitability with an aim of maintaining a strong capital base. It may also assist in assessing internal processes based on efficiency ratios, process cycle times, and compliance with regulations. This streamlines operations, improves productivity, and ensuring regulatory compliance (Iranzadeh, *et al.*, 2017). Balanced scored card may also assist in evaluating learning and growth within the banks based on employee satisfaction and engagement, training hours per employee, and innovation metrics. This allows banks to come up with strategies to developing employee skills, foster a culture of continuous improvement, and encourage innovation. Therefore, the theory could be used in explaining and measuring the performances of commercial banks in Nairobi County.

2.2.2 Stakeholder Theory

Stakeholder theory is a concept that was developed by Freeman (1984) and concerns organizational management and business. The stakeholder theory lends its support to the capitalist economic system by putting an emphasis on the interaction that exists between a firm and its staff, customers, stakeholders, contractors, and the community. When running a company, it is important to follow proper business ethics, which include having morals and principles. Freeman says that a company should be profitable for all of its stakeholders at all times (Freeman, 2023). Freeman demonstrates that a manager of a company is responsible for attempting to manage the links between the company's many stakeholders. When looking at CSR from a strategic viewpoint, a stakeholder is someone whose interests are being considered by the firm when making choices. The decrease of opportunistic behaviors, incentives, and monitoring are now the primary focuses of stakeholders (Fraj & Martinez, 2020).

In contrast to the past, when businesses operated in isolation from the outside world, today's companies have strong ties to the communities in which they operate. According to Gao and Zhang (2020), activities related to business have a significant impact on society, and it is difficult to avoid the influence that these activities have on the lives of individuals. This theory has a flaw in that it advocates for the equitable treatment of all stakeholders, which is in direct opposition to the goal of increasing a company's profitability. Gond and Phillips (2020) provide an argument to the contrary, stating that this notion violates the property rights of the stakeholders. There is heterogeneity present in the groupings of stakeholders, varied reliance among stakeholders, variable salience, multiple inclusions, the influence of stakeholders, a pivotal position in the model, various connections, and relationships of (White, 2022).

It is only possible for a company to be deemed successful if it is able to provide value to the majority of its stakeholders. As a result, having a good knowledge of how the stakeholder theory may be used made it possible for the researcher to highlight the current status (both economically and non-economically) of the banks that are being investigated (Freeman, Phillips & Sisodia, 2020). The stakeholder theory can be utilized in a way that enables a firm to raise employee happiness, which in turn leads to more investment, better talent acquisition, increased retention rates, and overall increased profitability. According to this hypothesis, businesses that participate in CSR are more likely to establish healthy connections with the people and groups who are important to them; these ties, in turn, may eventually contribute to improved organizational performance (Freeman, *et al*., 2023).

The theory is pertinent to the research in relation to effect of environmental based CSRs on the performance of commercial banks. Stakeholder theory proposes that organizations should consider the interests and concerns of all involved parties in their decision-making processes, rather than focusing exclusively on the priorities of shareholders. Banks investment in environmentally sustainable practices have positive impacts on perception and loyalty as customers prefer banking institutions that align with their values, including environmental responsibility. In addition, investing in environmental initiatives by banks enhances employee morale and engagement. Employees have a sense of belonging to organizations that is socially responsible and this leads lead to higher retention rates and better performance. Hence, the theory could be used in explaining the effect of environmental based CSRs on organizational performances of commercial banks in Nairobi County.

2.2.3 Resource Based View Theory

Penrose (1959) laid the groundwork for this theory, and his work foreshadowed the current approach to strategy in general, and the RBV in specific. Wernerfelt (1984) and Barney (1991) went on to develop and refine the theory, although Penrose (1959) was the one who laid the groundwork. The thesis asserts that the primary sources of a companies' long-term competition edge are the exceptional assets and abilities that the company has. According to this theory, the resources of a corporation may be split up into two categories: those that are physical and those that are intangible. According to the RBV hypothesis, a firm's resources can only serve as a source of competitive edge if they are treasured, scarce, irreplaceable, and non-fungible. According to Wernerfelt (1984), strategic resources are those that fulfill these conditions and have the potential to provide a corporation with an advantage over its rivals over the long term.

Critics have said that it is difficult to empirically examine the RBV theory since it is predicated on qualitative assessments of a company's resources and talents (He & Zhang, 2022). Some scholars have questioned the legitimacy of the VRIN criterion and the effectiveness of the RBV theory in assessing a firm's enduring competition edge. Though the RBV theory offers a structure for recognizing strategic resources, it might not suffice in offering guidance on how to advance and fully take advantage of these assets. Because of this, a number of researchers argue that the RBV theory does not provide any prescriptive guidance to companies that are looking to develop a long-term competitive advantage (Jones, 2021).

The RBV hypothesis provides useful insights into the connection between corporate social responsibilities like employee-based CSRs and the performance of organizations. CSR efforts may lead to the development of intangible resources such as brand reputation, customer loyalty, staff participation, and stakeholder linkages. It is possible that these assets enhance the reputation of the firm, differentiate it from its competitors, and attract customers who value socially aware action. Additionally, CSR may assist the growth of internal capabilities that may increase organizational performance, such as organizational learning, innovation, and employee motivation. CSR may also support the development of external competences that can enhance organizational performance. The theory is pertinent in describing the effect of employee-based CSRs on performance as employees are viewed as internal capabilities.

2.2.4 Institutional Theory

In order to explain how institutions function and how well they may accommodate competing organizational needs, Meyer and Rowan (1977) developed the notion of institutional theory. Their goal was to explain how institutions can best accommodate these needs. According to the institutional theory, organizations are molded by the norms, values, and laws of the wider institutional framework in which they operate, and they are required to uphold these same standards and rules. It suggests that in order for organizations to achieve legitimacy and the acceptance of society, they turn to the institutionalized processes, beliefs, and expectations that have been established. According to institutional theory, there are three basic ways in which organizations surrender to the influence of institutional forces: coercive isomorphism, mimetic isomorphism, and normative isomorphism (Sharp, 2019).

Institutional theory has been criticized on several occasions despite the fact that it is widely employed and plays a substantial role in the examination of organizational behavior. The lack of thought paid to organizational agency and power relations is one of the criticisms that might be leveled. Critics argue that institutional theory often ignores the significance of human actors and their ability to both conform to and resist the norms of an organization (Smith & Doe, 2020). Due to the fact that the theory places such an emphasis on sticking to institutional influences, it has the potential to reduce the amount of agency that managers and other members of an organization have in the process of making intentional choices. In addition, some critics argue that institutional theory usually makes the mistake of seeing institutions as stable and unchanging, so failing to take into consideration the dynamics of institutional change and the role that agency plays in bringing about these kinds of changes (Alam & Akbar, 2019).

Through the lens of institutional theory, the study may get a clearer image of the connection between CSR and business success. The institutional theory argues that so as for an organization to gain legitimacy and social acceptance, it must act in ways that are in line with the established norms and expectations of that institution. In the context of CSR, institutional theory proposes which firms need to participate in CSR activities in order to bring themselves into line with the prevalent societal and cultural expectations about responsible and sustainable conduct. CSR efforts may be considered as a reaction to the institutional demands that corporations experience to satisfy society expectations of responsible business practices. These pressures come in the form of public expectations that businesses would behave responsibly. The goal of firms that participate in CSR efforts is to increase their legitimacy and improve their reputation within the institutional setting in which they operate. This, in turn, may have a favorably influential effect on business success by attracting consumers, investors, and other stakeholders that appreciate and support socially responsible conduct. The study is relevant in explaining the relationship between community-based CSR on the performances of commercial banks as the theory explains the importance of meeting cultural and societal expectations.

2.2.5 Agency Theory

The agency theory proposed by Jensen and Meckling in 1976 states that when management and ownership of a firm are separated, the agent-principal link must be managed in order to maximize value creation. Because agents and shareholders sometimes have quite different opinions, the company must use a variety of diverse approaches. This resulted in some agency fees for the corporation, but it is necessary for the company to have a healthy financial position in these organizations. Because the principle and the agent work for separate ends and are motivated by different things, the association amongst principals and agents is prone to the development of conflicts of interest. According to the agency theory, agreements and supervision processes are necessary in order to strike balances amongst the interests of the two parties and ensure that the agent is looking out for the best interests of the principal (Liao & Rupp, 2020).

Cui and Zhang (2019) argue that the theory is essential for characterizing the myriads of interactions that take place in an organizational setting and they cite this as one of their main reasons. Despite this, agency theory suffers from a number of significant flaws. The agency theory does not take into account a great deal of the complexity and difficulty that agents experience while carrying out the obligations and tasks assigned to them by their principals. The agency paradigm seems to imply control systems that are both costly and ineffectual. Aras and Crowther (2019) explain that this is the case because safeguarding shareholder interests can impede the execution of strategic decisions, put limitations on business operations and investment initiatives as well as disregarding complaints from other shareholders.

In this scenario, CSR has the potential to play a part in bringing the interests of principals and agents closer together. By participating in activities that fall under the umbrella of corporate social responsibility (CSR), managers have the opportunity to show their dedication to the accomplishment of larger social and environmental goals, which may contribute to an improvement in the organization's reputation and goodwill. This may result in greater trust and happiness among stakeholders, like as owners and shareholders. Owners are more likely to support and incentivize CSR initiatives if they see a positive influence on the company's image, relationships with stakeholders, and future prospects. Customer based CSRs can be seen as a form of agency relationship. Customers entrust their money to the bank, expecting the bank to act in their best interest by providing a safe and profitable investment environment. However, the bank's managers may have their own interests, such as maximizing their own compensation or job security, which may not always align with the interests of the customers. Hence, the agency theory is relevant in explaining the effect of customer-based CSRs on the performance of commercial banks.

2.3 Empirical literature Review

Several empirical investigations that were carried out locally as well as worldwide have provided evidence for corporate social obligations and performance association; nonetheless, the research have resulted in a variety of responses from participants.

2.3.1 Environmental based CSRs and Organization Performance

Schreck and Isenmann (2023) conducted a meta-analysis of empirical research on the influence of environmental based CSRs on company performance. Their focus was on the relationship between the two. The authors looked at almost 7,000 results gleaned from 132 separate pieces of research. The results of the meta-analysis showed that environmental investment contributes to increased levels of commercial success. The authors made the startling discovery that there is a link between increased levels of environmental investment and improved levels of profitability, sales growth, and shareholder value. In addition to this, they found that investments in the environment had lower risks and required less initial investment money. The authors arrived at the conclusion that making investments in the environment may be a helpful technique for increasing the performance of a firm. They suggested that companies focus their attention on environmental investment projects that are consistent with the aims of their companies and that are most likely to be of value to the companies' stakeholders. The research had conceptual gaps as its focus was on sales growth as metric for performance which is not used in this research. The research had contextual gaps as it was not done in Kenya. The research also did not focus on commercial banks as the current research. Further, the research exhibited methodological gaps as it deployed correlational research design which is not applicable in the current research.

Chen and Zhu (2020) investigated the effect that environmental based CSRs have on the performances of Chinese firms. The authors utilized a panel data collection of Chinese enterprises beginning in 2007 and continuing through 2016. They used a model with two stages of least squares regression in order to take endogeneity into account. According to the authors of the study, it was discovered that environmental based CSRs were beneficial to the performance of enterprises. They came to the conclusion that this impact was more prominent in companies that were required to comply with stricter environmental standards. The study had contextual gap due to the fact that it was conducted in a developed setting, which had quite different social and economic circumstances than Kenya, which is where the current research was done. Further, the study had a methodological gap as it used least squares regression model which is not applicable in the current study. The research as well did not explore financial institutions as this study.

