

Influence of Corporate Social Responsibility on Customer Choice: A Survey of Selected Commercial Banks in Nairobi

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ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
CBK	Central Bank of Kenya
CSR	Corporate social responsibility
HIV	Human Immunodeficiency Virus
SPSS	Statistical Package for Social Sciences
UK	United Kingdom
USA	United States of America

1.0 INTRODUCTION

1.1 Background of the Study

1.1.1 Corporate Social Responsibility

Corporate social responsibility (CSR) is defined as categories of economic, legal, ethical and discretionary activities of a business entity as adapted to contribute to the values and expectations of society (Joyner & Raibom, 2002). CSR is also the continuing commitments by any business organization whereby they emphasize the ethical elements in their management and overall organizational structure (Richardson *et al.*, 2003). At the same time, companies are responsible for national economic development by improving the quality of life of the whole workforce and their families as well (Abbott & Mosen, 2002).

Any corporation's business goal is to provide value and incentive to its shareholders. Therefore, profit-oriented corporations or organizations are not a charitable organization although sometimes it is in their direct interest to support charitable activities. Furthermore, sometimes corporations or organizations carry out certain activities that governments should undertake, although they are not government agencies. It is beneficial for the corporations to carry out such socially responsible activities. CSR is defined as categories of economic, legal, ethical and discretionary activities of a business entity as adapted to contribute to the values and expectations of society (Joyner & Raibom, 2002). CSR is also the continuing commitments by any business organization whereby they emphasize the ethical elements in their management and overall organizational structure (Richardson *et al.*, 2003). At the same time, companies are responsible for national economic development by improving the quality of life of the whole workforce and their families as well (Abbott & Mosen, 2002).

CSR involves various aspects such as economic factors, legal requirements, ethical orders and discretionary demands. In this high-tech era, business environments are susceptible to changes in these factors. In order to be a leading security service provider, each firm must be fully aware and sensitive to the impact of these factors. The effect of these factors may add to the firm's corporate image and financial performance. CSR actually portrays the image of the firm itself. It shows what the company has done to fulfill its corporate duty to ensure the firm is not only good in providing the service but also plays its roles by contributing something to the community (Tilt, 2004). In order to have a good relationship with the community, the firm should do something beneficial for the community. Within the company itself, there is also a platform for social contribution especially to the employees. Carroll (1999) argued that all the players in this industry compete on gaining a strong customer basis. They work very hard to attract as many customers by adapting a comprehensive marketing strategy, offering valuable packages or schemes as well as high quality service. As any other service oriented provider, all players need to maintain a high customer satisfaction level in order to ensure their survival in the industry (Coelho *et al.*, 2003).

In Kenya, a rapidly developing country, the business environment is typically characterized by powerful business enterprises, a legal environment aimed at ethical behaviors on the part of businesses, and societal expectations that businesses should be more ethical and socially responsible. Along with that, in developing countries the organizations need to be more competitive, therefore, issues of customer service and satisfaction is of great importance. Thus, in decision making processes, companies try to avoid actions that may breach any regulation or negatively impact their reputation in order to avoid consumer dissatisfaction. Based on this idea, the present study aims to analyze the influence of corporate social responsibility on customer choice and focuses on selected commercial banks in Nairobi.

1.1.2 Commercial Banks in Kenya

There were 45 commercial Banks in Kenya as at 31st December, 2012 (Central Bank of Kenya (CBK), 2010).

These commercial banks offer both corporate and retail banking services. Licensing of financial institutions in Kenya is done by the minister of finance, through the central bank of Kenya. The companies Act, the Banking Act, the Central Bank of Kenya, govern the banking industry. The banks have come together under the Kenya Bankers Association, which serves as a lobby for the banks interest and also addresses issues affecting its members. Ideally financial reforms and free market should spur the adoption of innovations that improve efficiency and provide a healthy balance between lending and deposit rates. (Banking Act Cap 488, pp 6, 10-12).

1.1.3 Commercial Banks in Kenya CSR involvement

Commercial Banks in Kenya have resorted to CSR as a way of matching corporate operations with the values and demands of the various stakeholders in a dynamic environment. According to Decker (2004), there is a general consensus among the financial firms that CSR is of strategic importance to ensure long term business success. Commercial banks in Kenya are involved in four areas of impact in CSR issues. The community, which refers to the relationship that the bank has with the social structures and the organizations in the local neighborhood is a major impact area. In 2007, Equity bank spent Ksh. 24M to install lights in major towns and light mast in Gikomba market in a bid to increase security and enable the business community to extend their business hours late into the evening. National Bank of Kenya refurbished the patient support centre at Kenyatta National Hospital which caters for HIV/ AIDS infected and affected person's at a cost of two million Kenya shillings.

There are also the workplace issues that are mainly concerned with employees' welfare and well being. To enhance employees' social development Barclays Bank of Kenya allows employees time of to participate in community projects of their choice. Employees are recognized through the prestigious chairman's award, awarded for various categories. Environmental issues that are concerned with the natural resources and the surrounding and how these resources can be protected and replenished forms a major aspect of commercial banks' CSR concerns. K Rep bank funds Lewa plastics to collect hard plastics and recycle them to manufacture household goods in their environment protection initiatives. Finally, there are the market place concerns which include what services the bank offers and how it offers such services. The main stakeholders here are the customers and the competitors.

Substantial sums of money are being committed to CSR budgets of many commercial banks. The table 1.1 below shows the various budgetary commitments towards CSR of selected commercial banks in Kenya in the year 2009.

Table 1.1: various budgetary commitments towards CSR of selected commercial banks in Kenya in the year 2007

Bank	Funds spent in various CSR activities in 2007.
CFC	Kes 14.1M
Consolidated Bank	Kes 1M
Barclays Bank of Kenya	Kes 152M
Kenya Commercial Bank	Kes 43.4M
Equity Bank	Kes 185M

These figures are a clear indication of the importance that commercial banks attach to CSR. Studies show that CSR influences consumer trust and that, that trust in turn influences consumers' subsequent actions (Carrigan *et al.*, 2001). In this paper, we support this notion that corporate social responsibility promotes positive customer purchase decisions, though other variables pertaining to stakeholder attitudes towards a company are also likely to demonstrate the desired connection with purchase decision. We also affirm that the first result of firm's CSR activities is stakeholder trust.

1.2 Research Problem Statement

There is growing recognition of the significant effect the activities of the private sector have on employees, customers, communities, the environment, competitors, business partners, investors, shareholders, governments and others (Ackerman, 2003). Richardson *et al* (2003) noted that it is also becoming increasingly clear that firms can contribute to their own wealth and to overall societal wealth by considering the effect they have on the world at large when making decisions. According to Matten and Crane (2003), in many ways companies have assumed new roles, which have even led them to administer citizenship rights for individuals, since the corporation is not a citizen in itself (as individuals are) and toward the acknowledgement that the corporation administers certain aspects of citizenship for other constituencies.

Whereas many studies have been conducted in the area of CSR, mainly focusing on the activities involved and their benefits to such stakeholders as the consumers, employees and society in general, little is known about the influence of corporate social responsibility on customer choice. The findings of the study will thus be a milestone in attempting to fill this knowledge gap.

1.3 Objectives of the Study

1.3.1 General Objective

The study sought to analyze the influence of corporate social responsibility on customer choice in selected commercial banks in Nairobi

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

- i. To assess the level of awareness among bank customers of Corporate Social Responsibility initiatives pursued by commercial banks.
- ii. To investigate the level of importance that customers attach to Corporate Social Responsibility.
- iii. To analyze the level of customer trust attributed to the commercial bank CSR initiatives
- iv. To evaluate how the various elements of CSR initiatives influence Customers choice of a bank.

1.4 Significance of the Study

As organizations invest the available scarce resources with the aim of providing essential products and services to meet the ever increasing customer demands, there is need to address issues related to performance in relation to the organizations' involvement if CSR. The current study sought to raise ideas and issues in the hope that the various stakeholders and persons directly addressing issues related to CSR and performance in various organizations will continue the discussion. It does not presume to offer a prescription for the ideal measures to be employed by the stakeholders so as to reverse the trends. Specifically, the findings of this study, it is hoped, will be beneficial to the following:

Customers: Both current and potential customers will also be interested in the image of commercial banks in relation to CSR, on whose basis they will be able to make informed decisions on whether to stay or move to other banks that are regarded as socially responsible.

Policy Makers: The financial sector policy makers will acquire insight into the involvement of commercial banks in CSR and consequently formulate policies from an informed position.

The local community: The communities served by the banks will understand the various CSR activities undertaken by commercial banks. If the community members are involved in formulation CSR activities, the banks' CSR strategies will be aligned and hence become more effective.

Academicians and scholars: The study will make a significant contribution to the growing body of research on CSR. The findings may also be used as a source of reference for other researchers. In addition, academic researchers may need the study findings to stimulate further research in the area of CSR and as such form a basis of good background for further researches.

