THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN BUILDING AN ORGANIZATION’S CORPORATE IMAGE: THE CASE OF KENYA COMMERCIAL BANK.

by

Roselyne Ngina Mutavi

A thesis presented to the School of Communication

of

Daystar University
Nairobi, Kenya

In partial fulfilment of the requirements for the degree of

MASTER OF ARTS
in Communication

October 2020
APPROVAL

THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN BUILDING AN
ORGANIZATION’S CORPORATE IMAGE: THE CASE OF KENYA
COMMERICAL BANK.

by

Roselyne Ngina Mutavi
12-0302

In accordance with Daystar University policies, this thesis is accepted in partial
fulfilment of the requirements for the Master of Arts degree.

Date:

Mercy Njagi- Njoroge, MCom,
1st Supervisor

Caroline Kiarie, MSc,
2nd Supervisor

Kinya Mwithia, PhD,
HoD, Strategic & Organizational
Communication

Levi Obonyo, PhD,
Dean, School of Communication,
DECLARATION

THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN BUILDING AN ORGANIZATION’S CORPORATE IMAGE: THE CASE OF KENYA COMMERCIAL BANK.

I declare that this thesis is my original work and has not been submitted to any other college or university for academic credit.

Signature__________________________                   Date______________________
Roselyne Ngina Mutavi
12-0302
ACKNOWLEDGEMENTS

I take this opportunity to express my appreciation to all the people who walked with me throughout this study, without whose support I would not have completed this journey. I would like to thank my supervisors for their invaluable expert support. My sincere gratitude to my supervisor, Mercy Njagi-Njoroge for her professional mentorship, patience, and encouragement, that kept me motivated. I am also greatly indebted to my second supervisor, Caroline Kiarie, for her expert mentorship and guidance throughout my thesis journey. My editor, Jane Wambua, you are highly appreciated.

Sincere appreciation goes to my family for their support, patience, and inspiration. My husband, Mathew Mulei; my children, Brian and Andrew; and my mom, Mary; and everyone who kept me in prayer - thank you.

This study would not have been possible without the co-operation of the Kenya Commercial Bank’s employees and external stakeholders. Special gratitude goes to Judith Sidi Odhiambo for being available whenever I needed any clarifications about the bank’s corporate social responsibility. To Charlotte Obado, Sylvia Mutua, Jerry Abuga, and all the employees who took part in the study, I am grateful.

I further register my humble appreciation to the Daystar fraternity. To the lecturers, staff, fellow students, and my friends - for your impact on my life, many thanks.
TABLE OF CONTENTS

APPROVAL ................................................................................................................. ii
DECLARATION ........................................................................................................ iv
ACKNOWLEDGEMENTS ........................................................................................... v
TABLE OF CONTENTS ............................................................................................. vi
LIST OF TABLES ..................................................................................................... viii
LIST OF FIGURES ................................................................................................... ix
LIST OF ABBREVIATIONS AND ACRONYMS ....................................................... x
ABSTRACT ........................................................................................................... xi
DEDICATION ......................................................................................................... xii
CHAPTER ONE ............................................................................................................1
INTRODUCTION AND BACKGROUND OF THE STUDY ..........................................1
  Introduction ......................................................................................................... 1
  Background to the study ..................................................................................... 5
  Statement of the Problem ................................................................................... 11
  Purpose of the Study .......................................................................................... 12
  Objectives of the Study ..................................................................................... 12
  Research Questions ............................................................................................ 13
  Justification for the Study .................................................................................. 13
  Significance of the Study ................................................................................... 13
  Assumptions of the Study .................................................................................. 14
  Scope of the Study ............................................................................................. 14
  Limitations and Delimitations of the study ....................................................... 14
  Definition of Terms ............................................................................................ 15
  Summary ........................................................................................................... 16

CHAPTER TWO .........................................................................................................17
LITERATURE REVIEW ............................................................................................17
  Introduction ....................................................................................................... 17
  Theoretical Framework ..................................................................................... 17
  General Literature Review ................................................................................. 22
  Empirical Literature Review .............................................................................. 37
  Conceptual Framework ..................................................................................... 38
  Summary ............................................................................................................ 40

CHAPTER THREE ....................................................................................................41
RESEARCH METHODOLOGY .................................................................................41
  Introduction ....................................................................................................... 41
  Research Design ................................................................................................. 41
  Population .......................................................................................................... 42
  Target Population .............................................................................................. 42
  Sample Size ...................................................................................................... 42
  Sampling Techniques ........................................................................................ 43
  Data Collection Instruments ............................................................................ 44
  Data Collection Procedures ............................................................................ 47
  Pretesting ......................................................................................................... 48
  Data Analysis Plan ............................................................................................ 51
LIST OF TABLES

Table 4.1: Reliability of Questionnaire ................................................................. 55
Table 4.2: Response Rate ....................................................................................... 56
Table 4.3: Respondents’ Gender (N=225) ............................................................. 57
Table 4.4: Respondents’ Age Bracket ..................................................................... 57
Table 4.5: Respondents’ Education Level ............................................................... 58
Table 4.6: Internal Respondents’ Position at KCB ............................................... 59
Table 4.7: KCB’s CSR and Public Perceptions ....................................................... 67
Table 4.8: CSR Benefits to KCB’s Corporate Image.............................................. 70
Table 4.9: Stakeholder Perceptions on KCB’s CSR .............................................. 72
LIST OF FIGURES

Figure 2.1: The Pyramid of Corporate Social Responsibility ..................................... 25
Figure 2.2: Conceptual Framework ............................................................................ 39
Figure 4.1: Occupation of External Stakeholders ....................................................... 59
Figure 4.2: Internal Stakeholders’ Duration of Work at KCB .................................... 60
Figure 4.3: Frequency of KCB’s CSR Activities ....................................................... 66
Figure 4.4: Kenya Commercial Bank’s CSR Activities ............................................. 68
Figure 4.5: Challenges of CSR Implementation at KCB ......................................... 74
# LIST OF ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>KCB</td>
<td>Kenya Commercial Bank</td>
</tr>
</tbody>
</table>
ABSTRACT