Dunn and Jones (2020) explored how environmental based CSR influenced performances of organizations. Their focus was on how environmental investment affects the performance of organizations. The authors analyzed more than 10,000 data gleaned from 232 separate research. The outcomes of the meta-analysis revealed that environmental investment improves organizational performance. The authors made the startling discovery that there is a link between environmental investment and increased levels of success with customers, employees, and finances. In addition to this, they observed a connection between spending money on environmental initiatives and lower rates of customer and employee turnover. The authors arrived at the conclusion that making investments in the environment may be a helpful technique for increasing the performance of a firm. They suggested that companies focus their attention on environmental investment initiatives that are compatible with the goals of their companies and are likely to be beneficial to the stakeholders in those companies. The study exhibited methodological gap as it employed desk review which cannot be directly applicable in the current research.

Brammer and Pavelin (2019) sought to inquire into the existing proof between environmental performance and firm value. The authors pooled data from 105 studies to draw conclusions on the worth of environmental performance to a company's bottom line. The authors draw the conclusion that environmental performance is correlated with the value to the business. However, the study's methodology, the environmental performance and commercial value indicators employed, and the extent to which this link occurred were not consistent among the studies. This study made a conceptual mistake by putting more emphasis on corporate value than on organizational effectiveness. The study exhibited methodological gap as it employed desk review which is not applicable in the current research. The research also exhibited contextual gaps as it did not specifically focus on commercial banks.

2.3.2 Community based CSR and Organization Performance

White (2022) investigated how community-based CSR influenced the financial performances of American businesses. The inquiry focused on one hundred different companies and organizations. The study looked at the organization's community-based CSR as well as its financial success over a period of five years. According to the results of the poll, companies that had a greater investment in the local community had higher financial performance. The investments that have the largest impact are those that are made in economic development and education. The research exhibited conceptual gaps as it examined financial metrics only and omitted other performance metrics such as the market share and bank efficiency. The study also exhibited methodological gaps since it only utilized secondary data.

Jones (2021) investigated the relationship between community-based CSR and the level of customer happiness. One thousand customers participated in the survey. Customers were polled about their levels of contentment with the company's products and services, as well as their perceptions of the level of community involvement on the part of the business. The survey found that customers who had a better overall experience with the products or services provided by a company were more inclined to believe that the company was committed to investing in the local community. If a customer thought that a company was committed to investing in the local community, they were more likely to recommend that company to others. This research took into consideration other performance-related aspects such as internal processes and financial emphasis, which were not taken into account in the previous survey due to a conceptual fault in the previous study that focused only on customer happiness. The study exhibited conceptual gaps since it examined customer happiness and not performances. Additionally, the research as well had contextual gaps since it did not focus on commercial banks.

Smith and Doe (2020) investigated the relationship between community-based CSR and the success of corporations and the level of employee engagement in the UK. A survey was given to one thousand different workers. A survey was sent to employees in order to collect their responses and thoughts regarding the amount of the firm's commitment to community-linked CSR. According to the results of the survey, workers who were more engaged to their work were more likely to have the perception that their employer was committed to investing in the local community. Those workers who thought their business was committed to investing in the community had a greater likelihood of remaining with the company and reporting better levels of job satisfaction. The research had a contextual gap as it was conducted in UK and not in Kenya. The study also did not focus on financial institutions. The research also had conceptual gaps since it has not examined market share as performances metrics.

Sharp (2019) conducts research on the effect that community-based CSR have on the success of organizations. A meta-analysis of thirty different research was carried out. The study was done in various fields such as the retail sector, the healthcare industry, and manufacturing. The results of the meta-analysis showed that investments in the local community had a positive effect on the overall performances of the firm. The effect was greatest for businesses who put the most money into their employees' professional growth and community connections. Due to the fact that this research was only a literature review, there is a pressing need for an empirical investigation that takes the particulars of the situation into account. The study exhibited a methodological gap as it employed a desk review which is not applicable in the current study.

2.3.3 Employee based CSRs and Organization Performance

Zhang and Zhang (2022) investigate, from a resource-based perspective, how employee-based CSRs influence organizational success. A survey of two hundred Chinese companies was carried out by the authors. A survey was given to the companies to find out how much they invested in their staff, and data on their financial success was obtained from public sources. It was concluded that employee-based CSRs had positively and substantially affected the financial performances of the firms. The impact of employee-based CSRs was shown to be larger for investments that focused on enhancing the employee's knowledge and abilities. The research exhibited conceptual gaps since it only examined financial metrics of performances and omitted metrics like customer satisfaction and internal procedures. The research as well had contextual gaps since it was done in China and not in Kenya.

Sturman and Aime (2021) aimed to study the influence that employee-based CSRs have on the success of a business by taking a multilayered perspective on the problem. One thousand employees from a big manufacturing business participated in the study conducted by the authors. The study questioned the workers as well as their managers to get their perspectives on the level of involvement shown by the employees in their work. In addition, the authors did research on the organization's financial achievements as well as the ratings of the staff's performance. Both the financial success of the firm and the staff' performance assessments were shown to be considerably and positively impacted by employee-based CSRs. The effect of employee-based CSRs was significantly increased when they were made in an environment that was conducive to corporate support. The research exhibited conceptual gaps since it only explored financial metrics of performances and omitted metrics like the satisfaction of customers and the efficiency of internal processes, which were to be taken into consideration in this research. The research exhibited contextual gaps since it was done in manufacturing sector and not financial sector.

Liao and Rupp (2020) decided to conduct a review of the relevant literature in order to get a deeper comprehension of the relationship between employee-based CSRs and organizational success. The authors conducted an in-depth analysis of the research that has been published on the topic of employee-based CSRs and the performance of organizations. They identified 110 papers that fulfilled the criteria for inclusion in their analysis. The authors came to the conclusion that investments made by workers had a large and positive impact on the success of the firm. When efforts were offered in a supportive organizational context and were focused at enhancing employee knowledge and skills, the effect of employee-based CSRs was stronger. The research as well exhibited contextual gaps since it was not done in financial sector. The study exhibited a methodological gap as it employed a desk review which is not applicable in the current study.

Chen and Zhu (2019) investigate the ways in which employee-based CSR might impact the success of a business. The authors pooled the results of 102 research that looked at how employee-based CSR affected company success. Employee commitment was studied in relation to organizational performance. Multiple companies and nations contributed to the study. The authors conclude that employee-based CSR positively and substantially affected company's performances. Employee based CSR produces a bigger benefit, as shown by both the study conducted in industrialized nations and the research that used unbiased metrics of organizational success. The study exhibited a methodological gap as it employed a desk review which is not applicable in the current study. The research as well exhibited a contextual gap since it was not done in financial sectors.

2.3.4 Customer based CSRs and Organization Performance

Chen, Zhang, and Wang (2023) want to explore the effect that customer-based CSRs had on the success of a firm throughout the course of time. Longitudinal research was carried out by the authors on a total of one hundred companies spanning a wide range of sectors. Over the course of five years, the writers combed through the annual reports and news items of various businesses in order to compile information on client investments and the success of those businesses. The study came to the conclusion that the investments made by customers had positively and substantially affected the functioning of the business over time. The businesses who invested more in their customers saw increased levels of customer happiness and loyalty, as well as increased levels of profitability. There were contextual gaps since the study was conducted in China and not in Kenya. The research also had a methodological gap as it employed longitudinal research and not explanatory research design.

In the Kenyan mobile telecommunications business, Otieno, Owuor, and Odhiambo (2021) explored how consumer investments influenced organizational performances. The writers questioned one hundred different clients of mobile telecommunications companies in Kenya. In the study, consumers were questioned about their opinions about the customer-based CSRs made by mobile carriers as well as their level of contentment with the goods and services offered by mobile operators. Results revealed that the level of organizational performance in the Kenyan mobile telecommunications sector was positively and significantly impacted by the investments made by customers. Mobile network providers who made more investments in their customers reported significantly better levels of both customer satisfaction and brand loyalty. The research had contextual gaps since it examined mobile telecommunications and not commercial banks. The study also had a methodological gap as it employed correlational research design which is not applicable in this study.

In the field of airline transportation, Wang, Chen, and Zhang (2020) wanted to learn more about the connection that exists between consumer investments and organizational success. The authors examined American Airlines, Delta Air Lines, and United Airlines in depth as part of a case study they carried out. Data was from the annual reports and news items published by the airlines. This information was used to gather statistics on customer-based CSRs and organizational performance. The research conducted by the authors revealed that organizational performance in the airline sector was favorably affected by consumer investments to a considerable and favorable degree as it enhances levels of customer happiness and loyalty. The study also had a methodological gap as it used only secondary data which is not applicable in this study. The study had a contextual gap as it was done in aviation sector and not financial sector.

Ndlovu, Nkomo, and Mpofu (2020) conducted research in the South African banking sector to evaluate the influence that client investments have on organizational success. The authors questioned one hundred different South African banking clients for their research. In the poll, consumers were questioned about their opinions about the customer-based CSRs offered by the banks as well as their level of contentment with the goods and services offered by the banks. Findings showed that the level of performances in the South African banking sector was positively and significantly impacted by the investments made by customers. The banks that allowed their customers to make greater investments often had higher levels of both satisfied and loyal customers. Due to the fact that some factors of organizational success, such as financial emphasis and internal procedures, were not taken into consideration in the research, a conceptual gap has been shown. The study also had a methodological gap as it used only secondary data that was not applicable in the research. The research had contextual gaps since it was done in South Africa and not in Kenya.

2.4 Summary of the Literature Review and Research Gaps

Stakeholder resource-based, institutional and agency theories are only few of the theoretical frameworks that have created theoretical assumptions about the connection between CSR and CSR practices. The association amongst CSRs and financial success has been the subject of several empirical research, both at home and abroad. The research voids are summarized in Table 2.1 below.