1.5 Scope of the Study

The study focused on customers of selected commercial banks operating in Nairobi. The researcher selected Nairobi because of the wide representation of commercial banks' customers in Nairobi. All the commercial banks have branches in Nairobi, which increases the sample representation. The variables of study revolved around the responses of the customers to CSR pursued by commercial banks, the importance that customers attach to CSR, the level of trust created by such initiatives and how this influences their choice of a bank service provider.

1.6 Definition of Key Terms

The following is the definition of the various terms used in this study:-

Bank

Financial institution registered and licensed by the Central Bank of Kenya licensed to undertake banking business. A bank collects deposits from savers and pays interest to the depositors and on the other hand uses the savers deposits to grant loans to borrowers who in turn pay interest and fees (Author, 2012).

Corporate Social Responsibility

CSR involves a collection of activities that emphasize the ethical elements in an organization's management and overall organizational structure (Author, 2012).

Corporate citizenship

Corporate citizenship is a strategy that moves from a focus on short-term transaction to longer term, value-based relationships with these stakeholders (Author, 2012).

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature related to the purpose of the study. The chapter is organized according to the specific objectives in order to ensure relevance to the research problem. The review was

undertaken in order to eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. The literature review is based on authoritative, recent, and original sources such as journals, books, thesis and dissertations.

The area of corporate social responsibility has been widely researched in the recent past. In this chapter, the researcher reviews the various definitions that have been advanced by various authors, and traces the historical development of the CSR concept. Two views of CSR have been studied- Classic view and the modern theories. Various theories have used to advance the concept and practice of CSR. This forms the basis of the theoretical framework. Based on the empirical review of literature, the researcher has formulated a conceptual and operational framework to guide in the study and minimize errors.

2.2 Theoretical Review

2.2.1 CSR definitions

The issues around corporate social responsibility are varied and mainly focus on four areas of company operations namely the workplace, the market place, the community and the general environment. Kreitner (2002) defines CSR as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law. He argues that the action must be voluntary in order to qualify as a socially responsible action. CSR refers to managers' duty or obligation to make decisions that nurture protect enhance and promote the well being and welfare of its stockholders and society at large .

Social responsibility is the conscious efforts to operate in a manner that creates a win- win situation for all stakeholders; for the customers, provide safe products and services with customer value; the society improve the quality of life or at least not destroy the environment; the company must compete fairly with competitors and through technology,

develop new ways of increasing customer value and quality of life. It must work with suppliers in a cooperative manner; abide by the laws and regulations of government. It must strive to provide equal employment opportunities for the labor force and be financially responsible in relation to the economy. It must provide the shareholder with a reasonable profit; and employees with safe working conditional with adequate pay and benefits Lussier (2002).

Social responsibility includes community relations, employee relations, product development and liability, policies to support women and minorities and not doing business in countries that abuse human rights sensitivity to environment. Businesses must reassess the forms of packaging; recyclability of products, environmental safety practices and idea of being environmental friendly all of which have an impact on the business. Madura (2007) defines corporate social responsibility as a firm's responsibility to its community and environment but also broadly includes the firm's responsibility to its customers, employees, stock holders and creditors.

Based on above definitions, the authors agree that corporations have a duty not only to the stakeholders but to all other stakeholders and the public in general. Whereas the stockholders must be provided with a descent return on their investment, the consumers should be given safe products that are fairly priced, advertisements that are not deceptive and adequate product information that enables the consumer to make informed decision. The employees should be paid a fair wage and provided with good working conditions where there are equal employment opportunities. The business must ensure that they protect the environment from any form of pollution and since the business operates in a social environment, it must take interest in the society's problems such as unemployment, ignorance and health challenges.

The following are some of the theories that are relevant to this study and form the theoretical framework of the study.

2.2.2 Theoretical Models

(a) The classical model

This can be traced to the 18th century when businesses were owned by entrepreneurs. There was intense competition and the main concern of the entrepreneurs was short term profits. According to Adam Smith the efforts of the competing entrepreneurs had the natural tendency to promote public interest as each tried to maximize short term profits. Classic view holds that the managers are employees of the stockholders, and their obligation therefore is to make as much money for them as possible their role being to produce and market goods efficiently in order to receive the greatest economic benefit for the owners of the firm. The classical view is often considered the view "against" CSR. One of the pioneers of this view is American Economist Milton Friedman, who argued that the primary responsibility of business is to make profits for its shareholders. Friedman argued that, acceptance of corporate social responsibility could so thoroughly undermine the very foundations of our free society where the main call for the business is to make as much money for their stockholders as possible (Friedman, 1970)

From the classical theory viewpoint, if members of society strongly desire some good or service not provided by the market, they should either seek to build a market for it or petition the government to either

provide the good directly or to supply firms with the necessary motivation to provide the good. They should not look to corporations to provide it voluntarily at the risk of not meeting their required economic objectives. Classical theorists believe that when managers commit corporate funds to social causes not directly linked to their primary economic mission, they are robbing the stockholders. Another argument against CSR is the ability and expertise of corporate executives to address social issues.

Many managers are well-trained in finance, marketing, economics and management; but not skilled in dealing with complex societal problems. The argument of Milton-Friedman is that managers are professionals; they do not own the business they run. They are employees responsible to the stockholders and their primary objective is to conduct the business in the interest of the stockholders, which is financial return. He argues that when managers spend their organizations resources for the “social good”; they undermine the market mechanism and someone has to pay for this redistribution of assets. If the CSR activities reduce the profits and dividends, stockholders are the losers, if wages and benefits are reduced to pay for social actions, employees lose, if prices are raised to pay for social actions, consumers loose. Therefore, the involvement of different corporations could actually make the problem or situation worse.

(b) Social Economic View

Social economic view argues that the public is no longer tolerant to unethical actions of politicians such as profit from insider information; influence peddling, lying, peddling expense acts and hiring unqualified friends and relatives. The society expects that business responsibility go beyond merely obeying the law and earning good return for their owners. Utilitarianism which assesses the actions in terms of providing the greatest good for the greatest number is no longer the single criterion by which business decisions can be judged. The social economic view is illustrated in the legal formation of corporations. Corporations are chartered by governments, which can also take the charter away. Corporations are therefore not independent entities responsible only to stockholders. They have a responsibility to the larger society that creates and sustains them.

This view contends that managers should be concerned with maximizing financial return over the long-term and to do this, they must accept social obligation and the associated costs; modern business firms are no longer merely economic institutions. They lobby for political action committees and engage in other activities to influence the political process for their benefit. There are three related concepts that provide clarity to the social economic view. Social obligation represents the foundation of business social involvement. A business fulfills its social obligation when it meets its economic and its legal responsibility and no more. It does the minimum that the law requires it pursues social goals only to the extent that they contribute to its economic goals. Social responsiveness is a step further where the firm adapts to changing societal conditions. It is guided by social norms. The organization will scan the environment to identify changing moves and attitudes and management modifies its practices to align with the prevailing standard. Social responsibility adds on ethical imperative to do the things that make society better. It is business firm’s efforts beyond those required by law and economics to pursue long-term good that are good for society.

Proponents of social economic view argue that the rise of corporations created, and continues to create, many societal problems; therefore they should attempt to address and solve them. They criticize the production, marketing, and environmental practices of corporations. Many think that corporations can improve the quality and safety of their products while conducting more open and honest business practices. Another argument is that corporations should perform in such a way, in the present, as to assure themselves of a favorable operating environment in the future. To accomplish such a task, companies must look past the short-term perspective to the long-term and recognize that investments in society today will reap benefits in the future.

Businesses should also assume responsibility because they have the resources to do so. They have a huge supply of human and financial capital; therefore they should be using those assets to better society. Also, if corporations go above and beyond their legal obligations, then the need for government intervention is reduced. If the need for government intervention is reduced then businesses will be able to focus more on maximizing returns, in turn keeping their shareholders happy.

(c) Stakeholder Theory

Freeman (1984) defines a stakeholder as any group or individual who can affect or is affected by the achievement of a company’s objectives. Stakeholder theory identifies and models the groups which are stakeholders of a corporation, and both describes and recommends methods by which management can give due regard to the interests of those groups. Applied to business, stakeholder theory argues that corporations are communities of diverse constituencies, each of which has a stake in the corporation and therefore a legitimate voice in its governance and destiny. The shareholders form just one constituency among several other constituencies who include the corporation's employees, customers, suppliers, and even the localities in which the corporation operates. The stakeholder theory recognizes that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, associated corporations, prospective employees, prospective customers, competitors and the public at large. Some advocates of stakeholder theory argue that the corporation acquires such obligations from an implicit contract between the

corporation and the wider society. In return for various legal privileges such as limited liability, the corporation must accept accountability to society at large.