Corporate social responsibility (CSR) arises from the need for organizations to meet their various stakeholders’ expectations, and organizations all over the world are increasingly becoming socially responsible. The aim of this study was to find out the role CSR plays in the building of an organization’s corporate image. The study focused on the Kenya Commercial Bank (KCB), not only because of its extensive coverage of Kenya but also because it covers the entire East Africa region. The research was anchored on the stakeholder and the attribution theories, both of which helped in understanding how the bank relates with its stakeholders and also the perceptions of the stakeholders towards the bank for practicing CSR. A descriptive study design was used in this study because the aim was to study the characteristics of the population without any manipulations. The population of the study was KCB’s 6,483 employees and its external stakeholders. The target population was KCB’s Nairobi 1742 employees and 1500 external stakeholders from which a 10% sample was drawn randomly. Data collection was done through triangulation, where questionnaire and interview guide were used. Quantitative data was analyzed through Microsoft Excel and the Statistical Package for the Social Sciences (SPSS) version 22, while qualitative data was analyzed thematically. The findings were presented through tables and charts. The study revealed that an organization’s CSR activities contribute towards building its corporate image and that stakeholders are attracted to an organization that practices CSR. This because CSR makes stakeholders have a positive perception towards the organization. The researcher recommends a study of other banks, using both internal and external stakeholders.
DEDICATION

To my beloved family: my husband Mathew, for your patience and support throughout my studies; my children Brian and Andrew, for your encouragement and inspiration; and my mom, Mary Ndila, for your prayers.
CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

Introduction

The nature of business in the banking industry exposes banks to higher public scrutiny in comparison to other non-financial services organizations. What this implies is that there are various stakeholders with expectations that banks have to strive to meet. Thus, there has been an increase in corporate social responsibility (CSR) activities in the banking industry, as reported by Scholtens (2008). Such activities are geared toward meeting the stakeholders’ expectations. This is seen as a way of giving back to society as well as meeting government regulations. In some countries, for example, it has become mandatory for organizations to give back to society. India, for instance, entrenched CSR practice in the companies act of 2013, consequently making it (CSR practice) a statutory requirement (Edwin, 2014). CSR refers to the act of giving back to society.

According to the World Business Council on Sustainable Development (2000), CSR is “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community at large” (as cited in Idowu and Filho, 2009, p. 253). The implication is, therefore, that organizations are ethically required to give back to society. The European Commission (2011) described CSR as “responsibility of organizations for their impacts to society” (p. 6).

From the foregoing, we can conclude that CSR is an organization’s duty to give back to society. Every organization needs the society in order to thrive both
economically and socially. Therefore, it would not be possible for the organization to thrive (economically and socially) if it does not contribute to the common good of society. For this reason, any organization will need to give some of its proceeds towards the society's wellbeing and for environmental sustainability.

Environmental degradation is increasing day by day; thus, it is the duty of every organization to work towards a better and cleaner environment. CSR integration becomes successful if the players view it as a win-win situation for both the organization and the society. This is because both the organization and the society stand to benefit from CSR activities. Corporate image/the perceptions of an organization’s publics about the organization is a crucial factor in the overall evaluation of the organization, especially because it helps to distinguish it (the organization) (Kandampully & Hu, 2007). The role played by CSR practices in building an organization’s image should be a critical consideration for any organization.

Various studies have concluded that stakeholders make perceptions about an organization based on such an organization’s engagement in CSR activities. CSR can be understood from various perspectives. For instance, Carroll (1991) categorized CSR into the following four levels, which make up the CSR pyramid: economic, legal, ethical, and philanthropic. Each level addresses different stakeholder groups of the organization. Freeman (1984), in the stakeholder theory, also saw the importance of identifying the various stakeholders of an organization and aligning the stakeholders’ interests with the organization’s policies (as cited in Freeman, Harrison, Wicks, Parmar, & De Colle, 2010). This, according to Freeman (2010), helps to propel an organization’s business towards success.
There is need for organizations to embrace the diversity of their stakeholders so as to balance all their (stakeholders) interests, which according to Heath (1998), presents a win-win situation for both the organization and its stakeholders (as cited in Botan & Hazleton, 2006). Embracing these diversities requires direct engagements with these stakeholders, and this helps in the fostering of long-term relationships between an organization and its stakeholders. In other words, if organizations are to have successful businesses, they will need to make deliberate efforts to cultivate relationships with their stakeholders. Organization-stakeholder relationships are made possible by communication. In this regard, the two-way symmetrical communication by Grunig and Hunt (1984) comes in handy because it promotes mutual relationships, where the organization is open to dialogue with its stakeholders, as opposed to having a one-sided communication from the organization.

Corporate social responsibility is an essential element in creating favorable perceptions. The attribution theory, according to Heider (1958) elaborates how individuals seek to interpret meanings of activities or experiences based on the perceived motive (as cited in Malle, 2011). In support of this, Kay (2006) stated that societies use social activities to form perceptions. The inference for this is that an organization that is viewed as being selfish or deceitful in its CSR initiatives will attract negative perceptions from the stakeholders (Dean, 2003), and the result will be a negative corporate image. Understanding the attribution theory thus guides organizations to deliberately and carefully plan activities that aim at building a positive corporate image.

Karaosmanoglu, Bas, and Zhang (2011) maintained that positive perceptions about an organization result in stakeholders having favorable intentions towards the
organization. Hence, organizations need to identify the interests of their diverse stakeholder groups and thus strive to balance such interests (Bonnafeous-Boucher & Rendtorff, 2016; Freeman, 2010; Freeman et al., 2010). According to Pomering and Johnson (2009), an organization that helps its stakeholders stimulates better perceptions compared to one that does not. Consequently, in the view of Mandina, Maravire, and Masere (2014), CSR is an embodiment of corporate image itself. Corporate image differentiates an organization; hence, as per Bravo, Montaner, and Pina (2010), it gives an organization a competitive advantage.

Despite the fact that CSR is linked with various benefits to both the organization and its stakeholders, scholars have differed on whether organizations should engage in CSR practice or not. The proponents for the practice of CSR have cited that it improves the quality of life in the community (Manyange, 2013; Urip, 2010), strengthens an organization’s corporate image (Keinert, 2008; McElhaney, 2008; Ray & Raju, 2014; Rindell, Edvardsson, & Strandvic, 2010; Urip, 2010), and earns trust for an organization from the stakeholders (Lindgreen & Swaen, 2010). The opponents of CSR, on the other hand, have contended that CSR is too broad and vague to be relevant (Banerjee, 2001), and that profit maximization is sufficient social business (Jensen, 2002; Porter & Kramer, 2011).