Table 2. 1: Summary of Literature Review and Research Gaps

Author	Focus of study	Key findings	Knowledge gaps	Focus of the current study
Schreck and Isenmann (2023)	Effect of environmental based CSRs on the profitability of businesses.	Investment in environmental protection was shown to be correlated with increased levels of profitability, sales growth, and shareholder value.	Contextual gaps as it was not done in Kenya. It also did not focus on commercial bank as the current research.	The study was done in Kenya with a major focus on commercial banks.
Chen and Zhu (2020)	Effect that environmental based CSRs have on the performance of Chinese companies.	Environmental based CSRs were beneficial to the performance of enterprises.	The study had a methodological gap as it used least squares regression model which is not applicable in the current study.	The study used regression analysis.
Dunn and Jones (2020)	environmental investment and organizational performance.	There is a link between environmental investment and increased levels of success with customers.	The study exhibited methodological gap as it employed desk review which cannot be directly applicable in the current research.	The study adopted explanatory research design.
Brammer and Pavelin (2019)	Environmental performance and firm value.	Environmental performance is correlated with the value to the business.	The research also exhibited contextual gaps as it did not specifically focus on commercial banks.	The study focused on Kenyan commercial banks.
White (2022)	Community based CSR influenced the financial performance of American businesses.	Investments that have the largest impact are those that are made in economic development and education.	The research exhibited conceptual gaps since it examined financial metrics only and omitted bank efficiency.	In this research, the performance of the organization was market share, bank efficiency and profitability.
Jones (2021)	Community based CSR on level of customer happiness.	Customers who had a better overall experience with the products or services provided by a company.	The research had contextual gaps since it did not focus on commercial banks.	Focused on commercial banks

Smith and Doe (2020)	Community based CSR and the success of corporations.	Workers who were more engaged to their work were more likely to have the perception that their employer was committed to investing in the local community.	The research had contextual gaps as it was not done in Kenya. The study also had conceptual gaps since it omitted market share as the measure of performance.	Organizational performance was measured using market share, bank efficiency and profitability
Sharp (2019)	Community based CSR and success of organizations.	Community based CSR positively affected performances of the company.	The research exhibited a methodological gap as it employed a desk review which is not applicable to this research	The study adopted explanatory research design
Zhang and Zhang (2022)	Employee based CSRs and organizational success.	Employee based CSRs had a beneficial and discernibly substantial influence on financial performances of the firms.	The research exhibited gaps in concept since it only examined financial metrics of performances and omitted metrics like market share. The research as well had contextual gaps since it was done in China and not in Kenya.	Organizational performance was measured using market share, bank efficiency and profitability.
Sturman and Aime (2021)	Employee based CSRs and success of a business.	Both the financial success of the firm and the staff performance assessments were shown to be considerably and positively impacted by employee-based CSRs.	The research exhibited a contextual gap as it focused on manufacturing sectors and not financial sector.	Focused on commercial banks.
Zhang and Zhang (2022)	To investigate the effects that employee-based CSRs have, from the perspective of	The businesses' financial performance was significantly improved thanks to the employee-	The research exhibited conceptual gaps since it only explored financial metrics of performances	Organizational performance was measured using market share, bank efficiency and

	resources, on the performances of the firm.	based CSRs, which had a beneficial influence overall.	and omitted metrics like market share. The research also had contextual gaps as it was done in China and not in Kenya.	profitability. Study was also done in Kenya.
Jones (2021)	The connection between philanthropic donations and the level of contentment experienced by customers.	Customers who had a higher satisfaction level with the goods offered by the company positively affected companies' commitment to investing in the local community.	The research exhibited conceptual gaps as it examined customer happiness and not organizational performance.	In this research, the performance of the organization was evaluated.
Liao and Rupp (2020)	Employee based CSRs and organizational success.	Investments made by workers had positively impacted the success of the firm.	The research exhibited a methodological gap as it employed a desk review which is not applicable to this research.	The study adopted explanatory research design
Chen and Zhu (2019)	Employee based CSR and success of a business.	Employee based CSR produces a bigger benefit.	The study exhibited a methodological gap as it employed a desk review which is not applicable to this research. The research had contextual gaps since it was not done in financial sector.	The study adopted explanatory research design. Focused on commercial banks
Chen et al. (2023)	Effect that investments made by customers have on the success of the company.	The businesses who invested more in their customers saw increased levels of customer happiness and loyalty, in addition to increased levels of profitability.	The had a contextual gap as it was done in Korea and not in Kenya.	Done Kenya.
Otieno, Owuor and	influence that investments made by customers have on the	In the Kenyan mobile telecommunications business, the investments made by customers	The research study had contextual gaps since it explored mobile	Focused on commercial banks.

Odhiambo (2021)	overall performances of firms operating in the mobile telecommunications market in Kenya.	had a favorable and considerable effects on the overall success of the firms.	telecommunications and not commercial banks.	
Wang, Chen, and Zhang (2020)	Consumer investments and organizational success.	Organizational performance in the airline sector was favorably affected by consumer investments.	The study also had a methodological gap as it used only secondary data which is not applicable in this study.	Used primary data collected using questionnaires.
Ndlovu, Nkomo and Mpofu (2020)	The influence of client investments on the operational effectiveness of banks in South Africa	The investments made by customers had a favorable and considerable influence on the overall success of the banks in South Africa.	The study also had a methodological gap as it used only secondary data which is not applicable in the research.	Used primary data collected using questionnaires.

Source: Author (2023)

2.5 Conceptual Framework

The following model which was developed indicates the expected connection between all of the variables that were considered for this survey. Taking environmental, community, employee, and consumer-based CSRs into account are the independent variables. Performance is the dependent variable being analyzed with the use of a balanced scorecard.

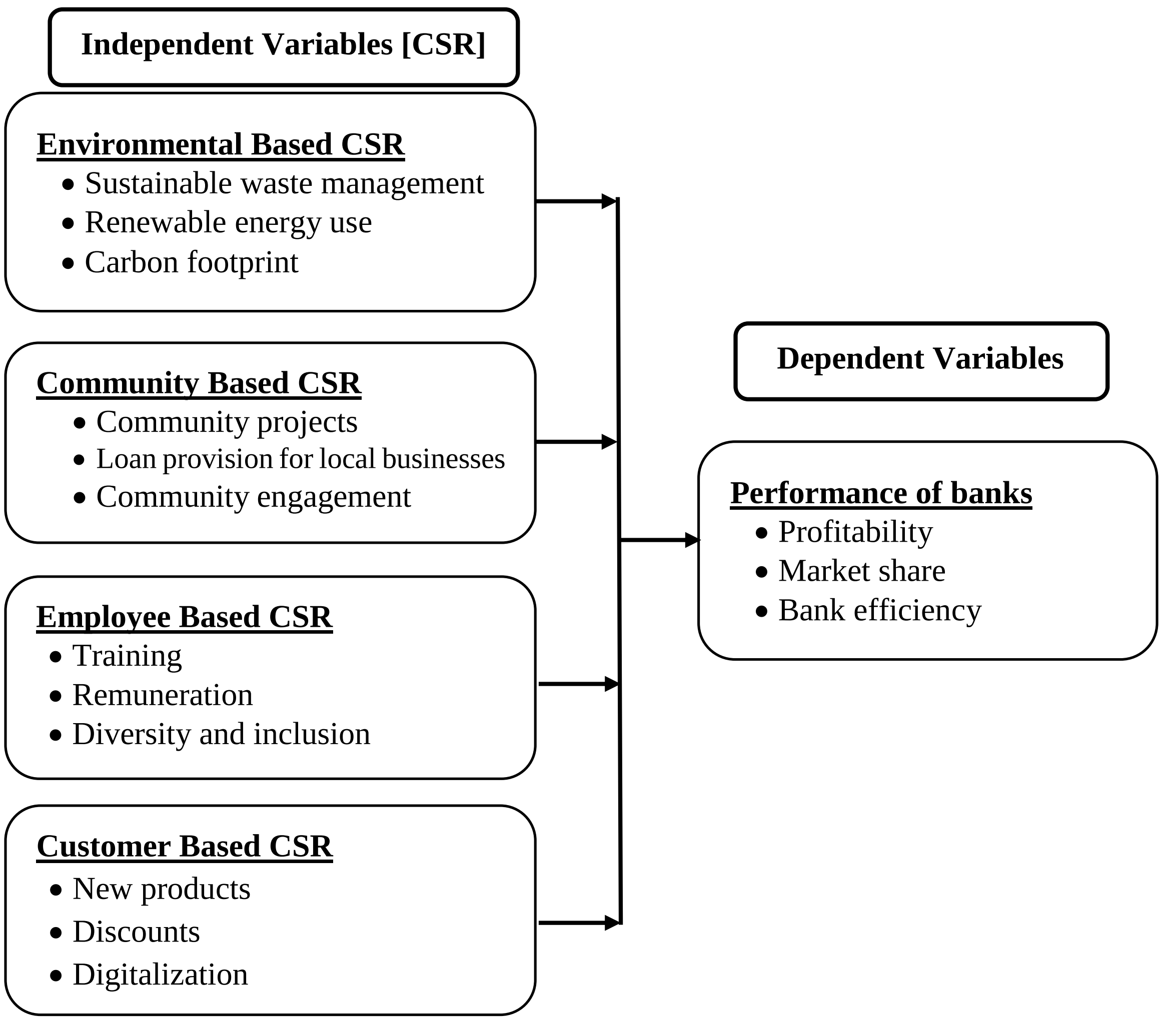

Figure 2. 1: Conceptual Framework

Source: Researcher (2023)

From the conceptual framework in figure 2.1, it's clear that the dependent variable for study was performance of banks. To measure performance, the study focuses on profitability, market shares and bank efficiencies. The independent variables include corporate social responsibilities which is conceptualized by environmental based CSRs, community-based CSR, employee-based CSRs and customer-based CSRs. It is perceived that combined corporate social responsibilities adopted has a linear relationship with performances of Kenyan commercial banks.

From the conceptual framework, it is perceived that environmental based CSRs in terms of sustainable waste management, renewable energy use and carbon footprint has a linear relationship with performance of banks. Similarly, community-based CSR measured in terms of community projects, loan provision for local businesses and community engagement has a linear relationship with performance of banks. Further, employee-based CSRs assessed in terms of training, remuneration as well as diversity and inclusion has a linear relationship with performance of banks. Finally, it was perceived that customer-based CSRs assessed through introduction of new products, discounts and digitalization has a linear relationship with performance of banks.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This part describes the research methodologies, which entail an inventory of the methods that were used to carry out the investigation. The following subsections make up this chapter: study design, population, sampling, research tools, data collecting processes, data analysis and presentation, and ethical concerns.

3.2 Research Design

The research adopted explanatory research designs. Explanatory research design is a type of study which intend to explain the association amongst variables and it is utilized when the researcher intends to comprehend the causes-and-effects association amongst variables (Bentouhami, Casas & Weyler, 2021). According to Cooper and Schindler (2018), explanatory design involves manipulating the independent variable and observing its effect on the dependent one. Explanatory based research designs need a well-designed experimental or quasi-experimental study design, as well as a precise and comprehensive characterization of the variables under investigation. The research is designed in such a way as to minimize the likelihood of bias and confounding variables, with the appropriate controls being included to ensure that unimportant elements do not have an impact on the findings. An explanatory study design is one that researchers adopt when they are interested in understanding the cause-and-effect connection that exists between a number of different elements. Explanatory research design was selected since it allows establishing of a causal relationship between the variables. Therefore, the research design was relevant in establishing the effects of corporate social responsibilities on organizational performances of commercial banks in Nairobi County.

3.3 Target Population

As per Burns and Burns (2018), population refers to all observations of interactions that take place throughout an entire population, for instance occurrences that include humans. The unit of analysis was Kenyan commercial banks while the unit of observation was management staff. The population of interest consisted of all the 38 commercial banks that have their head office in Nairobi. These were selected because they have in place and adopted various corporate social responsibilities under investigation in this study. From the targeted commercial banks, the target population was 152 management staff drawn from human resource department and department of strategy and operations. These were selected because they are directly engaged in initiation, adoption and implementation of various corporate social responsibilities in Kenyan commercial banks.