The logical conclusion of stakeholder theory is socialism: the collective ownership and central planning of all enterprise so that the entire community's stake can be recognized and safeguarded. According to the stakeholder's theory, the business should identify all the stakeholders and take their specific demands and expectations into consideration when formulating its operating strategies. This is however costly and the corporation must make trade off between its own goals and the goals of the stakeholders. The basis of the corporation to manage these relationships is utilitarianism (LaFrance *et.al*, 2005)

(d) Social Contract Theory

Social contract is an agreement or covenant by which men are said to have abandoned the "state of nature" to form the society in which they now live. According to social contract theory, men surrender their natural liberties in order to enjoy the order and safety of the organized state. The term social contract refers to the implied agreements by which people form nations and maintains social order. Members within a society implicitly agree to the terms of the social contract by their choice to stay within the society. Since corporations are viewed as members of the society and they operate within the society, they must reflect the will of the people.

(e) Moral Personhood and Moral Agency

According to this theory, persons not only have an understanding of themselves as moral agents but they are partially constituted by this understanding. As moral agents, persons are capable of affecting changes in their lives through enacting understanding of the good. Various discussions of the rights of business people, and implicitly of business institutions, have led some theorists to move the CSR debate in a related, yet quite different, direction. These thinkers have taken to analyzing the structure and human nature of the corporation itself. The ascription to corporations of not only legal personhood, but rights as well, has caused some to ask whether or not the foundation of any claim that corporations have social responsibilities must rest in large measure on one's understanding of the basic nature of the corporation and the extent to which it could be "held responsible" for its actions. The theorists have attempted to discern the social responsibilities of corporations by first concluding whether corporations are "moral agents," or full-fledged "moral persons."

Wood (1991) argued that corporations can be held morally responsible for their actions for quite different reasons based on a notion of corporations as being either moral persons or moral agents. Once it is established that corporations are capable of actions comparable to the actions taken up by natural persons, corporations can be morally culpable in a way either identical with or very similar to natural persons. Corporations should therefore be treated as full-fledged moral persons and hence have whatever privileges, rights, and duties as are accorded to moral persons and place them on the same level of human beings. It is on this claim about the personhood and moral agency of the modern corporation that SCR would be grounded, Klonoski (1991)

(f) Legitimacy theory

Being legitimate enables organizations to attract resources necessary for survival such as materials, political approval and patronage. It helps to ensure the continued inflow of capital, labor and customers necessary for its viability. Legitimacy theory relies upon the notion of a social contract and on the maintained assumption that managers will adopt strategies, inclusive of disclosure strategies, that show society that the organization is attempting to comply with society's expectations as incorporated within the social contract. This theory arose from the concerns in the 1960s and 1970s when the public became increasingly aware of the adverse consequences of corporate growth (Bernardi *et al.* 2005). It implies that the institution must meet the test of legitimacy and relevance by demonstrating that the society requires its services and that the groups benefiting from its rewards have societal approval. Legitimacy is a measure of the adequacy of the societal perceptions of the corporate behavior (LeFrance *et.al.* 2005). The theoretical framework for the study is summarized and presented in figure 2.1 below.

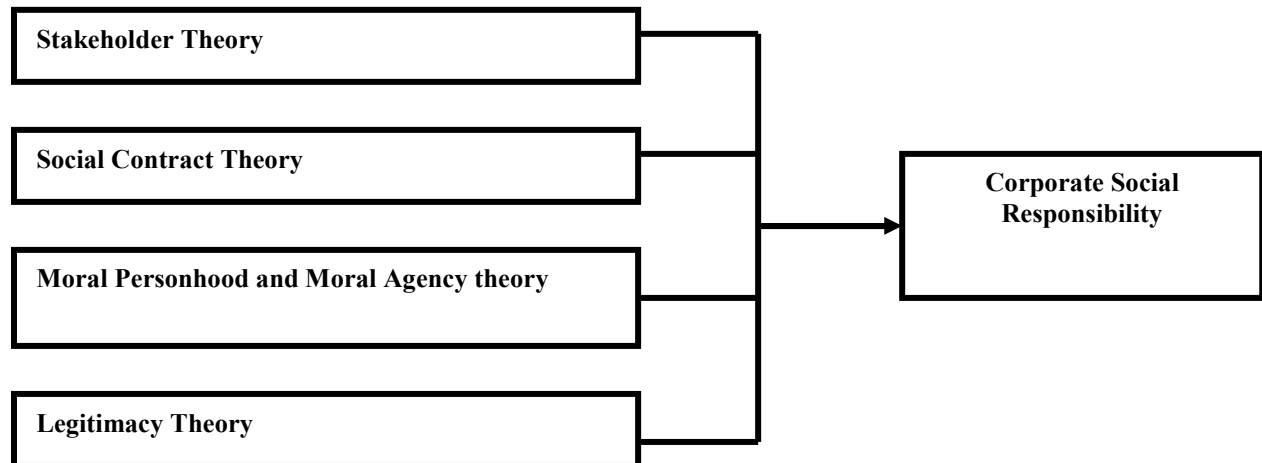


Figure 2.1: Theoretical Framework
Source: Author (2012)

2.3 Empirical Review

Consumer concern for social issues has been expressed in various marketplace polls; 86 Percent of Americans, price and quality being similar, are likely to switch to companies supporting social Issues (Cone Inc. 2004), and 38 percent of the UK public say it is very important that a company shows a high degree of CSR when they are deciding to purchase (Dawkins, 2004). The search for a consumer-CSR link has attracted considerable recent research attention. Makau (2006) established that consumers attach different levels of importance to different CSR initiatives.

But in a study of consumers' use of 'no sweat' labeling, Dickson (2001) found only a small percentage of consumers would be influenced by such labeling, in spite of strong support reported over the social issue. Awareness is key in consumers purchase decision and most firms have often either assumed consumers' awareness of the firm's CSR activities or created it artificially. Providing information about a product's socially-responsible features increases that feature's impact on likely purchase intention (Mohr et al 2005). Consumers need information about a firm's CSR activities to differentiate sound CSR programs from those that simply pay lip service to social responsibility. Several researchers argue, however, that consumers' general awareness of firms CSR activities is very low (Bhattacharya *et al.*2004).

Smith's (2000) proposes that consumers must be sufficiently involved in the CSR decision; people must be sufficiently motivated and have the capacity to "turn to more effortful, systematic forms of processing. Consumers do not generally engage in extensive search and cognitive processing. Corrigan (2001) found most Consumers give little thought to ethical issues in their purchase decision-making, even if fully informed of ethical and unethical market behavior. Under conditions of perfect competition, including perfect information, consumers can easily choose among brands. But in reality, consumers are rarely aware of all the market offers in a particular category.

2.3.1 Research Gaps

There is a lot of literature in corporate social responsibility. But it is obvious that prior researchers were keen on establishing the effect of CSR in more developed economies like USA and UK. This is partly due to the level of awareness and the strength of consumer lobby groups in influencing consumer behaviors. In Kenya, like in other developing countries, consumers are more ignorant about the ethical issues, or the participation of corporate in CSR. The service industry, like the banking sector, has not received much attention, partly because services are more complex to brand using the CSR dimension. Makau (2006) studied the extent of influence of CSR on consumer purchase decisions in general but little research has been done to establish the extent to which CSR influences consumers' decision to purchase a service, like banking services. In addition, the extent to which the level of concern for social issues among banks' clients may be a factor in affecting appreciation of the CSR has not been studied.

The aim of this study is to empirically investigate whether the CSR pursued by commercial banks has a bearing on the way customers respond to firms' socially-responsible practices in their choice of banking service provider.

2.4 Conceptualization

CSR focuses on four key areas of a company's operations. These areas include the workplace, the market place,

the community and the environment. Issues around CSR are varied and will range from managing diversity and promoting work-life balances in the work place, implementing social and human rights criteria and promoting employer supported volunteering among staff, among other things. CSR is about the organization realizing that they do not operate in isolation and that they impact both positively and negatively on the stakeholders. The stakeholders are all those individuals and organizations that interact with the company. This study will evaluate the customers appreciation of the banks response to demands and expectations of some of these stakeholders namely customers, employees, the local community and the wider environment, and how this influences their banking services purchase decision.

Consumers: Consumer related issues demand that the business should produce quality product or service that is safe and fairly priced. The business should be concerned about the durability and serviceability of its products as well as the effect on pollution. It should aim at customer satisfaction and provide adequate product information to enable consumers make informed decisions. In promoting its products, the business should use advertisements that are not deceptive.

Employees: The concern is with the impact of the organization’s activities on the people who contribute the human resources of the organization. The issues here will include recruitment practices, training programs, and transfer and promotion policies. Employees should be paid a fair wage and provided with good working conditions, giving equal employment opportunities to all employees including the physically challenged. Retirement and retrenchment policies should be addressed to ensure that the victims are provided with sufficient pay packages as well as being well prepared for the separation. The organizational fringe benefits plans should also be addressed such as medical schemes and housing facilities.

Community: The issues addressed consider the impact of the organization’s activities on individuals or groups outside the company. It involves assistance in solving the community problems such as unemployment, health and education. Other activities will include infrastructure development and promotion of social and cultural activities like sports and arts. Good CSR activities with regards to the community would include supporting minority and community enterprises by purchasing from them or subcontracting them.