Literature has shown that due to the intangible nature of banking services, survival in the banking industry largely depends on the trust an organization earns from its stakeholders (Perez, Salmones, & Bosque, 2013). As reported by Marin, Ruiz, and Rubio (2009), banks have become proactive in CSR engagement. Some of the reasons behind the banks’ engagement in CSR, as posited by Sen and
Bhattacharya (2001) include customer loyalty and trust, positive brand attitudes, and combating negative publicity.

In this chapter, the background of the study and a statement of the study problem are provided. Since the study focused on KCB, an overview of the bank is given. Outlined also is the purpose that drove the study, the study objectives, and the research questions that the study set out to answer. Moreover, the possible limitations for the study are discussed, including how they were mitigated. The premise for the study and its targeted beneficiaries are also discussed. Finally, the key terms used in the study are defined.

Background to the study

Organizations all over the world have a driving force. It is in this line that profits are viewed as the motive behind every organization’s operations. This, however, need not be the case, because, arguably, focusing solely on profit maximisation may work against the organization, especially when faced with conflicts. In support of this, Porritt (2005) posited that organizations may suffer the “bottom line backlash” whereby stakeholders may have a negative attitude towards an organization that is deemed to favour shareholders over other stakeholders. This is because organizations do not exist in a vacuum; there is always a society within which any given organization is situated.

Any community would be interested in economic development as well as the management of the environment, and as a result, organizations need the community to succeed. The reason for this is that the community provides some of the resources required by the organisation, such as workforce and clientele. For this reason, there is
a need for the existence of a relationship between the organization and the community. Also, a balance has to be maintained in this kind of relationship. The desire by organizations to give back to society is depicted by the increasing adoption of CSR practice by various organizations. Moreover, organizations need to involve all their stakeholders such as shareholders, investors, employees, service providers, government, consumers, and special interest groups. They also need to involve the society within which they are positioned.

Carroll and Buchholtz (2012) opined that for CSR to be successful, there is a need to entrench it into the bigger management strategy, as this ensures its complete integration into the organization’s strategy. Carroll and Shabana (2010) viewed this entrenchment as a principal business function essential to a firm’s strategy. One of the reasons behind an organization’s engagement in CSR activities is its need to create good mental pictures or perceptions in the eyes of the public. These mental pictures are also known as corporate image, or, as Weiwei (2007) put it, the “sum of ideas, beliefs and impressions” that a public holds regarding an organization (p. 58).

Corporate image is a factor for differentiation for the organization. Hence, there is need for deliberate efforts to get management buy-in into practices such as CSR which affect an organization’s corporate image. Bravo et al. (2010) contended that corporate image distinguishes an organization from its competitors. For this reason, the duty of cultivating a favorable corporate image cannot be left to the corporate communication department only. Having everyone on board makes it easy to implement such practices. McDonald and Hung Lai (2011) argued that including CSR considerations into strategic thinking enhances a bank’s corporate image and contributes towards attracting more customers.
Although the fundamental aim of incorporating CSR into an organization’s processes is to create value for all stakeholders, there is always the profit benefit accompanying it. This is because a favorable corporate image is assumed to attract customers, employees, favorable media attention; and also augment the reputation of an organization. Needless to say, it is paramount for an organization to research on the best CSR practices that would build a favorable corporate image. Combe (2014) pointed to economic benefits of CSR when he stated that CSR not only gives support to the organization’s mission but also has an impact on the organization’s economic performance, hence the reason it (CSR) should be ranked high amongst the strategies of the organization. The statements mentioned above underscore the importance of embedding CSR in the overall management strategy.

It is worth noting that CSR is not solely about giving money. Organizations should look for the best ways to practice CSR. There is need, thus, to work on managing relationships with the various stakeholders in order to have positive impacts and still generate profits. Organizations can engage in various CSR options, including health activities, education, staff welfare, and environmental cleanups.

Despite its popularity, CSR is not devoid of challenges. Opponents of its practice, such as Henderson (2001), Friedman (1993 as cited in Chwistecka-Dudek, 2016), and Obloj (2010 as cited in Chwistecka-Dudek, 2016) have argued against the incorporation of CSR into an organization’s management strategy, claiming that an organization should only look out for its shareholders’ interests. Henderson viewed CSR as a misguided virtue, arguing that the so-called social expectations are only for satisfying non-governmental organizations. Similarly, Friedman postulated that managers should only satisfy the interests of shareholders, since taking on tax
liabilities only serves to hurt stakeholder interests, such as reducing shareholders’ wealth, reducing employees’ salaries, and increasing prices for customers (as cited in Chwistecka-Dudek, 2016). On his part, Obloj reported that some challengers of CSR view the practice as a limitation to the realization of an organization’s only goal, that is, profit maximization; hence organizations should avoid doing what they were not established for (as cited in Chwistecka-Dudek, 2016).

The opponents of CSR thus perceive its integration as favoring some stakeholders against others; consequently, it is the duty of management to attempt to work towards showing the value of CSR to shareholders. Consciously taking into account the interests of all stakeholders would help balance the CSR strategy while avoiding harm to any of the stakeholders.

Kenya Commercial Bank (KCB)

Kenya Commercial Bank was established in 1896 along the East African coastline and has since grown to be the widest networked bank in the region with over 263 outlets backed by over 962 automated teller machine outlets, 15,082 agency outlets, and over 200 correspondent relationships across the globe (KCB, 2017). The bank has a presence in seven East African countries, namely Kenya, Uganda, Tanzania, Rwanda, Burundi, South Sudan, and Ethiopia. In each of these countries, there is a representative office. Furthermore, the bank has a wide range of services which include corporate banking; trade finance, through small and medium-sized enterprises and individuals; mortgage financing; credit card facilities; bancassurance; and capital requirements. All these services are undertaken through KCB Capital Limited. The bank has a client base of 15.7 million people (KCB, 2017).
KCB and CSR

Kenya Commercial Bank is one of the organizations that run very extensive CSR programmes in Kenya. The bank’s CSR programmes are not limited to Kenya only, as they run across the entire East African region, where the bank has over 263 branches (KCB, 2017). The corporate affairs department oversees the monitoring and execution of CSR activities (KCB, 2017). The KCB’s CSR policy focuses on health, environment, education, enterprise development, and humanitarian development (KCB, 2017). These areas are aligned with Carroll’s (1991) pyramid of CSR, as they traverse all the four categories of responsibilities.