Table 3. 1: Target Population

Department	Population	Percent
Human resource	76	50
Strategy and operations	76	50
Total	**152**	**100**

3.4 Sample Size and Sampling Design

Sampling is the method used to choose members of a sample in order to make sure that the samples are really representatives of the community at large. A study's sample is a selection of people from the larger population from whom researchers may extrapolate results. Burns and Burns (2018) state that many factors such as the study's methodology and the size of the community being investigated that influenced sample size. The study used census sampling technique for choosing the unit of analysis (38 Kenyan commercial banks) The sample was chosen using stratified random samplings. The population were divided into groups based on the department they belong to and then random samplings were utilized for selecting the participants who were included in the sample. This ensured that every participant has equal chances of being part of the samples. The sample size of 91 was determined using Nassiuma (2000) formulae:

$$\boldsymbol{n = \quad N\,(cv^2)\,/\;\,Cv^2 + (N\text{-}1)\;e^2}$$

Where:

n= Samples' Sizes; **N** = Populations (152)

cv= Coefficients of variations (0.3)

e= tolerances (0.02)

n= {(152*0.3*0.3) / ((0.3*0.3) + ((152-1)*0.02*0.02)} = 91

Table 3. 2: Sampling Frame

Department	Population	Sample Size
Human resource	76	47
Strategy and operations	76	44
Total	**152**	**91**

3.5 Data Collection Instruments

When gathering information, the researcher relied only on primary resources. Primary data was gathered via the use of questionnaires for this study's purposes. A questionnaire is a set of questions or statements meant to elicit responses that forward research objectives, as defined by Burns and Burns (2018). It was a systematic questionnaire with questions that cannot be answered in the negative. Because the questionnaire was self-administered and they had ten days to complete and submit the questionnaire. When grading and assessing respondents' attitudes, the questionnaire used the 1-5 Likert scale for questions with Likert statements where 1 is strongly disagrees, 2 is disagrees, 3 is moderately agrees, 4 is agrees, and 5 is strongly agrees. The surveys had three topics; Section A is devoted to the discussion of general information, Section B is devoted to the discussion of Corporate Social Responsibilities, and Section C is devoted to the discussion of performance.

3.6 Pilot Test

In order to establish if or not it is possible to carry out an extensive investigation, a preliminary study, or pilot research, was carried out. The pilot study determined whether or not the study has any strengths or weaknesses. In order to aid in establishing the precision, simplicity and applicability of the questionnaire, the preliminary testing is going to be developed. The pilot study was done at Family bank. This was selected because it’s one of the commercial banks that have initiated and adopted various corporate social responsibilities. The pilot study required 9 respondents, which accounts for 10% of the target population, filling out the questionnaires, and having their correctness evaluated. According to Kothari (2019), an acceptable sample size for pilot testing is five percent or more of the target population. The five people who responded to the survey did not take part in the actual research.

3.6.1 Validity of Research Instrument

The ability of a data collection tool to accurately assess the variables of interest is what constitutes validity (Kothari, 2019). It's a metric for determining whether or not the data collected during an inquiry adequately explain or characterize the phenomena seen. Validity was tested because it assists in making sure that the study results accurately reflect the phenomenon being studied and also enhances the credibility of the research findings. Content validity, face validity, and construct validity are only a few of the various forms of validity. Content validity refers to the degree that a tool gives sufficient cover for the topic area that is the focus of the present inquiry, and its conclusion is mostly subjective in nature. So as to determine the reliability of the surveys, the supervisor assessed the questions and their content to see whether they are relevant to the study. Face validity was tested through expert reviews by peer researchers. Further, construct validity was tested using factor analysis.

3.6.2 Reliability of Research Instrument

According to Cooper and Schindler (2018), reliability is a metric utilized to assess the steady performance of an instrument. When a measurement consistently yields the same results under the same conditions, we say it is reliable. Reliability was tested because it ensures that the questionnaire produces consistent results over time and across different respondents. By proving the instrument's own internal correctness, the Cronbach alpha analysis was able to contribute to the process of determining whether or not the research instruments are reliable. A genuine 'base' score may be seen via the use of the dependability statistic known as Cronbach's Alpha. Cronbach's Alpha is vital for a scholar in order to ensure the correctness and reliabilities for the questionnaires (Khan, 2018). This is true even if the questions are switched out for others that are identical. It is widely agreed that reliability in the range of 0.7 is adequate, while reliability of 0.8 or more is exceptional. This cutoff point was used in the research endeavour.

3.7 Data Collection Procedure

Prior to the gathering of data, the necessary permissions, consents, and approvals were requested. Permission to perform the study was pursued from the Graduate School at Kenyatta University, and a letter of research authorization or permit was filed for from the

NACOSTI. The researcher distributed questionnaires to the management staff at the commercial banks in an effort to prompt the necessary data. Because of the hectic schedules of the people whose responses are being sought, the research booked appointments with participants for distribution of questionnaires.

3.8 Data Analysis Methods

After each question has been scored, one-of-a-kind codes were issued to them. Data entry was done into SPSS for analysis and summarization to help us understand the implications of emergent trends. Through SPSS, descriptive statistics were computed which included the means and standard deviations, was utilized for analysing the data and get a sense of the shape of the distribution. Both of these statistics were calculated. This would be helpful in explaining the factors that were considered in the research. The answers to the research questions posed by the study were found by using a statistical method known as multiple linear regression analysis. This method is a statistical approach that employs numerous predictor factors to explain the result of a response variable. Regression analysis was utilized to assess the significance of the correlation between the study's variables and to establish the trend of that correlation. These are going to be analysed using SPSS Version 24. The following empirical model was adopted.

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon.}$$

Where; Y = Performances

α = Constant term; β_i = Beta coefficient of variable i

X_1 = Environmental based CSRs

X_2= Community based CSR

X_3= Employee based CSRs

X_4= Customer based CSRs

ε =Error term

The R^2 was used to explain the percentage of variations in performances of commercial banks that are explained by the corporate social responsibilities such as environmental-based CSRs, community-based CSR, employee-based CSRs and customer-based CSRs. The overall regression model was deemed significant if the F-computed exceeded F-critical and p-value is less than 0.05. The relationship between the variables were deemed significant if the p-value was less than 0.05.

3.9 Diagnostic Tests

A number of diagnostic tests, such as the normality test, the test for multicollinearity, the test for homogeneity of variances, and the autocorrelation test, was carried out over the course of the research so as to ascertain if or not the research model can be successfully implemented. Skewness, kurtosis, and the Shapiro–Wilk test was used to assess if or not the normalcy assumption is correct. This assumption was based on the presumption that the data had a normal distribution. In the event that one of the variables does not have a normal distribution, the logarithmic transformation technique was used in order to convert and normalize the variable in question. In order to evaluate the validity of the homogeneity of variance assumption, the Levene test and the charting of residual plots was used. In the event that the data does not pass the test, the research made use of reliable standard errors in the model.

According to Khan (2018), heteroscedasticity is a situation that occurs when it is discovered that the variability of a variable varies unequally throughout a range second variable value predicted it. A test for heteroscedasticity was done so as to establish if or not the error term of a variable whose values are being tracked over a certain amount of time are not constant, or whether or not the observations of a particular data set are the same or have been altered. The Wald test was used in order to determine whether or not heteroscedasticity was present. According to this test, heteroscedasticity was present if the P-value did exceed 0.05 (P0.05), while it is not present if the P-value exceeded 0.05 ($p>0.05$). In the event that the panel data include heteroscedasticity, then this would be accounted for by means of a viable general least squares model.

Multi-collinearity, on the other hand, was used to test for a link between the variables in question. Multi-collinearity was detected with the use of the correlation matrix and the variance inflation factors (VIF), where a VIF exceeded 10 is cause for concern. Any indicator of multi-collinearity was removed from the study, and a new measure was chosen to take its place. This was done to keep the confidence levels from being too high and to keep them within reasonable bounds. The absence of autocorrelation may be shown by a value between 1.5 and 2.5, and in the case that this assumption is violated, the research utilized robust models' standard errors. The Durbin-Watson statistic was then utilized to assess the serial correlations (autocorrelation).

3.10 Ethical Considerations

Ethical consideration refers to the degree to which people uphold the ideals and ethical standards that persistently connect them to a variety of environmental concerns. In order to reliably acquire findings that are free from bias, scientists often abide by certain ethical standards. In order to act ethically while doing research, the researcher made an effort to get authorization from the relevant authorities. In addition, the information that was gathered was not utilized for any purpose other than academic research; it was handled with the greatest discretion; and it was not disclosed without first obtaining authorization from the pertinent authorities. In conclusion, all of the works that was used and acknowledged in the research was accepted and referred appropriately.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The research intended to establish how corporate social responsibility affect the performances of Kenyan commercial banks in Nairobi City County. Primary data analyzed was obtained using questionnaires distributed to the management staff at commercial banks in Nairobi County. Hence, the chapter highlights the results and discussions in relation to response rates, reliability analysis, biographic data, descriptives and inferential statistics. The findings are represented in figures and tables.

4.2 Response Rate

The researcher distributed the questionnaires for collecting the primary data from management staff in commercial banks. The results are presented in Figure 4.1.

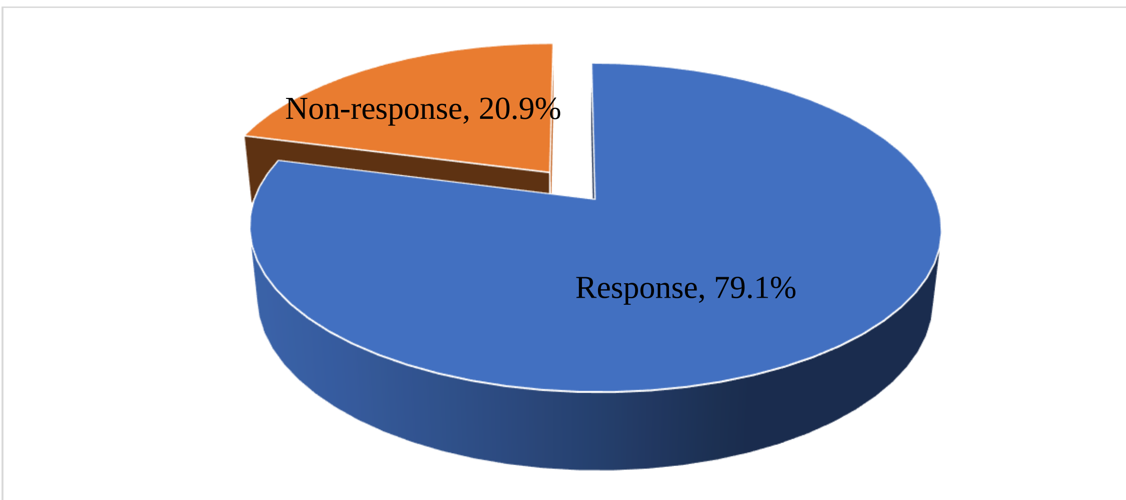

Figure 4. 1: Response Rate

Source: Field Data (2024)

According to the results in Figure 4.1, the researcher administered 91 questionnaires from which 72 were filled and collected back. This resulted into response rates of 79.1% which was adequate for undertaking a statistical data analysis for the study. This is in line with Burns and Burns (2018) who argued that response rates that exceeded 75% is adequate and significant for conducting analysis of data to deduce conclusions for the study.

4.3 Reliability Analysis

The reliability analysis was tested using Cronbach's Alpha values that assesses the internal consistencies for the research instrument. The findings are represented in Table 4.1.

Table 4. 1: Reliability Analysis Findings

	Cronbach's Alpha	Decision
Performance	.724	Reliable
Environmental based CSRs	.718	Reliable
Community based CSR	.747	Reliable
Employee based CSRs	.806	Reliable
Customer based CSRs	.739	Reliable
Overall	**.747**	**Reliable**

Source: Field Data (2024)

As per the finding in Table 4.1, the study found that performance (α=0.724), environmental-based CSRs (α=0.718), community-based CSRs (α=0.747), employee-based CSRs (α=0.806) and customer-based CSRs (α=0.739) are reliable. This shows that the questionnaires were reliable as Cronbach's Alpha for every variable exceeded 0.7. This agrees with Khan (2018) who noted that a questionnaire is deemed reliable if the Cronbach's Alpha values were greater than the threshold of 0.7.