Environment: Organizations should ensure that they protect the environment from unclean air and water, excessive noise and other forms of pollution. The organization should adopt efficient technology to minimize the use of irreplaceable resources and production waste, as well as conserve energy. The areas of concern include use of recyclable, biodegradable packaging and materials and disposal of harmful by products, plus the need to involve them in environmental reclamations. The conceptual framework for the study is summarized and presented in figure 2.2 below.

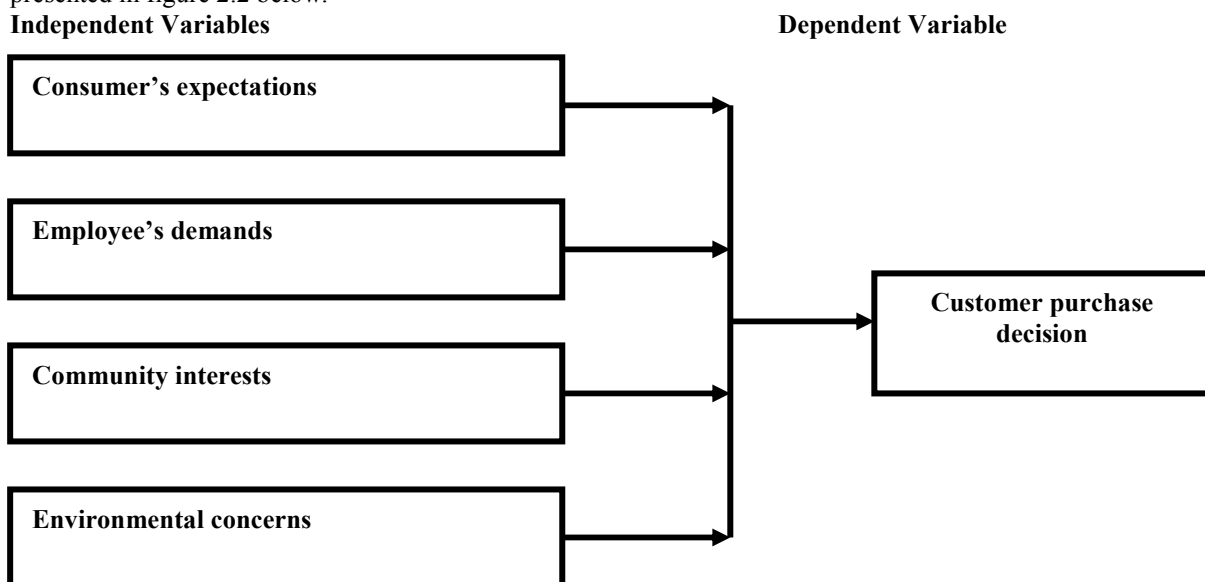


Figure 2.2: Conceptual Framework

Source: Author (2012)

The articulation of CSR initiatives used in this study is drawn from the activities of Kenyan banks, as reported in their annual reports and on their respective websites on CSR activities. Smith (2000) states that there are three limits to the potential for consumers' purchase behavior to respond to CSR, and hence influence the shape and directions of firms' socially-responsible initiatives: consumers must be aware of firms' CSR practices; consumers must be concerned about the firm's particular CSR practices and willing to consider these activities in their purchase decisions; and once in the market for the product category, consumers must be able to easily choose a socially-responsible competitor. This paper empirically tests whether consumer behavior in the high-involvement context of retail banking is influenced by CSR activities pursued by respective banks.

2.5 Operationalization

In order to study the relationship between the independent and the dependant variables, the researcher has proposed some value proposition with regard to each stake holder. These value propositions are based on the studies already covered in existing literature

2.5.1 Operational Framework

Dependent Variable

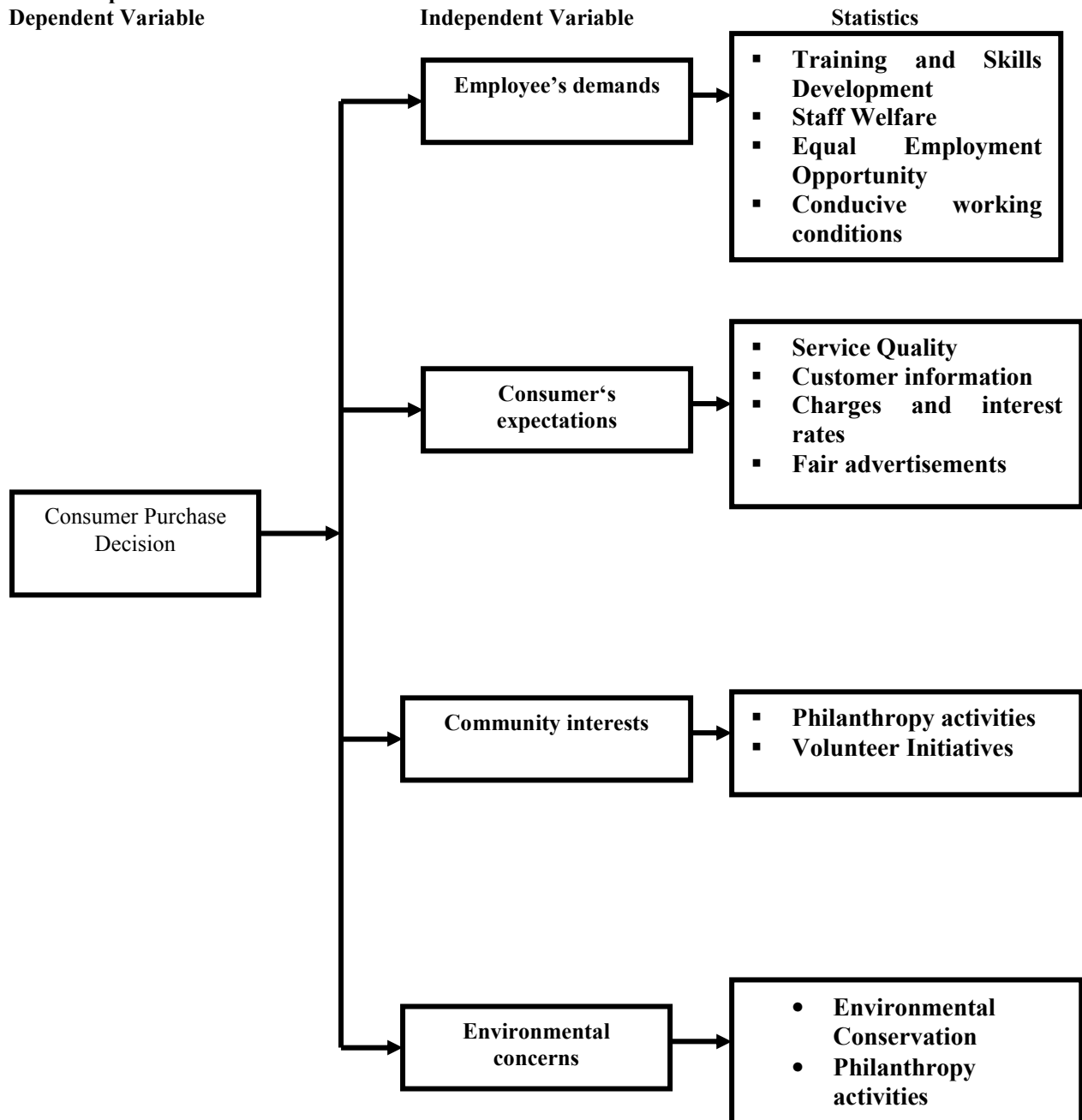


Figure 2.3: Operational Framework
 Source: Author (2012)

3.0 METHODOLOGY

3.1 Introduction

This chapter defines the research design and methodology used in the study. It comprises of a description of the study design, target population, sample design and size, data collection instruments and procedure, data analysis and reporting and limitations of the study. The ethical issues, expected outcome, references, schedule of research activities and the research budget are also presented.

3.2 Research Design

For purposes of undertaking the study, a descriptive survey was used. The method was selected as it permits gathering of data from the respondents in natural settings. Descriptive designs result in a description of the data, whether in words, pictures, charts, or tables, and whether the data analysis shows statistical relationships or is merely descriptive. Descriptive research is designed to describe the characteristics or behaviors of a particular population in a systematic and accurate fashion. Survey research uses questionnaires and interviews to collect information about people's attitudes, beliefs, feelings, behaviors, and lifestyles. Descriptive design was preferred because no matter what method is chosen to collect the data; all descriptive designs have one thing in common: they must provide descriptions of the variables in order to answer the question. In particular, frequency distribution which will be used in this study is intended to show the distribution (or the count) for each business entity to clearly spell out to what extent each of the various factors influences that particular company's social responsiveness activities.