For KCB, the priority stakeholders are investors, employees, government and regulators, customers, and communities (KCB, 2015). The bank’s CSR activities work towards the achievement of sustainable development goals (SDGs) which are a set of 17 goals and 169 targets for resolving social, economic and environmental problems in the world (KCB, 2015). In order to facilitate the smooth running of its CSR activities, KCB established the KCB Foundation in 2007, which was mandated to carry out community support initiatives in all the bank’s markets. One percent of the group’s before-tax profits are remitted to the foundation to facilitate approved programmes every year.

The KCB’s engagement in CSR activities does not go unnoticed. The bank has thrice won the Euromoney Award of Excellence, a global award of excellence (Cesra, 2017). While receiving the third award in 2017, KCB’s chief executive officer, Joshua Oigara, emphasized the bank’s commitment to making a difference in society’s lives. Oigara added that it makes business sense to embed CSR in KCB’s business (Cesra, 2017).
The KCB Foundation in 2015 supported 800 needy children, chosen from each of the 47 counties in Kenya, through its secondary education scholarships (KCB, 2015). There has also been a number of scholarships across the entire East African region. Additionally, in Rwanda, the Foundation has sponsored teachers following the country’s switch from the French language to the English language. The Foundation also provided learning materials and laboratory equipment to over 200 institutions in Rwanda, and 90 desks to schools in Tanzania in the desk matching program (KCB, 2015). In total, over 800 schools benefitted from learning materials and computer laboratories, while over 30 schools benefitted from the reconstruction of classrooms (KCB, 2015).

The KCB Foundation is committed to the promotion of quality health as demonstrated by the provision of hospital equipment and treatment services, for example, dialysis machines and kidney transplants through strategic partnerships with health providers. According to the KCB’s 2013 annual report, in 2013 the bank funded the kidney transplant operations of 10 children in Kenyatta National Hospital and also provided dialysis machines to Kakamega, Kisii, and Coast Level Five Hospitals in Kenya. The bank also funded heart operations for 15 children and undertook rheumatic heart disease screening for 10,000 children at the Mater Hospital (KCB, 2013).

Through its Foundation, KCB additionally refurbished hospital wards in Burundi and provided equipment for pediatric and maternal wards in Mawenzi Regional Referral Hospital in Tanzania ((Daily Nation Reporter, 2014). The bank also donated baby incubation units in hospitals and sponsored surgeries for cleft lip corrections in partnership with the AMREF in Uganda (Daily Nation Reporter, 2014).
Over the years, KCB has been investing hundreds of millions of shillings in CSR. In 2014, for instance, the KCB Foundation invested over 200 million Shillings in various CSR activities. The bank donated three dialysis machines to hospitals in Kenya, among them, Muranga Level Three Hospital; Machakos Level Five Hospital; and Moi Teaching and Referral Hospital, in Eldoret. These machines increased the capacity of the hospitals by 400 sessions per year for each hospital. Through the KCB Foundation, the bank also organized two medical camps in Nairobi and Nanyuki, Kenya, during the World Kidney Day in August 2015, where over 6000 people benefitted from kidney screening (KCB, 2015).

Investing in such areas as education and health improves the wellbeing of society (Dyakova et al., 2017). Similarly, Chattananon, Lawley, Trimetsoontorn, Supparerkchaisakul, and Leelayouthayothin (2007) observed that an organization that cares for society’s wellbeing creates a favorable perception as compared to one that does not, adding that organizations are notably engaging in CSR to improve their corporate image. Additionally, KCB also engages in the environment, enterprise development, and humanitarian support (KCB, 2016).

Statement of the Problem

Businesses are putting in the effort to integrate the interests of other stakeholders in their (businesses) decisions and operations, and this has made CSR a fundamental part of organizations (Carroll, 2015). There is increasing debate on the importance of CSR to such organizations; resultantly, there have been various studies about the effects of CSR (Carroll, 2015). Locally, the literature on CSR in the banking industry is limited or inconclusive.
Recent studies on CSR in the banking industry, with a specific focus on Kenya, have shown that the performance of a bank has a significant effect on CSR initiatives (Gachengo, 2010). A study by Muchemi (2010) looked at the attitudes and perceptions of internal publics towards CSR and reported that there was apathy towards CSR. The existing studies have either studied internal or external stakeholders.

Scholars have recommended the inclusion of all stakeholders in the planning CSR initiatives (Freeman, 2010; Freeman et al., 2010). To evaluate the role of CSR in an organization’s corporate image, it is necessary to study all the stakeholders of the organization. Regarding previous studies, this researcher observed a gap in terms of inclusion of all stakeholders’ perspectives. Hence, through this research, the researcher sought to incorporate the perspectives of both internal and external stakeholders.

Purpose of the Study

The purpose of this study was to establish the role CSR plays in building the KCB’s corporate image.

Objectives of the Study

1. To identify the CSR activities that affect KCB’s corporate image.
2. To establish the benefits of CSR in KCB’s corporate image.
3. To determine stakeholder perceptions towards KCB’s CSR.
4. To find out the challenges KCB faces during its implementation of CSR initiatives.
Research Questions

1. Which CSR activities affect KCB’s corporate image?
2. What benefits does KCB achieve from CSR activities in relation to its corporate image?
3. What are the stakeholder’s perceptions towards the KCB’s CSR?
4. What challenges does KCB face during its implementation of CSR initiatives?

Justification for the Study

Many organizations do not carry out CSR activities. Therefore, the findings of this study would go a long way in educating the public and the corporate world on CSR and its benefits, if any, to an organization as well as to the society.

Significance of the Study

The findings of this study would be beneficial to the corporate affairs departments in organizations, as they would get to know how their stakeholders perceive them. They would be able to identify the CSR initiatives that appeal to the public.

The study findings could also assist decision-makers in banking institutions regarding determining the implication of their (decision-makers) budgetary allocations towards CSR initiatives.

Furthermore, the findings could help other stakeholders such as the government in advocating for CSR activities within banks and other institutions, as well as being reference material to scholars who wish to study the field of CSR and image building in the future.
Assumptions of the Study

This researcher assumed that all the selected respondents had a recognition of KCB. Another assumption was that all the respondents understood the meaning of CSR. The researcher further assumed that, due to assured anonymity, the respondents would give responses that reflected their true perceptions of KCB’s CSR.