4.4 Background Information

The bio data that the research collected from the participants included gender, age groups, academic qualifications, working experiences in the bank and period in the current position at work. The results that show that distribution of management staff in banks based on certain bio data.

4.4.1 Participants' Gender

The researcher asked the participants to specify their gender. The outcomes are illustrated in Table 4.2.

Table 4. 2: Participants' Gender

	Frequency	Percent
Male	46	63.9
Female	26	36.1
Total	**72**	**100**

Source: Field Data (2024)

From the results in Table 4.2, the participants specified that their gender was male as shown by 63.9% while 36.1% specified to be female. This implies that data about CSR and performances of banks was collected on from all the participants irrespective of their gender.

4.4.2 Age Groups

The participants were requested to specify the age groups. The outcomes are represented in Figure 4.2.

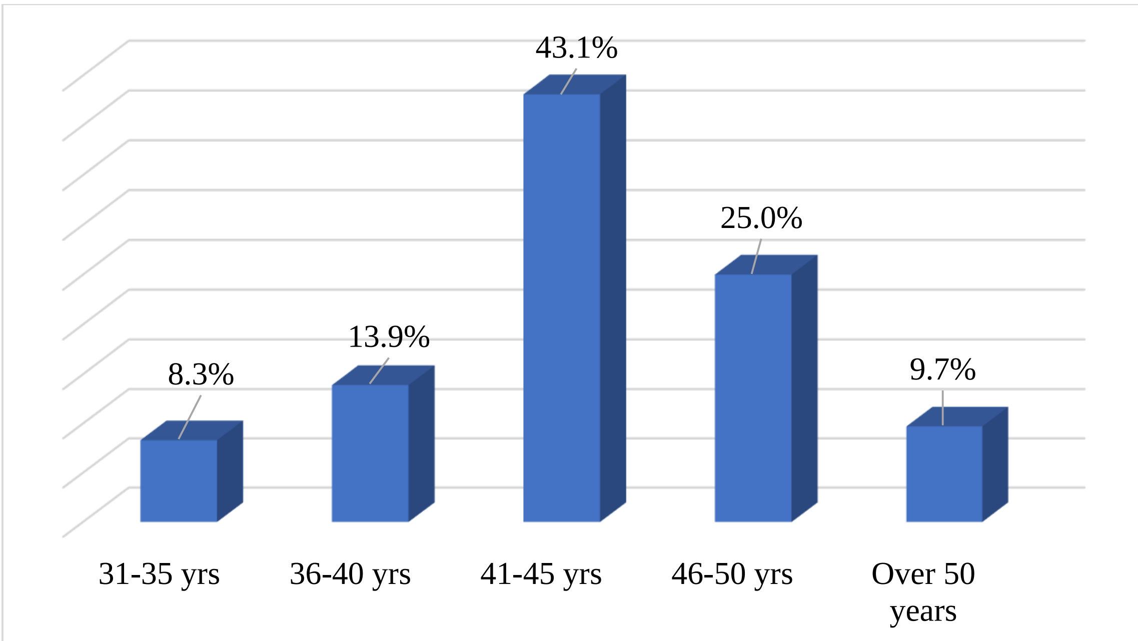

Figure 4. 2: Participants' Age Groups

Source: Field Data (2024)

As per the outcomes in Figure 4.2, the participants specified that they were aged 41-45 years as shown by 43.1%, 46-50 years as represented by 25.0%, 36-40 years as shown by 13.9%, more than 50 years as shown by 9.7% and 31-35 years as shown by 8.3%. This shows that most management in banks are aged above 41 years. It also implies that the data for examining corporate social responsibility and performance of banks was from every age group.

4.4.3 Academic Qualifications

The participants were requested to state their level of education. The findings are represented in Table 4.3.

Table 4. 3: Academic Qualifications

	Frequency	Percent
Degree	41	56.9
Masters	27	37.5
PhD	4	5.6
Total	**72**	**100**

Source: Field Data (2024)

According to the results in Table 4.3, the participants indicated that their academic qualifications were degree as shown by 56.9%, masters as shown by 37.5% and PhD as represented by 5.6%. This is an indication that the participants were learnt enough to give credible information regarding the CSR and performances of banks. It also shows that the management staff in banks had degree as the minimum academic qualifications.

4.4.4 Working Experience in Banks

The participants were requested to specify the working experience in the banks. The outcomes are shown in Figure 4.3.

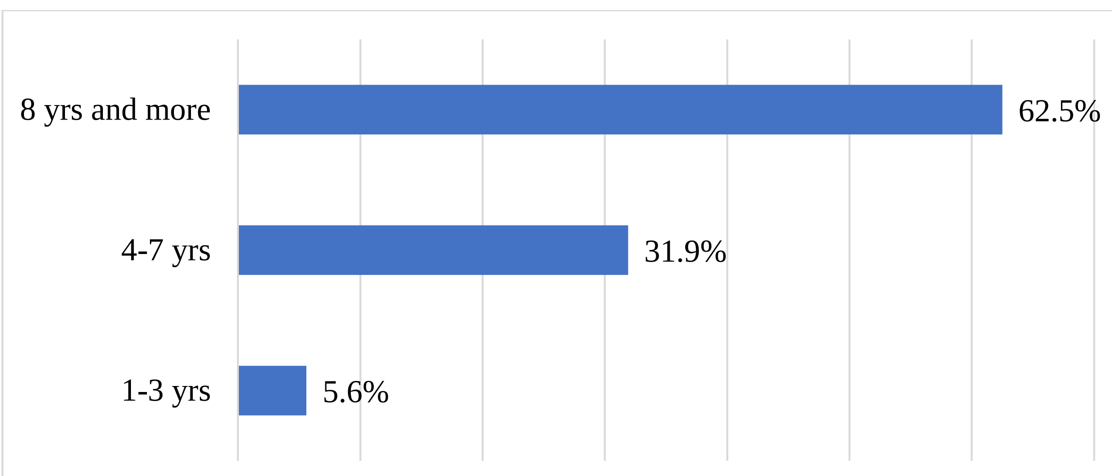

Figure 4. 3: Working Experience in Banks

Source: Field Data (2024)

As per the outcomes in Figure 4.3, the participants stated that they had been working in banks for 8 years and above as represented by 62.5%, for 4-7 years as represented by 31.9% and for 1-3 years as shown by 5.6%. This implies that majority of respondents had been working at banks for longer period to offer reliable information regarding the corporate social responsibility and performance of banks.

4.4.5 Period working in the Current Position

The participants were requested to state the period they had worked in the current position at the banks. The outcomes are shown in Table 4.4.

Table 4. 4: Period working in the Current Position

	Frequency	**Percent**
Less than 1 yr	8	11.1
1-3 yrs	28	38.9
4-7 yrs	27	37.5
8 yrs and more	9	12.5
Total	**72**	**100**

Source: Field Data (2024)

As per the findings in Table 4.4, the participants stated that they have been in current position for 1-3 years as shown by 38.9%, for 4-7 yrs as shown by 37.5%, for 8 yrs and above as shown by 12.5% and for less than 1 year as shown by 11.1%. This implies that most participants had worked at banks in the current position of management for long enough to be able to give credible data regarding the corporate social responsibility and performance of banks.

4.5 Descriptive Analysis for CSR and Performance

The section highlights the descriptive analysis for environmental based CSRs, community-based CSR, employee-based CSRs, customer-based CSRs and performances of commercial banks in Nairobi County.

4.5.1 Environmental Based CSRs

The participants were asked to state the extent that environmental based SCRs have been adopted by their banks. The outcomes are illustrated in Table 4.5.

Table 4. 5: Extent of Adoption of Environmental Based SCRs

	Low extent	Moderate extent	Great extent	Very great extent
Sustainable waste management	8.3%	15.3%	62.5%	13.9%
Renewable energy use	9.7%	63.9%	23.6%	2.8%
Carbon footprint	8.3%	13.9%	72.2%	5.6%

Source: Field Data (2024)

From the outcomes in table 4.5, majority of the respondents stated that the banks had adopted sustainable waste management (62.5%) and carbon footprint (72.2%) to a great extent. However, the participants specified that renewable energy use had been adopted by banks to a moderate extent as shown by 63.9%. This implies that most environmental based SCRs have been greatly adopted by commercial banks in Nairobi County. The findings agree with Schreck and Isenmann (2023) who noted that that environmental investment contributes to increased levels of commercial success and that there is a link between increased levels of environmental investment and improved levels of profitability, sales growth, and shareholder value.

The participants were also asked to state the agreement with statements regarding environmental based SCRs in the banks. The outcomes are represented in Table 4.6.

Table 4. 6: Agreement with Statements Regarding Environmental Based SCRs

	Mean	Std. Dev.
The bank has a great commitment to lowering the negative effect it has on the environment.	4.056	0.648
The bank is committed to the active implementation of methods and technology that are energy efficient.	3.861	0.564
The bank has efficient waste management and strives to produce as little garbage as possible.	2.319	0.709
The bank contributes funding to various conservation efforts and projects.	4.028	0.712
The bank encourages the responsible management of the earth's natural resources.	4.125	0.670
The bank makes investments in alternative forms of energy.	2.194	0.762
The bank determines its carbon emissions, tracks and reports them, and then strives to reduce them.	2.042	0.721
The bank goes above and above to ensure that it is in compliance with environmental legislation and standards.	3.931	0.738

Source: Field Data (2024)

From the findings in Table 4.6, the participants agreed that the bank encourages the responsible management of the earth's natural resources as shown by a mean of 4.125, that the bank has a great commitment to lowering the negative effect it has on the environment as shown by a mean of 4.056 and that the bank contributes funding to various conservation efforts and projects as shown by a mean of 4.028. The respondents also agreed that the bank goes above and above to ensure that it is in compliance with environmental legislation and standards as illustrated by a mean of 3.931 and that the bank is committed to the active implementation of methods and technology that are energy efficient as illustrated by a mean of 3.861. The findings are in line with Chen and Zhu (2020) who argued that environmental based CSRs were beneficial to the performance of enterprises and concluded that this impact was more prominent in companies that were required to comply with stricter environmental standards.

However, the participants disagreed that the bank has efficient waste management and strives to produce as little garbage as possible as illustrated by a mean of 2.319 and that the bank makes investments in alternative forms of energy as shown by an average of 2.194. The participants also disagreed that the bank determines its carbon emissions, tracks and reports them, and then strives to reduce them as illustrated by a mean of 2.042. This concur with Dunn and Jones (2020) who noted that environmental investment improves organizational performances and that there is an association between environmental investment and increased levels of success with customers, employees and finances.

4.5.2 Community-Based CSRs

The participants were asked to state the extent that community-based SCRs have been adopted by their banks. The findings are illustrated in Table 4.7.

Table 4. 7: Extent of Adoption of Community-Based SCRs

	Low extent	Moderate extent	Great extent	Very great extent
Community projects	2.8%	18.1%	62.5%	16.7%
Loan provision for local businesses	2.8%	6.9%	72.2%	18.1%
Community engagement	25%	66.7%	5.6%	2.8%

Source: Field Data (2024)

As per the outcomes in Table 4.7, the participants stated that the banks had adopted loan provision for local businesses (72.2%) and community projects (62.5%) to a greater extent. However, the participants stated that community engagement was adopted to a moderate extent as shown by 66.7%. This is an indication that most of community-based CSRs are greatly adopted by commercial banks in Nairobi County. White (2022) noted that companies that had a greater investment in the local community had higher financial performance and the investments that have the largest impact are those that are made in economic development and education.