3.3 Target Population

The target population of the study constitutes customers of all companies registered and licensed to undertake commercial banking business by the Central Bank of Kenya as at December 2012 (Appendix I). This definition excludes non-banking financial institutions or microfinance institutions, building societies, mortgage companies and Postbank.

3.4 Sampling Design

3.4.1 Study Population

The population was all the commercial banks registered and licensed to undertake commercial banking business in Kenya. The total number of commercial banks stood at 45 as at December, 2012 (CBK, 2012) (See Appendix I). The respondents in each of the banks were the customers who had come to the banking hall to transact business.

3.4.2 Sampling Method and Techniques

Although a census of the whole population of the commercial banks in Kenya would have been desirable, such limitations as the distances to be covered to each of the commercial banks, which are spread in the Central Business District and its environs that include company owned office blocks within Nairobi, and the costs that would be involved in covering them and the given time frame among other reasons, a representative sample of 16 Commercial banks, representing about 35% per cent of the whole population was selected by use stratified sampling, which is within the limits of the generally accepted statistical condition.

The use of the stratified random sampling technique was used to select the respondent commercial banks based on Peer classification as per The Banking Survey Kenya 2008 publication, which classified the commercial banks into three categories. Stratified sampling is used where there might be a reason to judge that some particular characteristic of the sample members is of such importance that it is necessary to impose further control over how it is distributed or represented in the sample (Coleman and Briggs (2004). This procedure is considered effective as each bank had a non zero chance of being included in the study.

3.4.3 Sampling Procedures

The sample was selected by use of a two-stage stratified random sampling. First, the sampling frame, a listing of all the commercial banks in Kenya was obtained from the Central Bank of Kenya. The listed commercial banks were then categorized according to the peer classification as per The Banking Survey Kenya 2008 publication, which classified the commercial banks into three categories. In each category, each company was assigned a random number and 35% of the companies picked at random. Table 3.1 below presents the sample size.

Table 3.1: Sample Size

No.	Strata (Peer classification of Commercial Banks)	Population size (Number of commercial banks)	Sample size (35% of the population)
1	Tier I	14	5
2	Tier II	16	6
3	Tier III	15	5
Total		45	16

Source: Author (2012)

3.5 Data Collection

3.5.1 Data collection Method and Techniques

A semi-structured undisguised questionnaire was administered to the customers of selected commercial banks in the banking halls. The questionnaire was divided into two main sections. The first section provided the background information of the respondents while whereas the second section captured pertinent issues touching on the subject of study.

3.5.2 Data Collection Procedures

To enhance the effectiveness and data validity of the study, the questionnaire was pre-tested on 10 randomly selected respondents. With the aid of research assistants, the questionnaires were administered to the customers in the banking halls of the selected banks. Once completed, the research assistants collected the questionnaires.

3.6 Data Analysis and Reporting

In order to facilitate analysis, the collected data from the questionnaire and other secondary sources was systematically organized. Content analysis was employed for data pertaining to the profile of the respondents while data pertaining to the objectives of the study was analyzed by employing descriptive statistics. Statistical Package for Social Sciences (SPSS) was used to aid in analysis. SPSS was selected because it is systematic and covers a wide range of the most common statistical and graphical data analysis. In data presentation, computation of frequencies in tables, charts and bar graphs was widely used.

3.7 Limitations of the Study

The scope of the study could be a limiting factor in that only 16 commercial banks were selected out of the total of 45. The findings may thus not be representative of the whole population of the commercial banks. However, the sampling technique used ensured that each commercial bank had a non-zero chance of being selected to participate in the study. Though the researcher was determined to undertake the study to completion within the given time frame, various constraints were encountered as earlier envisaged. The time allocated to data collection may not have been sufficient to enable the respondents complete the questionnaires as accurately as possible, considering that they were at the same time undertaking transactions in the banking halls.

Although the study was conducted on a sample of commercial banks, the results obtained are not necessarily representative of all the other banks.

3.8 Ethical Issues

As the researcher conducted this study, there is adherence to ethical issues and the following fundamentals were taken into consideration:

Safeguarding the interests of those involved in, or are affected by the study by way of their work was well thought through. The findings of the study were reported accurately and truthfully. The researcher was convinced that the research undertaken was worthwhile and that the techniques used were appropriate to enable deduction of any conclusions. The researcher also ensured that the study was her original idea and that she did not present another persons work as their own. In addition, the researcher ensured that they did not misrepresent the findings of the research. The other ethical aspects that were also clearly understood include:

Confidentiality: The research guarantees the participants' confidentiality and is assured that identifying information will not be made available to anyone who is not directly involved in the study. The principle of anonymity which essentially means that the participant will remain anonymous throughout the study is also strictly adhered to. In addition, the principle of voluntary participation was also observed and nobody was therefore coerced to participate in the research. The information obtained will thus be treated with confidentiality and any use to be made from such information will need express permission from the individual respondents to be used as such.

4.0 FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter includes data analysis, presentation and interpretation. The study sought to analyze the influence of Corporate Social Responsibility on customer choice among selected commercial banks in Nairobi. A combination of both quantitative and qualitative techniques was used in data collection. Out of the 50 questionnaires that were distributed to the respondents, 38 of them were returned completed (76%) response rate. The high response rate could be attributed to the personal efforts of the researcher, who made a follow up of every questionnaire given out. The data pertaining to the profile of respondents was analyzed by employing content analysis while descriptive statistics were used to analyze data pertaining to the objectives of the study. Bar graphs, pie charts, frequency tables, percentages, and mean scores were used in data presentation. The information is presented and discussed as per the objectives and research objectives of the study.

4.2 Quantitative Data Analysis

4.2.1 Profile of respondents

Gender distribution of respondents: The respondents were asked to indicate their gender. The researcher to determine whether there was gender balance among customers of the commercial banks. The findings show that while 54% of the respondents were male, 46% of them were female. The findings show a relatively balanced gender distribution among the customers of the respondent commercial banks.

Age of respondents: The respondents were asked to indicate their age the responses are summarized and presented in figure 4.1 below.

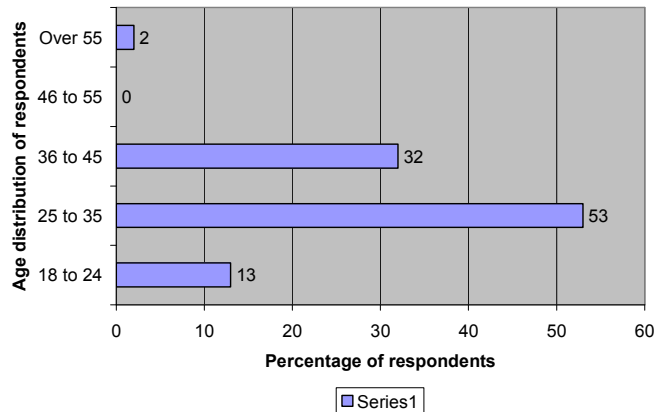


Figure 4.1: Age distribution of respondents

The findings show that 13% of 38 respondents were 18 to 24 years, 53% were 25 to 35 years, 32% were 36 to 45 years, none were 46 to 55 years and 2% were over 55 years of age. The findings indicate that 87% of the respondents were aged between 25 and 45, a relatively youthful age.

Occupation of respondents: The respondents were asked to indicate their respective occupations by ticking as appropriate against three given alternatives. The responses are summarized and presented in figure 4.2 below.

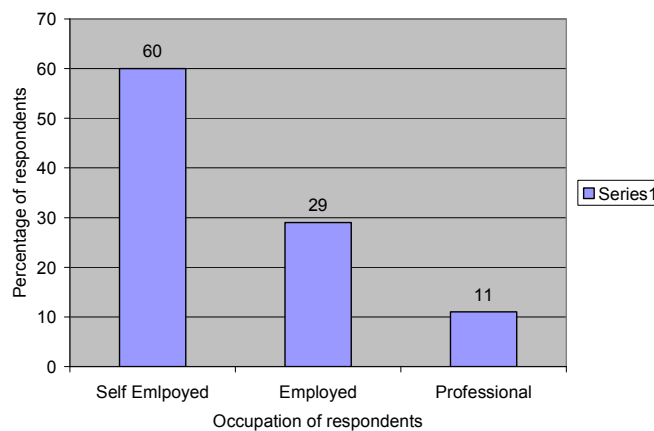


Figure 4.2: Occupation of respondents

The findings show that out of 38 respondents 60% were self employed, 29% were employed and 11% were professionals. Majority of the respondents (60%) were self employed.

Bank/banks of respondents: The respondents were asked to indicate their bank or banks. Multiple responses were allowed. The responses are summarized and presented in table 4.1 below.