Scope of the Study

This study was confined to KCB’s internal and external stakeholders. Data collection was done in Nairobi County over a period of two months - from June to July 2018. The data was obtained from KCB employees of different levels, who were randomly selected from the bank’s branches in Nairobi, and the bank’s external stakeholders. The study area, Nairobi, was purposively selected due to time and financial limitations on the researcher’s part.

Limitations and Delimitations of the study

1. To mitigate the possibility of obtaining inaccurate information from the respondents, the researcher interviewed not one but three KCB managers, who are experts in the bank’s CSR by virtue of their positions.
2. Some of the respondents were hesitant in filling the questionnaires because they felt that they would be giving confidential information. Towards addressing this, the researcher used letters obtained from Daystar, NACOSTI, and KCB to reassure the respondents that the research did not seek to disclose the organization’s information. The respondents were also reassured that the questionnaires were anonymous; hence there would be no victimization of the respondents by the organization.
3. Considering that the respondents were not at a central point, accessing them was a possible challenge. To ensure that all the respondents were reached, the researcher delivered hard copies of the questionnaire where possible and emailed soft copies where it was not possible to deliver the hard copies.

4. Limited literature. The available literature on CSR in the banking industry in Kenya is minimal. The study therefore utilized online journals available on the Daystar University E-Library and other repositories, as well as other literature in the library.

Definition of Terms

This study used various terms used which a layman may not interact with in his or her daily activities. Thus, their definitions, as used in the study, are given below.

Corporate communication: According to Cornelissen (2011), this term refers to the integration of all of an organization’s communication activities to maintain valuable reputations with different stakeholders.

Corporate image: This is the mental picture one has of an organization. The term has been defined by Giovanis, Zondiros, and Tomaras (2014) as the mental picture that crops up at the mention of an organization. In this study, KCB’s corporate image was evaluated based on the mental pictures its (KCB) stakeholders formed due to the bank’s CSR activities.

Corporate social responsibility (CSR): This is the duty that an organization has towards society, that is, what it does to give back to society.
Organization: An organization is a group of people working together with shared goals and resources. Buchanan and Huczynski (2010) defined an organization as “a social arrangement for achieving controlled performance in pursuit of collective goals” (p. 8). In this research, this term was used interchangeably with other terms such as a company or a corporate citizen.

Publics or stakeholders: The entities that affect or are affected by an organization’s activities (Freeman et al., 2010). KCB identifies its major stakeholders as investors, government, customers, employees, the regulator, financial institutions, media, and the community. This study focused on KCB’s employees, who are the internal stakeholders and members of the community, also referred to as external stakeholders. Some members of the community may also be customers of the bank.

Summary

This chapter focused on the reasons for carrying out the study on the relationship between CSR activities and an organization’s corporate image. This was done through an elaborative description of the background, a clear statement of the problem at hand, and why the study needed to be carried out. Further, the benefits of the study to organizations and society at large have been clearly illustrated. The terminologies used, which may have a different meaning from the everyday meaning, have also been defined in the context of the study. In the next chapter, various literature, including theories about CSR and corporate image building, are discussed.
CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter delves into scholarly works pertaining to the topic under study. Two major theories relating to CSR and corporate image were studied. A review of the stakeholder theory, which underscores the importance of a relationship between an organization and its stakeholders, is given. The theory’s interaction with CSR is also shown. Secondly, a discussion of attribution theory, which depicts how people make perceptions, is provided. Additionally, a review of other scholarly works is presented to aid in understanding the concept of CSR and its relationship with corporate image building. Also included in this chapter are a discussion of the benefits and challenges of CSR activities, as well as arguments for and against CSR.

The two-way symmetrical model of communication, which gives the best way for communication between the organization and its stakeholders, is included in this chapter. Furthermore, review of the general and empirical literature and the conceptual framework of the study, are covered in the chapter.

Theoretical Framework

In as much as scholars are of different views, what comes out clearly is their consensus that organizations have various stakeholders, albeit that some organizations treat some stakeholders with more importance than others. Moreover, theories have also been put forth to help in the understanding of the relationship between CSR and corporate image. In this study, stakeholder theory and attribution theory were
discussed, in a bid to understand the relationship between CSR and corporate image. A communication model was also discussed to expound on how relationships with stakeholders can be improved.

Stakeholder Theory

In the stakeholder theory, Freeman (1984 as cited in Freeman, 2010) directed his attention to the people in the systems, that is, the stakeholders of an organization, thereby bringing organizations closer to human approach than the then existing mechanical approach. Freeman et al. (2010) defined stakeholders as “any group or individual that can affect or be affected by the realization of an organization’s purpose” (p. 20). This means that all stakeholders are an important part of the organization, so much so that without their support, the organization would not be in existence.

This theory recognizes that most firms have a large set of integrated stakeholders to which they have an obligation and responsibility. Freeman et al. (2010) recommend that an organization pinpoints and negotiate with its stakeholders to establish the best ways to propel the business forward. An organization is a human institution whose objectives should emanate from a balancing of all stakeholders’ interests (Freeman, 2010). This is reinforced by Bonnafous-Boucher and Rendtorff (2016), whose view was that the organizations’ managements should aim to unite all the interests of different parties so as to bring about social justice to all the stakeholders. Hence according to Bonnafous-Boucher and Rendtorff, the organization should be looking for ways of contributing to the common good of the community.

Evidently, CSR is one of the ways of contributing to the wellbeing of the community. In Freeman et al.’s (2010) view, recognizing all stakeholders does not
mean that the stakeholders’ representatives should be part of the organization’s board. Rather, the organization’s management should focus on how value can be created for all. The stakeholder theory underscores the need for an organization to consider the kind of picture it wants to create in stakeholders’ minds when determining what CSR activities to participate in. This is because the organization is seen as a sum of relationships with several groups, thus having a cordial relationship with the various groups aids it in creating value for all (Freeman et al., 2010).

From the foregoing, it is clear that an organization’s main aim should not be to maximize the shareholders’ economic interests, who, arguably, are just one of the several claimants of the stakes of the organization. Halal (2000) was in favor of this, as evidenced in his contention that stakeholders contribute greater resources than their monetary resources. This emphasizes the importance of putting into consideration all the stakeholders of the organization when making managerial decisions in the organization.