The respondents were also asked to state how they agree with statements regarding community-based SCRs in the banks. The outcomes are illustrated in Table 4.8.

Table 4. 8: Statements Regarding Community-Based SCRs

	Mean	**Std. Dev.**
The local community benefits from the bank's involvement in a variety of projects that aim to improve the area.	4.042	0.615
The bank makes monetary contributions to local nonprofit groups and causes in order to show its support.	2.319	0.766
Volunteering and community service are also activities that the bank encourages its employees to participate in.	4.208	0.627
The bank makes investments in local initiatives with the goal of advancing the community's educational and professional opportunities.	3.833	0.822
The bank participates in several community activities that aim to solve social and economic problems that exist in the area.	2.264	0.731
The bank works in conjunction with local stakeholders to determine and fulfill the requirements of the community.	2.139	0.657
The bank provides loans to local businesses	4.083	0.746
The bank is very open and forthcoming with information on its involvement in community-based CSR programs.	4.153	0.664

Source: Field Data (2024)

According to the outcomes in Table 4.8, the participants agreed that volunteering and community service are also activities that the bank encourages its employees to participate in as represented by a mean of 4.208, that the bank is very open and forthcoming with information on its involvement in community-based CSR programs as represented by a mean of 4.153 and that the bank provides loans to local businesses as represented by a mean of 4.083. The participants also agreed that the local community benefits from the bank's involvement in a variety of projects that aim to improve the area as represented by a mean of 4.042. The results agrees with Jones (2021) who argued that customers were polled about their levels of contentment with the company's products and services, as well as their perceptions of the level of community involvement on the part of the business.

Moreover, the respondents agreed that the bank makes investments in local initiatives with the goal of advancing the community's educational and professional opportunities as shown by a mean of 3.833. However, the participants disagreed that the bank makes monetary contributions to local nonprofit groups and causes in order to show its support as illustrated by an average of 2.319 and that the bank participates in several community activities that aim to solve social and economic problems that exist in the area as shown by a mean of 2.264. The participants also disagreed that the bank works in conjunction with local stakeholders to determine and fulfill the requirements of the community as shown by a mean of 2.139. The results concur with Smith and Doe (2020) who argued that workers who were more engaged to their work were more likely to have the perception that their employer was committed to investing in the local community. Those workers who thought their business was committed to investing in the community had a greater likelihood of remaining with the company and reporting better levels of job satisfaction.

4.5.3 Employee-Based CSRs

The participants were asked to state the extent that employee-based SCRs have been adopted by their banks. The outcomes are represented in Table 4.9.

Table 4. 9: Extent of Adoption of Employee-Based SCRs

	Low extent	Moderate extent	Great extent	Very great extent
Training	16.7%	69.4%	11.1%	2.8%
Remuneration	0.0%	18.1%	63.9%	18.1%
Diversity and inclusion	4.2%	11.1%	70.8%	13.9%

Source: Field Data (2024)

According to findings in Table 4.9, the participants indicated that the banks have adopted remuneration (63.9%) and diversity and inclusion (70.8%) to a great extent. The participants however stated that training (69.4%) was adopted to a moderate extent by banks. This is in line with Zhang and Zhang (2022) who argued that employee-based CSRs had positively and substantially affected the financial performances of the firms and the impact of employee-based CSRs was shown to be larger for investments that focused on enhancing the employee's knowledge and abilities.

The participants are as well asked to state how they agree with statements regarding employee-based SCRs in the banks. The outcomes are represented in Table 4.10.

Table 4. 10: Statements on Employee-Based SCRs

	Mean	Std. Dev.
The bank offers its employees a wealth of chances for professional development and advancement of their careers.	4.056	0.710
The bank recognizes the benefits of diversity in the workforce and actively promotes an inclusive culture.	3.833	0.751
The bank encourages a healthy balance between work and personal life and provides flexible working opportunities.	2.208	0.749
The bank values its employees' opinions and promotes their participation in the decision-making process.	4.139	0.589
The bank offers salary and benefit packages that are among the most competitive in the industry.	2.167	0.605
The bank is supportive of efforts that promote employee health and wellbeing.	3.917	0.622
To help its employees become more capable, the bank provides several learning and development opportunities.	2.278	0.773
All of the bank's workers are treated with respect, and they are given equal opportunity for advancement in the company.	4.083	0.707

Source: Field Data (2024)

According to results in Table 4.10, the participants agreed that the bank values its employees' opinions and promotes their participation in the process of making decisions as shown by an average of 4.139, that all of the bank's workers are treated with respect, and they are given equal opportunity for advancement in the company as shown by a mean of 4.083 and that the bank offers its employees a wealth of chances for professional development and advancement of their careers as illustrated an average of 4.056. The respondents also agreed that the bank is supportive of efforts that promote employee health and wellbeing as illustrated by a mean of 3.917 and that the bank recognizes the benefits of diversity in the workforce and actively promotes an inclusive culture as shown by an average of 3.833. The results agree with Liao and Rupp (2020) who noted that investments made by workers had a large and positive impact on the success of the firm and when efforts were offered in a supportive organizational context and were focused at enhancing employee knowledge and skills, the effect of employee-based CSRs was stronger.

However, the participants disagreed that to help its employees become more capable, the bank provides several learning and development opportunities as shown by a mean of 2.278 and that the bank encourages a healthy balance between work and personal life and provides flexible working opportunities as shown by a mean of 2.208. The participants also disagreed that the bank offers salary and benefit packages that are among the most competitive in the industry as illustrated by an average of 2.167. The results concur with Chen and Zhu (2019) who argued that employee-based CSR produces a bigger benefit, as shown by both the study conducted in industrialized nations and the research that used unbiased metrics of organizational success.

4.5.4 Customer-Based CSRs

The participants were asked to state the extent that customer-based SCRs have been adopted by their banks. The outcomes are illustrated in Table 4.11.

Table 4. 11: Extent of Adoption of Customer-Based SCRs

	Low extent	Moderate extent	Great extent	Very great extent
New products	5.6%	18.1%	66.7%	9.7%
Discounts	13.9%	68.1%	13.9%	4.2%
Digitalization	0.0%	13.9%	65.3%	20.8%

Source: Field Data (2024)

As per the outcomes in Table 4.11, the participants stated that new products (66.7%) and digitalization (65.3%) were adopted to a great extent by the commercial banks. However, the participants stated that discounts (68.1%) were adopted to a moderate extent by the commercial banks. Otieno, Owuor, and Odhiambo (2021) noted that mobile network providers who made more investments in their customers reported significantly better levels of both customer satisfaction and brand loyalty.

The respondents were as well requested to state how they agree with statements regarding employee-based SCRs in the banks. The outcomes are represented in Table 4.12.

Table 4. 12: Statements on Customer-Based SCRs

	Mean	Std. Dev.
The financial institution is dedicated to providing items or services of the highest possible quality.	4.167	0.605
The pleasure of the bank's customers is the bank's top priority, and the bank works hard to surpass their expectations.	4.139	0.678
The financial institution makes it a priority to collect input from customers and takes that feedback into consideration when making adjustments.	2.111	0.545
When it comes to its marketing and advertising initiatives, the bank places a high importance on ethical methods.	4.083	0.666
The bank maintains an approachable and candid line of communication with its clientele.	4.125	0.649
The bank makes an effort to learn about and cater to the individual requirements and preferences of its clients.	2.333	0.805
Any problems that may arise with a product are the responsibility of the bank, and they are resolved as quickly as possible.	3.778	0.697
The bank places a high importance on maintaining loyal customers over the long run.	3.972	0.581

Source: Field Data (2024)

As per the outcomes in table 4.12, the participants agreed that the financial institution is dedicated to providing items or services of the highest possible quality as shown by a mean of 4.167 and that the pleasure of the bank's customers is the bank's top priority, and the bank works hard to surpass their expectations as shown by a mean of 4.139. The respondents as well agreed that the bank maintains an approachable and candid line of communication with its clientele as shown by a mean of 4.125 and that when it comes to its marketing and advertising initiatives, the bank places a high importance on ethical methods as shown by a mean of 4.083. The outcomes concur with Chen, Zhang, and Wang (2023) who argued that investments made on customers had favorably and substantially affected the functioning of the business over time since the businesses who invested more in their customers saw increased levels of customer happiness and loyalty, as well as increased levels of profitability.

The participants also agreed that the bank places a high importance on maintaining loyal customers over the long run as shown by a mean of 3.972 and that any problems that may arise with a product are the responsibility of the bank, and they are resolved as quickly as possible as shown by a mean of 3.778. However, the participants disagreed that the bank makes an effort to learn about and cater to the individual requirements and preferences of its clients as shown by a mean of 2.333 and that the financial institution makes it a priority to collect input from customers and takes that feedback into consideration when making adjustments as shown by a mean of 2.111. Wang, Chen, and Zhang (2020) noted that organizational performance in the airline sector was favorably affected by consumer investments to a considerable and favorable degree as it enhances levels of customer happiness and loyalty.

4.5.5 Performance of Commercial Banks

The participants were requested to specify extent that various aspects of performances of commercial banks in Nairobi County have improved. The results are illustrated in Table 4.13.

Table 4. 13: Statements on Performance of Commercial Banks

	Mean	Std. Dev.
Profitability	3.208	0.749
Market share	4.028	0.605
Efficacy in attending to clients	3.986	0.569
Operational efficiency	3.167	0.650

Source: Field Data (2024)

As per the outcomes in Table 4.13, the participants specified that market share (Mean=4.028) and efficacy in attending to clients (Mean=3.986) have improved in commercial banks to a great extent. However, the participants stated that profitability (Mean=3.208) and operational efficiency (Mean=3.167) have improved to a moderate extent among the commercial banks in Nairobi County. Chen, Zhang and Wang (2023) noted that the success of a company is determined by the complicated correlation of seven factors including profitability, dependability, quality of work, productivity, effectiveness, and efficiency, as well as creativity.

4.6 Diagnostic Tests

The research undertook diagnostic tests such as the normality test, the test for multicollinearity, the test for homogeneity of variances and the autocorrelation test.

4.6.1 Normality Test

The study used Shapiro–Wilk test to test for normality of the data. The outcomes are illustrated in Table 4.14.

Table 4. 14: Results for Normality Tests

	Shapiro-Wilk		
	Statistic	**df**	**Sig.**
Environmental based CSRs	.956	72	.093
Community based CSR	.976	72	.186
Employee based CSRs	.930	72	.201
Customer based CSRs	.952	72	.208
Performance	.944	72	.103

Source: Field Data (2024)

As per the results in Table 4.14, the research established that environmental based CSRs (p=0.093), community-based CSR (p=0.186), employee-based CSRs (p=0.201), customer-based CSRs (p=0.208) and performance (p=0.103) exhibited normal distribution because the p-values exceeded 0.05.

4.6.2 Test for Homogeneity of Variances

The research used the Levene test for testing homogeneity of variances. The outcomes are represented in Table 4.15.

Table 4. 15: Test for Homogeneity of Variances

F	Df1	Df2	Significance
42.936	4	67	.000

Source: Field Data (2024)

From the outcomes in Table 4.15, the significance (0.000) did not exceed 0.05 which shows that there was no substantial difference in variances and hence the data exhibited homogeneity of variances.