Table 4.1: Bank/banks of respondents

Name of bank	Bank branch	Responses
		Frequency
Equity Bank Ltd	Harambee Avenue	4
	Moi Avenue	2
	Four Way Towers	3
	Kimathi	6
	Mama Ngina	2
	KNUT house	1
	Tom Mboya	2
	Kikuyu	1
Barclays bank of Kenya Ltd	Queensway	5
	Barclays Plaza	1
	ABC	1
	Upcountry	1
Stanbic Bank	Kenyatta Avenue	1
	Kimathi	1
Standard Chartered Bank	Westlands	1
	Kenyatta Avenue	2
	Moi Avenue	2
Co-operative Bank of Kenya Ltd	City Hall	2
	Kariobangi	1
	Kimathi	2
K-Rep Bank Ltd	Kenyatta Avenue	1
Imperial Bank	City Centre	1
Guardian Bank	Westlands	1
Kenya Commercial Bank Ltd	Sarit Centre	1
	Moi Avenue	2
	University Way	2
National Bank of Kenya Ltd	Kenyatta Avenue	3
ABC Bank Ltd	Koinange	1
Consolidated Bank of Kenya Ltd	Koinange	1
Diamond Trust Bank	Capital Center	1
Family Bank Ltd	KTDA	1
Bank of Africa	Nairobi	1
Habib Bank Ltd	Koinange	1
N=38		

Findings of the study show that some of the customers had maintained accounts in three different banks while some had accounts in different branches of the same bank.

4.3 The Influence of Corporate Social Responsibility on Customer Choice

4.3.1 Knowledge of any CSR activities undertaken by Commercial Banks

In order to meet the first objective of the study, “to establish the level of awareness among bank customers of Corporate Social Responsibility initiatives pursued by commercial banks”, various questions were asked. Firstly, the respondents were asked to indicate their knowledge of any CSR activities undertaken by Commercial Banks. The responses are summarized and presented in figure 4.3 below.

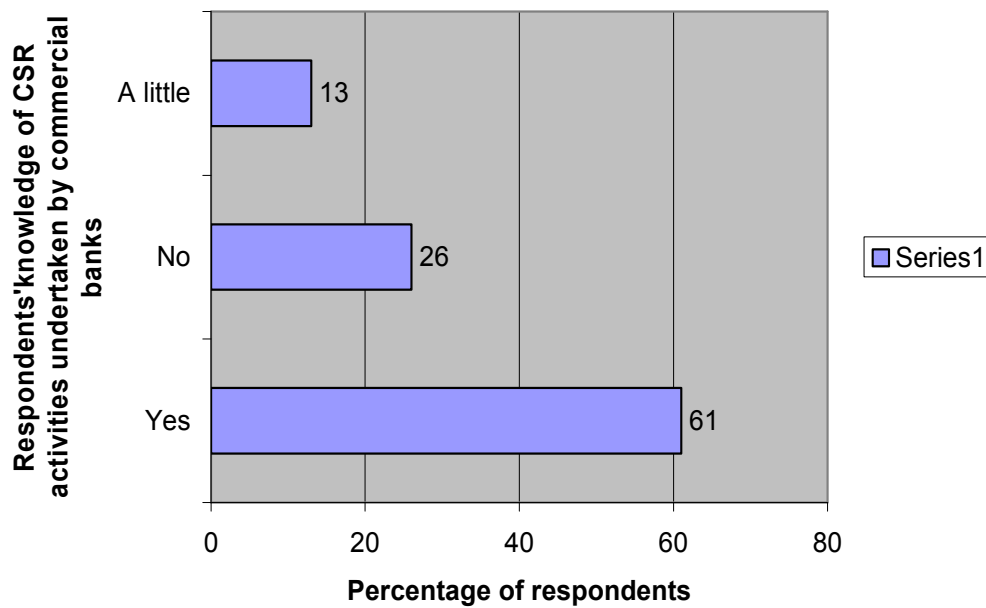


Figure 4.3: Knowledge of any CSR activities undertaken by Commercial Banks

The findings show that 61% of the 38 respondents had knowledge of CSR activities undertaken by commercial banks, 26% had no knowledge at all while 13% had little knowledge. The findings indicate that at least 74% of the respondents had some knowledge of the CSR activities undertaken by commercial banks in Kenya.

Banks involved in CSR activities: The respondents were asked to indicate the social events undertaken by their respective banks. Multiple responses were allowed. The responses are summarized and presented in table 4.2 below.

Table 4.2: Social events undertaken by respondent’s banks

Social events undertaken by respondent’s banks	Responses	
	Frequency	Percentage
Environmental protection	6	16
Community development	16	42
Support for social institution	11	29
Employees welfare	1	3
Customers education	5	13
None	8	21
N=38		

The findings show that 16% of the respondents banks were involved in environmental protection, 42% were involved in community development, 29% were involved in support for social institutions, 3% were involved in employee welfare, 13% were involved in customer education and 21% did none of the above.

Involvement or notification of respondents by commercial banks of any social activities in their respective communities: The respondents were asked to indicate involvement or notification of respondents by bank of any social activities in their respective communities. The findings show that 32% of respondents were involved or notified by their bank of any social activities in their respective communities, 63% were not and 5% were rarely involved or notified by their bank of any social activities in their respective communities.

Respondents familiarity with the Corporate Social Responsible Policy of respective bank: The respondents were asked to indicate their familiarity with the Corporate Social Responsible Policy of their respective bank. The findings show that whereas 24% were familiar, 66% were not familiar and 10% were a little familiar.

4.3.2 Level of importance that customers attach to Corporate Social Responsibility

In order to meet the second objective of the study, “to establish the level of importance that customers attach to Corporate Social Responsibility” the respondents were provided with a listing of possible social concerns for existence of corporate businesses and asked to indicate the extent to which they agreed that their respective expectations from these businesses by ticking as appropriate along a five point scale. The responses are summarized and presented in table 4.3 below. Key: Strongly disagree = 1; Disagree = 2; Uncertain = 3; Agree = 4; Strongly agree = 5).

Table 4.3: Involvement of Banks and other organizations in social issues

Involvement of Banks and other organizations in social issues	Responses (Absolute numbers)					Mean Score
	1	2	3	4	5	
It is responsible of the company to train and develop the employees	0	3	3	15	17	3.89
It is responsible of the bank to provide the employees with welfare services such as medical cover, recreation facilities and housing	2	3	2	13	18	3.71
Banks should offer equal employment opportunities	2	4	4	3	25	4.88
It is important for a bank to disclose all information to the customers with regard to services offered charges and interest rates charged	2	2	1	6	27	5.50
Advertisement should not be misleading at any time	4	0	0	6	28	5.84
I will pay more to get services from a bank that cares for our well being of our society	6	3	10	12	7	1.75
Banks have a responsibility to support environmental conservation initiatives	2	0	10	10	16	3.27
N=38						

With respect to responsibility of a company to train and develop the employees, the findings show that none of the respondents strongly disagreed, 3 (8%) disagreed, 3 (8%) were uncertain, 15(39%) agreed and 17 (45%) strongly agreed. The mean score was 3.89. With respect to responsibility of responsibility of the bank to provide the employees with welfare services such as medical cover, recreation facilities and housing, the findings show that 2 (5%) of the respondents strongly disagreed, 3 (8%)disagreed, 2 (5%)were uncertain, 13 (34%)agreed and 18 (47%) strongly agreed. The mean score was 3.71.

With respect to the fact that banks should offer equal employment opportunities, the findings show that 2 (5%) of the respondents strongly disagreed, 4 (11%) disagreed, 4 (11%) were uncertain, 3 (8%) agreed and 25 (66%) strongly agreed. The mean score was 4.88. With respect to the importance for a bank to disclose all information to the customers with regard to services offered charges and interest rates charged, the findings show that 2 (5%) of the respondents strongly disagreed, 2 (5%)disagreed, 1 (3%)were uncertain, 6 (16%)agreed and 27 (71%)strongly agreed. The mean score was 5.50.

With respect to the fact that advertisement should not be misleading at any time, the findings show that 4 (11%) strongly disagreed, none disagreed, none were uncertain, 6 (16%) of the respondents agreed and 28 (73%) strongly agreed. The mean score was 5.84. In regards to paying more to get services from a bank that cares for the well being of the society, the findings show that 6 (16%) of the respondents strongly disagreed, 3 (8%)disagreed, 10 (26%)were uncertain, 12 (32%) agreed and 7 (18%)strongly agreed. The mean score was 1.75. With respect to banks having a responsibility to support environmental conservation initiatives, the findings show that 2 (2%) of the respondents strongly disagreed, none disagreed, 10 (26%) were uncertain, 10 (26%) agreed and 16 (42%) strongly agreed. The mean score was 3.27.