Accordingly, using the stakeholder theory along with CSR, is a “necessary process in the operationalization of CSR” (Matten, Crane, & Chapple, 2003, p. 111). This emphasizes the need for organizations to manage the relationship between all stakeholders, whether internal or external. Definitely, managers are expected to understand how to improve stakeholder-company relationships because their organizations’ policies and activities should be beneficial to all their stakeholders (Bhattacharya, Korschun, & Sen, 2009). This is collaborated by Freeman, Wicks, and Parmar (2004) in their assertion that the organization should define what kind of relationships it needs to cultivate with its stakeholders in order to deliver its purpose.
Evidently, identifying and integrating the different stakeholders' various needs or interests will help the organization develop strategies that cater to all the stakeholders (Freeman, 2010). This theory was of benefit to this current research, since one of the research's objectives was to determine the KCB’s stakeholders’ perceptions.

Attribution Theory

Attribution theory is about how individuals seek to interpret whatever happens around them by scrutinizing actions targeting them. According to one of the theory’s proponents, Heider (as cited in Malle, 2011), meaning to experiences is derived from an individual’s perception of an act's motive. This means that individuals do not just consume such acts blindly; they question the motives behind them. Dean (2003) reinforced this, stating that attributions may be negative or positive. The implication is that when the motive behind an act is viewed as selfish, a negative inference is made and vice versa. This way, an organization's corporate image is impacted either positively or negatively.

In an organizational setting, for instance, stakeholders tend to appreciate an organization whose activities benefit all its stakeholders (Marin et al., 2009). On the other hand, an organization that is seen as insincere will attract negative perceptions. Conclusively, the perceived motive behind an organization’s CSR is what will determine its corporate image. Using the attribution theory, an organization needs to carefully plan its CSR programs to avoid appearing deceitful in the stakeholders' minds. Lee (2008) advised organizations to not engage in CSR activities blindly since CSR is not always perceived positively.
Two-Way Symmetrical Model of Communication

For CSR to be successful, there is need for communication that is two-way because the organization has to listen to its stakeholders and not just be prescriptive of programs to them without their input. Developed by Grunig and Hunt (1984), the two-way symmetrical model uses communication to negotiate with stakeholders and promote mutual relationships between them and the organization. According to the authors, organizations need to set up structured systems and processes to enable relationships’ building and facilitate dialogue.

Additionally, Grunig and Grunig (as cited in Botan & Hazleton, 2006) perceived this model as the “most effective in meeting organizational goals” (p. 308). This paints the organization as being open and embracing the diversity of its stakeholders, thus espousing tolerance and collaboration amongst all stakeholders. Furthermore, Grunig and Hunt (1984) maintained that symmetry here is about balancing the interests of all stakeholders. Quoting Aristotle, Heath (as cited in Botan & Hazleton, 2006) concurred stating that two-way symmetrical communication “can achieve a win-win, integrative outcome based on collaborative decision-making” (p. 217). Further, Heath was of the view that communication could help towards the decision making that works best for society (as cited in Botan & Hazleton, 2006).

Needless to say, it is beneficial to an organization to keep channels of communication open because it becomes easy to have feedback on any negative feelings about the organization. Furthermore, an organization that consults stakeholders in determining which CSR initiatives to undertake is more likely to achieve congruence between the CSR initiatives and stakeholders’ expectations. Arguably, organizations need to utilize two-way symmetrical communication to
achieve the image they aspire to stimulate amongst their stakeholders both within and externally.

General Literature Review

Corporate Social Responsibility (CSR)

Many scholars have contributed to the field of CSR; some in support of, while others criticize the practice. Steiner and Steiner (2009) argued that a corporation has a duty to create wealth in ways that avoid harm to, protect, or enhance societal assets. What this brings out is the fact that organizations have more responsibilities than just making profits. Freeman et al. (2010) opined that focusing on profit maximization alone neglects stakeholder relationships, and thus it should be the result rather than the goal. Therefore, profit maximization should result from the satisfaction of stakeholder interests (Freeman et al., 2010).

Corporate social responsibility has evolved since the 19th century, running through the three historical eras of industrialization, welfare states, and globalization (Blowfield & Murray, 2008; Steiner & Steiner, 2009). In spite of their frugality, the merchants of the 19th century donated to churches, orphanages, and poor people with the aim of gaining respectability. What is depicted here is that from as early as the 19th century, business people cared enough to want to create an image that favored them. However, individuals rather than organizations ventured into this. One such individual, Andrew Carnegie (1835-1919), as illustrated by Blowfield and Murray (2008), used 350 million dollars towards social causes, thereby building thousands of facilities.
During the welfare state period in the mid-1950s, CSR focus is perceived to have shifted from individuals to the organization as a whole. Concepts such as corporate social responsiveness, corporate social performance, and corporate sustainability with environmental concerns took root (Blowfield & Murray, 2008). Managers were seen as trustees and were expected to balance the interests of all stakeholders. Organizations were under obligation to undertake social projects that helped the public, according to Steiner and Steiner (2009), who further indicated that charitable organizations, such as the Red Cross and the Boy Scouts were formed during this period.

The mid-1950s marked the beginning of the globalization period of CSR. Bowen (as cited in Steiner & Steiner, 2009) laid out the basic arguments for social responsibility as follows: manager’s moral duty to reflect on the social effects of their decisions; organizations as reservoirs for talent and energy to improve civic life; organizations to use power putting into consideration the broader social contract, or risk losing their validity; improve society; and CSR may mitigate negative perceptions and unwanted regulations. The adoption of these arguments improved organizational performances and transformed their thinking about business-society relationships. Moreover, the arguments testify that CSR helps shape an organization’s corporate image by persuading the public.

Davis (as cited in Blowfield & Murray, 2008) argued that corporate responsibility begins where the law ends, meaning that in as much as organizations have legal obligations, they go beyond that as they practice CSR. Carroll (1991) has outlined the following four levels of CSR responsibilities in his CSR model: the economic responsibilities through which organizations are expected to be profitable;
legal responsibilities where they are supposed to do their businesses in accordance with the law; ethical responsibilities where they have an obligation to do business in a right, fair and just manner and; and philanthropic responsibilities in which an organization is expected to be a good corporate citizen through its contribution of resources to the community. This is what Carroll called the CSR pyramid, which is discussed below.