4.6.3 Heteroscedasticity Tests

The Wald test was used in order to determine whether or not heteroscedasticity is present. The outcomes are illustrated in Table 4.16.

Table 4. 16: Heteroscedasticity Tests

Statistic	p-value
11.67	0.000

Source: Field Data (2024)

From the results in Table 4.16, the p-value (0.000) was less than 0.05 and hence the data was deemed heteroscedastic. This implies that the variability of the dependent variable is not constant across all levels of the independent variables.

4.6.4 Test for Multicollinearity

Multi-collinearity was detected with the use of the correlation matrix and the variance inflation factors (VIF) where a VIF exceeded 10 is cause for concern. The findings are shown in Table 4.17.

Table 4. 17: Test for Multicollinearity

	Collinearity Statistics	
	Tolerance	**VIF**
Environmental based CSRs	.106	9.408
Community based CSR	.112	8.964
Employee based CSRs	.153	6.524
Customer based CSRs	.215	4.650

Source: Field Data (2024)

As per the findings in Table 4.17, the research established that environmental based CSRs (VIF=9.408), community-based CSR (VIF=8.964), employee-based CSRs (VIF=6.524) and customer-based CSRs (VIF=4.650) exhibited no multicollinearity since their VIF values did not exceed 10. This shows that there were no issues of multicollinearity in the data.

4.6.5 Autocorrelation Tests

The Durbin-Watson statistic was then utilized to assess the serial correlations (autocorrelation). The outcomes are shown in Table 4.18.

Table 4. 18: Autocorrelation Tests

Model	Durbin-Watson
1	1.726

Source: Field Data (2024)

Since the Durbin-Watson value (1.726) was between 1.5 and 2.5, the study concluded that there was an absence of autocorrelation. This implies there was no autocorrelation in the data.

4.7 Inferential Statistics

Inferential statistics conducted in this study included the Pearson correlation analysis and multiple regression analysis.

4.7.1 Pearson correlation analysis

Correlation analysis was conducted to establish the relationship between CSR and performances of commercial banks. The findings are represented in Table 4.19.

Table 4. 19: Correlation Analysis Results (n=72)

		Environmental based CSRs	Community based CSR	Employee based CSRs	Customer based CSRs	Performance
Environmental based CSRs	Pearson Correlation	1				
	Sig. (2-tailed)					
Community based CSR	Pearson Correlation	.918	1			
	Sig. (2-tailed)	.000				
Employee based CSRs	Pearson Correlation	.905	.890	1		
	Sig. (2-tailed)	.000	.000			
Customer based CSRs	Pearson Correlation	.857	.869	.772	1	
	Sig. (2-tailed)	.000	.000	.000		
Performance	Pearson Correlation	.811	.822	.770	.663	1
	Sig. (2-tailed)	.000	.000	.000	.000	

Source: Field Data (2024)

From the findings in Table 4.19, the study found that environmental based CSRs and performances of Kenyan commercial banks in Nairobi City County have a positive and significant relationship (r=0.811; p=0.000). Further, the study found that there is a positive and substantial association amongst community-based CSRs and performances of Kenyan commercial banks in Nairobi City County (r=0.822; p=0.000). The research showed that employee-based CSRs and performances of Kenyan commercial banks in Nairobi City County have positive and substantial association (r=0.770; p=0.000). It was established that there is a positive and substantial association amongst customer-based CSRs and performances of Kenyan commercial banks in Nairobi City County (r=0.663; p=0.000). The outcomes agree with White (2022) argued that companies that had a greater investment in the local community had higher financial performance and the investments that have the largest impact are those that are made in economic development and education.

4.7.2 Regression Analysis

The study undertook multiple regression analysis to determine the effect of corporate social responsibilities on performances of commercial banks in Nairobi County. The findings are show in Table 4.20. 4.21 and 4.22.

Table 4. 20: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	.848	.719	.703	.204

Source: Field Data (2024)

According to outcomes in Table 4.20, the R-square was 0.719 which implies that 71.9% of the chnages in performance of commercial banks in Nairobi County could be attributed to environmental based CSRs, community-based CSR, employee-based CSRs, customer-based CSRs. The remaining 28.1% of the changes in bank performance could attributed to other factors not included in the study.

Table 4. 21: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.154	4	1.788	42.936	.000[b]
	Residual	2.791	67	.042		
	Total	**9.944**	**71**			

Source: Field Data (2024)

As per the outcomes in Table 4.21, the regression model was deemed substantial because the F-computed (42.936) was greater than F-critical (2.5087) while p-value (0.000) was less than 0.05. This shows that corporate social responsibilities could be used predicting the performance of commercial banks in Nairobi County.

Table 4. 22: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.747	0.166		4.500	.000
	Environmental based CSRs	0.698	0.291	0.561	2.399	.019
	Community based CSR	0.764	0.226	0.614	3.381	.001
	Employee based CSRs	0.846	0.159	0.738	5.321	.000
	Customer based CSRs	0.793	0.264	0.647	3.004	.004

Source: Field Data (2024)

The regression equation based on the coefficients was:

$$\mathbf{Y = 0.747 + 0.698\ X_1 + 0.764\ X_2 + 0.846\ X_3 + 0.793\ X_4}$$

Where:

Y = Performances

$\mathbf{X_1}$ = Environmental based CSRs

$\mathbf{X_2}$= Community based CSR

$\mathbf{X_3}$= Employee based CSRs

$\mathbf{X_4}$= Customer based CSRs

From the findings in Table 4.22, the study found that a unit change in environmental based CSRs results into 0.698 significant changes in performances of commercial banks in Nairobi County. The results agree with Schreck and Isenmann (2023) who noted that that environmental investment contributes to increased levels of commercial success and that there is a link between increased levels of environmental investment and improved levels of profitability, sales growth, and shareholder value

Further, the study revealed that a unit change in community-based CSRs results into 0.764 significant changes in performances of commercial banks in Nairobi County.The findings concur with Sharp (2019) who noted that investments in the local community had positively impacted the overall performances of the company. The effect was greatest for businesses who put the most money into their employees' professional growth and community connections. The outcomes agree with White (2022) argued that companies that had a greater investment in the local community had higher financial performance and the investments that have the largest impact are those that are made in economic development and education.

The research as well established that a unit change in employee-based CSRs results into 0.846 significant changes in performances of commercial banks in Nairobi County. This agrees with Zhang and Zhang (2022) who argued that employee-based CSRs had beneficially and substantially affected the financial performances of the firms and the impact of employee-based CSRs was shown to be larger for investments that focused on enhancing the employee's knowledge and abilities.

The study found that a unit change in customer-based CSRs results into 0.793 significant changes in performances of commercial banks in Nairobi County. The findings agree with Otieno, Owuor, and Odhiambo (2021) who argued that the level of organizational performance in the Kenyan mobile telecommunications sector was positively and significantly impacted by the investments made by customers. Mobile network providers who made more investments in their customers reported significantly better levels of both customer satisfaction and brand loyalty.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study sought to examine how corporate social responsibility affect the performances of Kenyan commercial banks in Nairobi County. Therefore, the chapter presents the summary, conclusions and recommendations deduced from the study findings and based on the objectives.

5.2 Summary of Findings

The first objective sought to assess the effects of environmental-based CSRs on performances of commercial banks in Nairobi County, Kenya. The study found that a unit change in environmental based CSRs results into 0.698 significant changes in performance of commercial banks in Nairobi County. The study established that the bank encourages the responsible management of the earth's natural resources, that the bank has a great commitment to lowering the negative effect it has on the environment and that the bank contributes funding to various conservation efforts and projects. The study found that the bank goes above and above to ensure that it is in compliance with environmental legislation and standards and that the bank is committed to the active implementation of methods and technology that are energy efficient. The study found that the bank has no efficient waste management and strives to produce as little garbage as possible and that the bank makes no investments in alternative forms of energy.

The second objective intended to determine the effects of community-based CSRs on performances of commercial banks in Nairobi County, Kenya. The research revealed that a unit change in community-based CSRs results into 0.764 significant changes in performance of commercial banks in Nairobi County. The research found that volunteering and community service are also activities that the bank encourages its employees to participate in and that the bank is very open and forthcoming with information on its involvement in community-based CSR programs. The study found that the bank provides loans to local businesses and that the local community benefits from the bank's involvement in a variety of projects that aim to improve the area. The study found that the bank makes investments in local initiatives with the goal of advancing the community's educational and professional opportunities. The study found that the bank makes no monetary contributions to local nonprofit groups and causes in order to show its support.

The third objective sought to examine the effects of employee-based CSRs on performances of commercial banks in Nairobi County, Kenya. The study also established that a unit change in employee-based CSRs results into 0.846 significant changes in performances of commercial banks in Nairobi County. The research found that the bank values its employees' opinions and promotes their participation in the process of making decisions, that all of the bank's workers are treated with respect, and they are given equal opportunity for advancement in the company and that the bank offers its employees a wealth of chances for professional development and advancement of their careers. The study found that the bank is supportive of efforts that promote employee health and wellbeing and that the bank recognizes the benefits of diversity in the workforce and actively promotes an inclusive culture. The study established that to help its employees become more capable, the bank provides no several learning and development opportunities and that the bank does not encourages a healthy balance between work and personal life and provides flexible working opportunities.

The fourth objective intended to establish the effects of customer-based CSRs on performances of commercial banks in Nairobi County. The research revealed that a unit change in customer-based CSRs results into 0.793 significant changes in performances of commercial banks in Nairobi County. The research revealed that the financial institution is dedicated to providing items or services of the highest possible quality and that the pleasure of the bank's customers is the bank's top priority, and the bank works hard to surpass their expectations. The study established that the bank maintains an approachable and candid line of communication with its clientele and that when it comes to its marketing and advertising initiatives, the bank places a high importance on ethical methods. The study found that the bank places a high importance on maintaining loyal customers over the long run and that any problems that may arise with a product are the responsibility of the bank, and they are resolved as quickly as possible. The study found that the bank makes no effort to learn about and cater to the individual requirements and preferences of its clients.

5.3 Conclusions

The study concluded that environmental based CSRs had significantly affected the performances of commercial banks in Nairobi County. Commercial banks encourage the responsible management of the earth's natural resources by having a great commitment to lowering the negative effect it has on the environment. Banks have also contributed funding for various conservation efforts and projects and ensures its compliance with environmental legislation and standards. This has been done through active implementation of methods and technology that are energy efficient. However, most banks have no efficient waste management and strives to produce as little garbage as possible.

The study concluded that community-based CSRs significantly affected the performances of commercial banks in Nairobi County, Kenya. Commercial banks encourage employees to take part in volunteering and community service and are very open and forthcoming with information on its involvement in community-based CSR programs. Commercial bank provides loans to local businesses and the local community benefits from their involvement in a variety of projects that aim to improve the area. In addition, commercial bank makes investments in local initiatives with the goal of advancing the community's educational and professional opportunities.

The study also concluded employee-based CSRs had significantly affected the performances of commercial banks in Nairobi County. Commercial banks value its employees' opinions and engage them in the process of making decisions. Employees are treated with respect and given equal opportunity for advancement in the company. It was clear that commercial banks give its staff a lot of chances for professional development and career advancement. Commercial banks are supportive of efforts that promote employee health and wellbeing and recognizes the benefits of diversity in the workforce and actively promotes an inclusive culture.