4.3.3 The level of customer trust attributed to the commercial bank CSR initiatives

In order to meet the third objective of the study, “to determine the level of customer trust attributed to the commercial bank CSR initiatives” various questions were asked. Firstly, the respondents were asked to indicate the importance of a bank’s CSR activities. The responses are summarized and presented in table 4. 4 below

Table.4.4: Importance of bank’s CSR activities

Importance of bank’s CSR activities	Responses	
	Frequency	Percentage
Not important at all	11	29
Somehow important	18	47
Very important	9	24
Total	38	100

Commitment of bank to CSR initiatives: The respondents were asked to indicate the commitment of bank to CSR initiatives. The responses are summarized and presented in table 4.5 below

Table 4.5: Commitment of bank to CSR initiatives

Commitment of bank to CSR initiatives	Responses	
	Frequency	Percentage
Yes	11	29
No	27	71
Total	38	100

Comments on banks initiatives to CSR activities: The respondents were asked to comment on respective bank initiatives to CSR's. Multiple responses were allowed. The responses are summarized and presented in table 4.6 below

Table 4.6: Comments of bank to CSR initiatives

Comments on banks initiatives to CSR activities	Respondents	
	Frequency	Percentage
They should do more	17	45
It is one way of endearing themselves to the customers	7	18
They are doing a commendable job	2	5
They seem to go out of their way and pick on issues that touch the lives of people directly- issues that are of great concern to the community e.g. the Stan chart marathon to help the blind	1	3
It is more of a PR stunt	27	71
Main motive is profits	11	29
Only a few of the commercial banks are committed	9	24
CSR gives better and effective service	7	18
Most of the customers are not aware of any CSR activities	21	55
N=38		

Further, the respondents were asked to indicate whether the banks were doing enough. The responses are summarized and presented in table 4.7 below.

Table 4.7: Adequacy of the CSR initiatives undertaken by the banks

Are the banks doing enough?	Responses	
	Frequency	Percentage
Yes	5	13
No	33	87
Total	38	100

The findings show that out of 38 respondents 13% thought the banks were doing enough and 87% thought the bank was not doing enough. The findings indicate that though the banks were undertaken certain CSR activities, majority of the respondents (87%) thought that they were not doing enough and as such, a lot more was expected from them.

4.3.4 The influence of CSR activities on customers' choice of a bank

Factors that influence decision to choose ones bank service provider: In order to meet the fourth objective of the study, "to determine how the various elements of CSR initiatives generally influence Customers choice of a bank", the respondents were asked what factors influenced the decision to choose ones bank service provider. The responses are summarized and presented in table 4.8 below

Table 4.8 Factors that influence decision to choose ones bank service provider

Factors	Responses			Mean Score
	Definitely influenced	Fairly influenced	Definitely not	
Skilled and well trained staff	14	19	5	3.54
Support staff based on social diversity	6	21	11	3.81
Good working environment for staff	11	22	5	4.31
Excellent customer services	25	9	4	5.48
Sufficient customer information	19	15	4	3.88
Fair rates and bank charges	23	10	5	4.64
Support social institutions e.g. schools health centers, etc	11	18	9	2.36
Donates to society misfortunes e.g. ethnic clashes, draught, floods etc	12	15	11	1.04
Supports environment protection initiatives	9	20	9	3.17
Encourages staff volunteering for environment cleaning	14	13	11	0.76
N=38				

With respect to skilled and well trained staff, the findings show that 14 (37%) out of 38 respondents were definitely influenced the decision of ones service provider, 19 (50%) fairly influenced and 5 (13%) were definitely not influenced. The mean score was 3.54. With respect to support staff based on social diversity, the findings show that 6 (16%) out of 38 respondents were definitely influenced the decision of ones service provider, 21 (55%) fairly influenced and 11 (29%) were definitely not influenced. The mean score was 3.81.

With respect to good working environment for staff, the findings show that 11 (29%) out of 38 respondents were definitely influenced the decision of ones service provider, 22(58%) fairly influenced and 5 (13%) were definitely not influenced. The mean score was 4.31. With respect to excellent customer services, the findings show that 25 (66%) out of 38 respondents were definitely influenced the decision of ones service provider, 9 (24%) fairly influenced and 4 (11%) were definitely not influenced. The mean score was 5.48.

With respect to sufficient customer information, the findings show that 19 (50%) out of 38 respondents were definitely influenced the decision of ones service provider, 15 (39%) fairly influenced and 4 (11%) were definitely not influenced. The mean score was 3.88. With respect to fair rates and bank charges, the findings show that 23 (60%) out of 38 respondents were definitely influenced the decision of ones service provider, 10 (26%) fairly influenced and 5 (13%) were definitely not influenced. The mean score was 4.64.

With respect to support of social institutions e.g. schools health centers, etc, the findings show that 11 (29%) out of 38 respondents were definitely influenced the decision of ones service provider, 18 (47%) fairly influenced and 9 (24%) were definitely not influenced. The mean score was 2.36. With respect to donating to society misfortunes e.g. ethnic clashes, draught, floods etc, the findings show that 12 (32%) out of 38 respondents were definitely influenced the decision of ones service provider, 15 (39%) fairly influenced and 11 (29%) were definitely not influenced. The mean score was 1.04.

With respect to supporting environment protection initiatives, the findings show that 9 (24%) out of 38 respondents were definitely influenced the decision of ones service provider, 20 (52%) fairly influenced and 9 (24%) were definitely not influenced. The mean score was 3.17. With respect to encouraging staff volunteering for environment cleaning, the findings show that 14 (37%) out of 38 respondents were definitely influenced the decision of ones service provider, 13 (34%) fairly influenced and 11 (29%) were definitely not influenced. The mean score was 0.76.

Suggested interventions that could be employed to enhance CSR activities of the commercial banks in Kenya:

The respondents were asked to give recommendations for enhancement of the CSR activities by commercial banks in Kenya. Multiple responses were allowed. The responses are summarized and presented in table 4.9 below.

Table 4.9: Suggested interventions that could be employed to enhance CSR activities of the commercial banks in Kenya.

Suggested interventions that could be employed to enhance CSR activities of the commercial banks in Kenya	Responses	
	Frequency	Percentage
They need to focus more on helping the needy by building schools and equipping the and even support sports from primary school level	14	37
Participate more on CSR's as a way of giving back to the society and justifying the many billions they earn annually from the public in form of interest and charges	11	29
They should educate clients and staff as well	27	71
They should use skilled and trained staff to educate the public on their initiatives	24	63
Provide benefits that are sustainable	9	24
Should come up with a policy of setting up a certain percentage of their profits for CSR activities	12	32
Should have a plan to give back to the society like drilling bore holes for those communities with no water	2	5
Create awareness in educating people in rural areas	18	47
They need to do much more to be visible in terms of CSR activities they are undertaking maybe through advertisement and information processes	20	53
N=38		

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study sought to analyze the influence of corporate social responsibility on customer choice in selected commercial banks in Nairobi. This chapter presents a brief summary of the research findings as well as deriving a conclusion from the study. It also gives recommendations and suggests areas for further research. The study was guided by the following specific objectives: to establish the level of awareness among bank customers of Corporate Social Responsibility initiatives pursued by commercial banks; to establish the level of importance that customers attach to Corporate Social Responsibility; to determine the level of customer trust attributed to the commercial bank CSR initiatives; and to determine how the various elements of CSR initiatives influence Customers choice of a bank.

For purposes of undertaking the study, a descriptive survey was used. Survey research uses questionnaires and interviews to collect information about people's attitudes, beliefs, feelings, behaviors, and lifestyles. The population was all the commercial banks registered and licensed to undertake commercial banking business in Kenya. The total number of commercial banks stood at 45 as at December, 2008 (CBK, 2008). The respondents in each of the banks were the customers who had come to the banking hall to transact business. A representative sample of 16 Commercial banks, representing about 35% per cent of the whole population was selected by use stratified sampling, which is within the limits of the generally accepted statistical condition.

A semi-structured undisguised questionnaire was administered to the customers of selected commercial banks in the banking halls. The questionnaire was divided into two main sections. The first section provided the background information of the respondents while whereas the second section captured pertinent issues touching on the subject of study. To enhance the effectiveness and data validity of the study, the questionnaire was pre-tested on 10 randomly selected respondents. With the aid of research assistants, the questionnaires were administered to the customers in the banking halls of the selected banks. Once completed, the research assistants collected the questionnaires.

In order to facilitate analysis, the collected data from the questionnaire and other secondary sources was systematically organized. Content analysis was employed for data pertaining to the profile of the respondents while data pertaining to the objectives of the study was analyzed by employing descriptive statistics. Statistical Package for Social Sciences (SPSS) was used to aid in analysis. In data presentation, computation of frequencies in tables, charts and bar graphs was widely used.