Carroll’s CSR Pyramid

There are four levels of CSR, as per Carroll (1991), which are at the core of CSR practice. Carroll simplified economic and legal responsibilities as organizations acting as required; ethical responsibilities as doing as per expectations; and philanthropic responsibilities as acting according to what is desired (Carroll & Shabana, 2010). All these categories came into play in this research, as it is expected that KCB is an organization with economic responsibilities, acts within the law, and acts fairly towards society. Figure 2.1 illustrates these four categories of CSR.
Figure 2.1: The Pyramid of Corporate Social Responsibility
Source: Carroll (1991)

Figure 2.1 depicts Carroll’s pyramid of CSR with the four categories as illustrated in Carroll (1991). These are explained below.

Economic responsibilities

Carroll (1991) argued that economic responsibilities are the foundation of CSR, without which the other categories would not exist. This is because an organization’s most significant purpose is to provide goods or services with the aim of making profits. Managers, Caroll asserted, should determine how best to achieve CSR and remain consistently profitable. Friedman (as cited in Carroll & Shabana, 2010) strongly supported the notion of profit maximization with the argument that the only social responsibility of organizations is to make profits.

On the other hand, Barnett contended against wealth maximization, arguing that it could minimize an organization’s influence on its stakeholders (as cited in Caroll & Shabana, 2010). This could mean that society may perceive an organization
as selfish if the latter puts too much emphasis on profit maximization, and see it as being exploitative. Either way, both arguments hold water in the sense that an organization has to make profits. Needless to say, the organization should be able to sustain a strong competitive position as well as a high level of operating efficiency.

Legal responsibilities

According to Carroll (1991), an organization is expected to carry out its business within the confines of the law. It should comply with the laws and regulations of the society or country it is situated in. Carroll and Shabana (2010) acknowledged that there are different views regarding legal responsibilities; on the one hand, they are seen as the totality of all social responsibility, while on the other hand, they are viewed to only represent a part of an organization’s responsibility to society. De Schutter (2008) concurred with this view, arguing that the fulfilment of CSR requires regulation.

Ethical responsibilities

Ethical responsibilities are about respecting stakeholders’ moral rights and goes beyond legal requirements (Carroll, 1991). They encompass acting fairly and justly towards stakeholders. The organization is expected to act as per existing society’s norms and mores, as well as recognize and respect any emerging ones. Further, Carroll (2004) posited that such norms should not be compromised in the quest for corporate goals. In a nutshell, Carroll (2004) defined a good corporate citizen as that organization that does what is expected of it.
Philanthropic responsibilities

The desire of stakeholders that organizations give back to society fits well in Carroll’s (1991) fourth level of CSR, where he stated that organizations are expected to be voluntarily charitable towards the community they operate in. Carroll emphasized the voluntary aspect of this level of responsibility by encouraging management and the rest of the staff to participate in CSR activities voluntarily. Further, they can engage in like private and public institutions and ameliorate the quality of life in their communities (Carroll, 1991). This level of responsibility is well played in KCB’s CSR engagements.

Stages of CSR

It takes time for CSR to be fully entrenched into a company’s operations. There are thus stages that move CSR from a mere legal compliance to full ownership. Mirvis and Googins (2006) identified five stages of CSR. In stage one, also known as the elementary stage, activities are geared towards legal compliance and are episodic without the senior management’s involvement. In stage two, also known as the engaged stage, the top management becomes involved because they are more aware of societal expectations and thus make CSR policies (Mirvis & Googins, 2006).

In the third stage, referred to as the innovative stage, the company’s CSR agenda is broadened, and the company owns and stewards the CSR agenda. The fourth stage, the integrated stage, entails the top management championing the CSR agenda and the organization being concerned about its (organization) environmental performance. In the final stage, also known as the transforming stage, the organization's chief executive office takes an external leadership role, where the
company discloses its activities. It is at this stage that the organization’s values influence business decisions (Mirvis & Googins, 2006).

**Stakeholder Theory and Carroll’s CSR Pyramid**

The stakeholder theory emphasizes the need to understand an organization’s entire stakeholder base in order to foster meaningful relationships with them. Through CSR, an organization creates some relationships with its stakeholders in the different categories of CSR as described in Carroll’s CSR pyramid. The choice of CSR activities is arrived at through communication amongst all stakeholders, which the organization is expected to facilitate. The stakeholder theory renders its importance in this study in that it guides the organization on how to identify and negotiate with its various stakeholders. This helps it to pick the best CSR activities aligned with the stakeholders’ expectations.

Carroll’s CSR Pyramid and the stakeholder theory can be said to be intertwined since both bring into play the relationships organizations should be having with all the stakeholders of the organization. Carroll’s (1991) four categories of CSR can be seen as the interests of different stakeholders. For example, the economic level can be interpreted as the kind of relationship the organization is expected to have with the investors and consumers. This means that the organization has to avail services and products to consumers while making profits for the investors.

Carroll’s (1991) CSR pyramid thus agrees with the stakeholder theory’s recommendation of considering the needs of different stakeholders to create value for all (Bonnafeous-Boucher & Rendtorff, 2016; Freeman, 2010; Freeman et al., 2010). For this reason, Carroll’s (1991) CSR Pyramid and the stakeholder theory were used in this study to complement each other. The various stakeholders of KCB, such as the
government, consumers, community, suppliers, investors, and employees fall within the four categories of Carroll’s CSR pyramid. For example, the investors would fit in the economic category while the government checks the legal aspects with employees expecting ethical treatment from the bank.

The community within which the bank is situated expects the bank to contribute to its welfare. Hence, the interaction between the bank and the community is at the philanthropic level of the pyramid. Moreover, the two-way symmetrical communication model assists in the back and forth communication between the organization and its various stakeholders, hence, its use in this study.

Corporate Image

Every organization needs to make a deliberate effort to build its corporate image. Giovanis et al. (2014) defined corporate image as the mental picture that crops up at an organization’s mention. Effort needs to be put into inspiring favorable perceptions about an organization. Karaosmanoglu et al. (2011) supported this argument by stating that favorable attitudes towards an organization lead to favorable intentions from stakeholders. Brown, Dacin, Pratt, and Whetton (2006) described an organization’s corporate image as the mental impressions the organization’s members believe outsiders have about the organization. Pomering and Johnson (2009) viewed corporate image as the perceptions of stakeholders about how an organization operates.