The study concluded that customer-based CSRs significantly affected the performances of commercial banks in Nairobi County. Commercial banks are dedicated to providing items or services of the highest possible quality and that the pleasure of the bank's customers is the bank's top priority and works hard to surpass their expectations. Commercial banks ensure that there is open communication between them and customers to address any concerns. The commercial banks have strategies for maintaining loyal customers over the long run and takes responsibility when any problems that may arise with products and resolve them as quickly as possible. The study found that the bank makes no effort to learn about and cater to the individual requirements and preferences of its clients.

5.4 Recommendations

The study recommended that commercial bank's management needs to maintain and advance investments in CSR programs aimed at enhancing beneficiaries' lives particularly in education, health and other humanitarian efforts. The bank management should refine strategies to achieve better outcomes from CSR activities and enhance employee engagement and perception of CSR through seminars and involvement initiatives thereby motivating them to boost productivity.

The research recommended that commercial banks in Nairobi County need to develop and implement an efficient waste management system. This could include recycling programs, waste reduction initiatives and the promotion of digital processes to minimize paper usage. There is also a need for establishing clear waste management policies and educating employees on best practices that would help the bank significantly reduce its environmental footprint.

The study also recommended that the commercial banks in Nairobi County need to invest in alternative forms of energy such as solar and wind power. This is because incorporation of renewable energy sources would allow banks to reduce its reliance on fossil fuels, lower operational costs in the long run and demonstrate a commitment to environmental stewardship.

The study recommends that the bank should adopt a comprehensive strategy for managing its carbon emissions and reporting its carbon footprint. There is also a need for the bank to implement targeted initiatives to reduce its carbon footprint such as energy efficiency improvements, green building practices and carbon offset programs.

The study recommends that commercial banks should enhance its community engagement strategy by initiating a comprehensive Corporate Social Responsibility (CSR) program that focuses on visible and impactful support for local nonprofits and community projects. This could include regular donations to local charities, sponsorship of community events, and funding for specific projects aimed at alleviating social and economic challenges in the area.

The research recommended that commercial banks need to leverage multiple channels to highlight its community contributions and involvement. This could involve detailed reports on the bank's website, social media campaigns showcasing participation in community events, and partnerships with local media to cover these initiatives. There is also need for banks to effectively engage the community leaders and organizations to understand the needs better and tailoring the bank's contributions accordingly can further enhance the perceived value of the bank's development efforts towards local communities.

The study recommends that commercial banks should come with strategies to ensure provision of learning and development opportunities for its employees which would foster a skilled and capable workforce. This can be done through investment in inclusive training programs and continuous professional development initiatives including workshops, online courses, mentorship programs and opportunities for career progression within the organization.

The research also recommended that commercial banks need to initiate strategies for encouraging a healthy work-life balances and offer flexible plans for working. This would enhance the motivation of employees to work towards achieving organizational goals. There is also need for commercial banks to thoroughly review of its compensation structure by introducing performance-based incentives and comprehensive benefits packages that include life insurance and wellness programs.

The study recommends that commercial banks should implement personalized services and communication strategies that focus on understanding each client's unique needs. This could involve the use of systems for customer relationship management (CRM) to collect and analysis of client data, permitting for tailored financial products and services. There is also need to train the staff for engaging with clients on a more personal level and conducting regular surveys to capture specific client preferences can enhance the overall customer experience.

The study recommends that commercial banks should establish more robust feedback loops where clients are not only encouraged to share their opinions but also informed about how their input has led to specific changes. This can be done by implementing regular follow-ups to ensure that changes meet customer expectations could lead to more meaningful and effective adjustments in the bank's products and services.

5.5 Suggestions for Further Study

Because the researcher explored only on commercial banks, future studies should seek to establish how CSR affected the performances of other financial institutions including MFIs and SACCOs. Future researchers can investigate the impact of CSR programs on customer loyalty in commercial banks across different regions in Kenya. The research also recommended that future researchers need to explore the role of CSR in promoting sustainable banking practices focusing on how these initiatives influence the long-term environmental and social impacts of commercial banks in Nairobi City County.

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APPENDICES

Appendix I: Letter of Approval from KU

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Executive Dean, Graduate School

DATE: 10th July, 2024

TO: **Rose Nkirote Kaitanya**
C/o Business Administration Dept.

REF: D53/CTY/PT/29866/2014

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 19th June, 2024 approved your Research Project Proposal for the M.B.A Degree Entitled, **"Corporate Social Responsibilities and Performance of Commercial Banks in Nairobi City County, Kenya."**

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.

ANNBELL MWANIKI
FOR: EXECUTIVE DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration.

Supervisors:

1. Dr. Samuel Maina
C/o Department of Business Administration
Kenyatta University

AM/mo

Transforming Higher Education... Enhancing Lives
Kenyatta University is ISO 9001:2015 Certified

Page 1 of 1

Appendix II: Research Permit from NACOSTI

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 565281

Date of Issue: 12/August/2024

RESEARCH LICENSE

This is to Certify that Ms.. NKIROTE ROSE KAIRANYA of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: CORPORATE SOCIAL RESPONSIBILITIES AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA for the period ending : 12/August/2025.

License No: NACOSTI/P/24/38703

565281

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix III: Questionnaire

The purpose of this survey is to gather information on the impact that corporate social obligations have had, if any, on the performances of Kenyan commercial banks. Please take the time to read the questions carefully and react in as honest a manner as you can. The collected information was kept strictly private and only used for research goals.

Instructions

1. Tick correctly
2. Don't include your name

PART A: BACKGROUND INFORMATION

1. Gender: Male [ ] Female [ ]
2. Age groups

Less than 30 yrs	[ ]	31-35 yrs	[ ]
36-40 yrs	[ ]	41-45 yrs	[ ]
46-50 yrs	[ ]	Over 50 years	[ ]

3. Academic qualifications

Diploma	[ ]	Masters	[ ]
Degree	[ ]	PhD	[ ]

Others State………………….

4. Working experiences in the bank

Less than 1 yr	[ ]
1-3 yrs	[ ]
4-7 yrs	[ ]
8 yrs and more	[ ]

5. Period in the current position at work?

Less than 1 yr	[ ]
1-3 yrs	[ ]
4-7 yrs	[ ]
8 yrs and more	[ ]

PART B: CORPORATE SOCIAL RESPONSIBILITIES

This part has four sections; environmental based CSRs, community-based CSR, employee-based CSRs and customer-based CSRs.

I-Environmental based CSRs

To what extent has environmental based SCRs been adopted by your bank based 5-points Likert scale in which 5-very great extents, 4-great extents, 3-moderate extents, 2-low extents, 1-very low extents.

	1	2	3	4	5
Sustainable waste management					
Renewable energy use					
Carbon footprint					

Please state your opinion regarding statements about environmental-based SCRs using 5-points scale in which 5 is Strongly Agrees, 4 is Agrees, 3 is Moderately Agrees, 2 is Disagrees and 1 is Strongly Disagrees.

Statement	**1**	**2**	**3**	**4**	**5**
The bank has a great commitment to lowering the negative effect it has on the environment.					
The bank is committed to the active implementation of methods and technology that are energy efficient.					
The bank has efficient waste management and strives to produce as little garbage as possible.					
The bank contributes funding to various conservation efforts and projects.					
The bank encourages the responsible management of the earth's natural resources.					
The bank makes investments in alternative forms of energy.					
The bank determines its carbon emissions, tracks and reports them, and then strives to reduce them.					
The bank goes above and above to ensure that it is in compliance with environmental legislation and standards.					

II-Community based CSR

To what extent has community-based SCRs been adopted by your bank based 5-points Likert scale where 5-very great extents, 4-great extents, 3-moderate extents, 2-low extents, 1-very low extents.

	1	2	3	4	5
Community projects					
Loan provision for local businesses					
Community engagement					

Please state your opinion regarding statements about community-based SCRs using 5-points scale in which 5 is Strongly Agrees, 4 is Agrees, 3 is Moderately Agrees, 2 is Disagrees and 1 is Strongly Disagrees.

Statement	1	2	3	4	5
The local community benefits from the bank's involvement in a variety of projects that aim to improve the area.					
The bank makes monetary contributions to local nonprofit groups and causes in order to show its support.					
Volunteering and community service are also activities that the bank encourages its employees to participate in.					
The bank makes investments in local initiatives with the goal of advancing the community's educational and professional opportunities.					
The bank participates in several community activities that aim to solve social and economic problems that exist in the area.					
The bank works in conjunction with local stakeholders to determine and fulfill the requirements of the community.					
The bank provides loans to local businesses					
The bank is very open and forthcoming with information on its involvement in community-based CSR programs.					

III-Employee based CSRs

To what extent has employee-based SCRs been adopted by your bank based 5-point likert scale where 5-very great extents, 4-great extents, 3-moderate extents, 2-low extents, 1-very low extents.

	1	**2**	**3**	**4**	**5**
Training					
Remuneration					
Diversity and inclusion					

Please state your opinion regarding statements about employee-based SCRs using 5-point scale where 5 is Strongly Agrees, 4 is Agrees, 3 is Moderately Agrees, 2 is Disagrees and 1 is Strongly Disagrees.

Statement	**1**	**2**	**3**	**4**	**5**
The bank offers its employees a wealth of chances for professional development and advancement of their careers.					
The bank recognizes the benefits of diversity in the workforce and actively promotes an inclusive culture.					
The bank encourages a healthy balance between work and personal life and provides flexible working opportunities.					
The bank values its employees' opinions and promotes their participation in the decision-making process.					
The bank offers salary and benefit packages that are among the most competitive in the industry.					
The bank is supportive of efforts that promote employee health and wellbeing.					
To help its employees become more capable, the bank provides several learning and development opportunities.					
All of the bank's workers are treated with respect, and they are given equal opportunity for advancement in the company.					

IV-Customer based CSRs

To what extent has customer-based SCRs been adopted by your bank based 5-points likert scale in which 5-very great extents, 4-great extents, 3-moderate extents, 2-low extents, 1-very low extents.

	1	**2**	**3**	**4**	**5**
New products					
Discounts					
Digitalization					

Please state your opinion regarding statements about customer-based SCRs using 5-point scale where 5 is Strongly Agrees, 4 is Agrees, 3 is Moderately Agrees, 2 is Disagrees and 1 is Strongly Disagrees

Statement	**1**	**2**	**3**	**4**	**5**
The financial institution is dedicated to providing items or services of the highest possible quality.					
The pleasure of the bank's customers is the bank's top priority, and the bank works hard to surpass their expectations.					
The financial institution makes it a priority to collect input from customers and takes that feedback into consideration when making adjustments.					
When it comes to its marketing and advertising initiatives, the bank places a high importance on ethical methods.					
The bank maintains an approachable and candid line of communication with its clientele.					
The bank makes an effort to learn about and cater to the individual requirements and preferences of its clients.					
Any problems that may arise with a product are the responsibility of the bank, and they are resolved as quickly as possible.					
The bank places a high importance on maintaining loyal customers over the long run.					

PART C: ORGANIZATIONAL PERFORMANCE

13. To which extents has the following enhanced at your bank? Use 1 is No extents, 2 is little extents, 3 is Moderate extents, 4 is great extents, 5 is very great extents

Component	**1**	**2**	**3**	**4**	**5**
Profitability					
Market shares					
Efficacy in attending to clients					
Operational efficiencies					

Secondary Data

Component	**2019**	**2020**	**2021**	**2022**	**2023**
Profitability					
Market share					

Thank you very much