5.2 Summary of Findings

5.2.1 Knowledge of any CSR activities undertaken by Commercial Banks

The first objective of the study was to establish the level of awareness among bank customers of Corporate Social Responsibility initiatives pursued by commercial banks. Findings of the study show that at least 74% of the respondents had some knowledge of the CSR activities undertaken by commercial banks in Kenya. The findings also show that the CSR activities in which majority of the commercial banks were involved included community development, as indicated by 42% of the respondents, support for social institutions, as indicated by 29% of the respondents, and customer education, as indicated by 13% of the respondents. With respect to

familiarity with the Corporate Social Responsible Policy of their respective bank, the findings show that 24% were familiar, 66% were not familiar and 10% were a little familiar

5.2.2 Level of importance that customers attach to Corporate Social Responsibility

The second objective of the study was to establish the level of importance that customers attach to Corporate Social Responsibility. Findings of the study show that the benefits derived from CSR include: It is responsible of the company to train and develop the employees, as indicated by 32 out of 38 respondents; It is responsible of the bank to provide the employees with welfare services such as medical cover, recreation facilities and housing, as indicated by 31 of the respondents; Banks should offer equal employment opportunities, as indicated by 28 of the respondents; It is important for a bank to disclose all information to the customers with regard to services offered charges and interest rates charged, as indicated by 33 of the respondents; Advertisement should not be misleading at any time, as indicated by 34 of the respondents; I will pay more to get services from a bank that cares for our well being of our society, as indicated by 19 of the respondents; and Banks have a responsibility to support environmental conservation initiatives, as indicated by 36 of the respondents.

5.2.3 The level of customer trust attributed to the commercial bank CSR initiatives

The third objective of the study was to determine the level of customer trust attributed to the commercial bank CSR initiatives. The findings show that 29% of 38 respondents did not think a bank's CSR activities were important at all, 47% thought it was somehow important and 24% thought it was very important. The findings also show that 29% of the 38 respondents state that banks were committed to the CSR initiatives and 71% state that the banks were not committed. The findings indicate that though the banks were undertaken certain CSR activities, majority of the respondents (87%) thought that they were not doing enough and as such, a lot more was expected from them.

5.2.4 The influence of CSR activities on customers' choice of a bank

The fourth objective of the study was to determine how the various elements of CSR initiatives generally influence Customers choice of a bank. Findings of the study show that the following are the factors influencing decision to choose ones bank service provider: Skilled and well trained staff, as indicated by 33 of respondents; Support staff based on social diversity, as indicated by 27 of the respondents; Good working environment for staff, as indicated by 33 of the respondents; Excellent customer services, as indicated, as indicated by 34 of the respondents, Sufficient customer information, as indicated by 34 of the respondents; Fair rates and bank charges, as indicated by 33 of the respondents; Support social institutions e.g. schools health centers, as indicated by 27 of the respondents; Donates to society misfortunes e.g. ethnic clashes, draught, floods, as indicated by 27 of the respondents; Supports environment protection initiatives, as indicated by 29 of the respondents; and Encourages staff volunteering for environment cleaning, as indicated by 27 of the respondents.

5.3 Conclusions

In view of the findings of the study, the following conclusions are drawn:

CSR portrays the image of the firm itself and shows what the company has done to fulfill its corporate duty to ensure the firm is not only good in providing the service but also plays its roles by contributing something to the community. However, whereas the commercial banks have CSR policies, their customers tend to have little knowledge of their existence, leave alone the contents. The customers of the commercial banks have many unfulfilled expectations in as far as CSR activities of the commercial banks are concerned. The customers expect the bank to undertake such activities as training and development of employees, ensuring a conducive working environment for the employees, ensuring equal employment opportunities for the populace, disclosure of information to the public to ensure that potential and current customers make decisions on issues relating to banking services from an informed position; and undertake environmental conservation among others. The customers attached importance to CSR activities of the commercial banks.

5.4 Recommendations

In view of the findings and conclusions of the study, the following recommendations are made with a view to enhancing effectiveness of CSR programs: (i) In order to enhance effectiveness of CSR amongst the commercial banks with a view to attracting more customers, there is need for involvement of the current and potential customers in deciding the CSR activities to be undertaken. This will enhance the level of participation amongst the customers; (ii) the commercial banks should invest in customer sensitization and education so as to enhance the level of customer appreciation of the CSR activities. In addition, the staff too should be sensitized on their roles and responsibilities in ensuring that the CSR activities succeed; and (iii) the commercial banks should develop policies and procedures to guide CSR activities, in which it should be clearly stipulated that a certain percentage of net profits be channeled to CSR activities. This will ensure that CSR is not undertaken on ad hoc basis.

5.5 Suggestions for Further Research

It is hoped that the findings of this study, will contribute to the existing body of knowledge and form basis for future researchers. The following areas for further research are thus suggested: - (i) While the current study focused on responses from the customers management of the commercial banks, future studies in CSR should seek to determine the impact of corporate social responsibility by focusing on responses from the commercial banks; and (ii) Future studies should seek to establish the nature, extent and adoption profile of CSR in other sectors of the economy in Kenya.

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APPENDIX I: STUDY SAMPLE OF COMMERCIAL BANKS

Code	Bank name	Building/street
01	Kenya commercial bank	Kencom/Moi avenue
02	Barclays bank	Pioneer house/
03	National bank of Kenya	NBK house –Harambee avenue
04	Standard bank	Stanchart house /Moi avenue
05	Stanbic bank	Kenyatta Avenue
06	Consolidated bank	Consolidated bank house/ Koinange street
07	Cooperative bank	Cooperative bank house /Haille Sellasie avenue
08	Equity bank	Kimathi street
09	K-rep bank	Kenyatta avenue
10	Family Bank	KTDA Building
11	ABC	Koinange Street
12	Bank of Africa	Nairobi
13	Imperial Bank	Biashara Street
14	Guradian Bank	Nairobi
15	Habib Bank	Koinange street
16	Diamond Trust bank	Nation center house /Kimathi street
17	Commercial bank of Africa	Standard street

APPENDIX II: QUESTIONNAIRE

This questionnaire has been designed to collect information from the customers of selected commercial banks in Kenya and is meant for academic purposes only. The questionnaire is divided into two sections. Please complete each section as instructed. Do not write your name or any other form of identification on the questionnaire. All the information in this questionnaire will be treated in confidence.

PART I: CUSTOMERS GENERAL INFORMATION

Part one requires that you tick the box relevant to your demographics.

1. Gender of the respondent

Male female

2. What is your Age bracket?

18- 24 years
25- 35 years
36- 45 years
46- 55 years
Above 55 years

3. What is your Occupation?

Self employed
Employed
Professional

4. Please state your Bank/ Banks.

Bank -----branch -----

Bank -----branch -----

Bank -----branch -----

PART II: AWARENESS OF CSR

6. Do you know of any CSR activities undertaken by Commercial Banks?

Yes No a little

7. Name the Banks.

8. Please indicate which of the following social activity events your bank was recently involved in.

1. Environmental protection
2. Community development
3. Support for social institution
4. Employees welfare
5. Customers education

9. Have you ever been involved or notified by your bank of any of its social activities in your community?

Yes Rarely No

10. Are you familiar with the Corporate Social Responsibility Policy of your bank?

Yes No a little

PART II CONCERN FOR SOCIAL RESPONSIBILITIES ISSUES

The following are deemed as the social concerns for existence of corporate businesses. Your expectations from these businesses, in terms of social issues are sought through your opinions or concerns. Please indicate the extent you agree or disagree with the assertions about the involvement of banks and other organizations in the social issues listed below by circling the number on the Right Hand Side, such that if you ‘strongly disagree’ then, circle 1, and if you ‘strongly agree’ then, circle 5.

Use the **likert scale** below to guide you, when circling:

Where 1 – strongly disagree

- 2 –disagree
- 3- uncertain
- 4 –agree
- 5- Strongly agree

agreement scale

- It is responsible of the company to train and develop the employees 1 2 3 4 5
- It is responsible of the bank to provide the employees with welfare services such as medical cover, recreation facilities and housing. 1 2 3 4 5
- Banks should offer equal employment opportunities 1 2 3 4 5
- It is important for a bank to disclose all information to customers with regard to services offered charges and interest rates charged. 1 2 3 4 5
- Advertisement should not be misleading at any time 1 2 3 4 5
- I will pay more to get services from a bank that cares for our well being of our society 1 2 3 4 5
- Banks have a responsibility to support environment conservation initiatives. 1 2 3 4 5

PART III: INFLUENCE OF CSR IN DECISIONS TO BANK WITH A PARTICULAR COMMERCIAL BANK

11. How important is your bank’s CSR activities in your choice of this bank? Please tick where applicable.

1. Not important at all
2. Somehow important
3. Very important

12. Do you believe Banks are committed to CSR initiatives?

NO YES

Please comment -----

13. In your opinion are they doing enough?

NO YES
 14. Please, indicate how the following factors have influenced your decision to choose your bank service provider.

Use the **likert scale** below to guide you, when circling:

- Where 1 – definitely influenced
- 2- fairly influenced
- 3- Definitely not

	1	2	3
Skilled and well trained staff			
Support staff based on social diversity			
Good working environment for staff			
Excellent customer service			
Sufficient customer information			
Fair rates and bank charges			
Support social institutions e.g. schools health centers etc			
Donates to society misfortunes e.g. ethnic clashes, draught, floods etc			
Supports Environment protection initiatives			
Encourages staff volunteering for environment cleaning			

15. What is your recommendation with regard to Commercial Banks CSR initiatives?

THANK YOU

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