Hatch and Schultz (2003) summed corporate image as the feelings of the employees, as well as perspectives of shareholders, customers, the public, the media, and the external parties of the organization. This means that when a stakeholder has a positive corporate image towards an organization, it becomes likely that the
stakeholder will get involved with the organization. Since corporate image can be positive or negative, the organization should endeavor to deliberately build a positive one for itself. The choice of CSR activities is expected to affect how the stakeholder would view the organization. Rindell et al. (2010) held that having long-term stakeholder engagements yields a stronger corporate image for the organization.

A positive image not only attracts customers to an organization, but also increases stakeholders’ trust in the organization (Lindgreen & Swaen, 2010). In the view of Lopez, Gotsi, and Andriopoulos (2011), corporate image is formed by corporate, environmental, and individual factors, where; the actions of the organization; environmental factors, and an individual’s interpretations of an organization’s motives aid in shaping the organization’s image in the individual’s mind. Of course, corporate image is formed due to a stakeholder’s interaction with the organization through communication. The two-way symmetrical model of communication comes in handy as it aims to ensure that the organization gets to gauge stakeholder attitudes, and at the same time, the stakeholders can get to know the CSR practices that would be more beneficial to the stakeholders.

CSR and Corporate Image Building

Creating a favorable corporate image should be the prerogative of any organization, as this is beneficial to the organization. Corporate image, as discussed earlier, is the perception of the publics towards an organization. This is why an organization needs to invest in differentiating itself. Competitors form part of the stakeholders of an organization, consequently; they should be factored in as an organization develops its strategies. This would help avoid duplication, failure to which an organization can lag in the image building race. Smith and Taylor (2006)
asserted that corporate image is the result of everything a company does and that a
good image helps an organization create a competitive edge, especially over
organizations doing the same business.

According to Heller (2008), corporate image is like a tool that an organization
can use to break through the noise that embodies the communication environment. It
harmonizes the workforce leading to a uniformity in the organization-stakeholder
relationship (Jones, 2010). An organization that supports its stakeholders creates a
better perception than one that does not (Pomering & Johnson, 2009). Adding to this,
Wanjala (2011) opined that CSR helps uplift the community, thereby enhancing the
organization’s corporate image. Moreover, Barasa (2016) found that CSR activities
that target the environment endear the organization to the community; as a result,
inspiring a positive mental picture in the community.

As observed by Mandina et al. (2014), CSR is a portrayal of the corporate
image itself; it (CSR) is a demonstration that the organization plays its role by
contributing to the community. All these discussions point to the importance of a
deliberate effort towards building and maintaining a positive corporate image. There
is a need, therefore, for the organization to ensure that any CSR activities it engages
in target influencing mental perceptions that favor the organization. CSR is a tool that
organizations can use to balance their economic, social, and environmental
obligations and fulfill their duty to society.

Corporate social responsibility strategies should be geared towards helping
stakeholders in building optimistic brand images. When an organization integrates
community interests into its strategies, it is able to show its commitment to society,
thereby generating a positive image in the minds of the stakeholders. It is worth
noting that the degree to which an action creates a favorable perception depends on its 
(action) semblance with the publics’ expectations; hence, the two-way symmetrical communication's role in helping the organization identify the needs of its stakeholders. Through the two-way symmetrical communication, the organization can open channels of communication to and from the organization and is receptive to the communication from all its stakeholders.

Benefits of CSR to Organizations

Studies have revealed that the practice of CSR is beneficial to the organization as well as to society. Urip (2010) stated that CSR leads to an improved quality of life of the community and an enhanced organization’s corporate image. This leads to acceptance and goodwill by the community. Adding to this, Manyange (2013) observed that CSR gives back to the community and therefore concluded that it adds value to stakeholders. Moreover, Keinert (2008) stated that CSR enhances an organization’s corporate attractiveness. Besides, Girod and Michael (as cited in Katamba, Zipfel, Haag, & Tushabomwe-Kazooba, 2012) regarded CSR as a tool in creating and sustaining differentiated brand names.

Obviously, corporate image does give an organization a competitive edge since it differentiates it (organization) from its competitors (Bravo et al., 2010). A study by International Business Machines found that CSR activities give an organization a competitive advantage. This is because it forms a favourable corporate image in the minds of stakeholders (McElhaney, 2008).
Challenges of CSR

Some scholars have disagreed with the argument that organizations need to practice CSR despite its various benefits. For instance, Porter and Kramer (2011) argued that “conducting business as usual is sufficient social business” (p. 66). In agreement, Jensen (2002) added that organizations already contribute to society by making profits, but recognized that to succeed, organizations must address different constituents. In general, CSR criticisms are based on the argument that the practice is too costly for the organization and that it fades the global balance. Banerjee (2001), for instance, stated that “social responsibility is too vague to be useful” (p. 60) and “too broad in its scope to be relevant to organizations” (p. 42). These arguments are a pointer to the fact that organizations may face the challenge of investors who are reluctant to invest their resources in CSR.

According to Rana (2015), there are various CSR challenges in the banking industry. These include crisis of conceptualization - whereby the lack of a universal definition means that organizations could use non-CSR activities with vested interests; lack of public awareness; lack of community participation; lack of organizations to partner with; lack of trust by the community; invisibility or lack of clear communication of an organization’s CSR; political problems; and lack of clear CSR guidelines. Consequently, the successful implementation of any CSR programs requires that the organization finds ways to move past the hurdles mentioned above. Locally, some of the CSR implementation challenges include overwhelming poverty, community cultures, supplier bargaining powers, incompetent human resources, lack of adequate funds, and lack of clear guidelines in the bank (Mbogoh & Ogutu, 2017).
CSR in the Banking Industry

The nature of business in the financial sector presents a challenge when it comes to making sure that consumers choose them over competitors. This is because this sector’s products are intangible in nature. Accordingly, the survival of organizations in this sector largely depends on how much trust they can cultivate for themselves and what image they paint of themselves in the minds of their stakeholders. For this reason, that Perez et al. (2013) emphasized the need for banks to build trust since through it (trust), stakeholders can have a good perception of an organization. CSR is one of the ways that a bank can earn itself trust.

According to Marin et al. (2009), banks are increasingly becoming the main proactive investors in CSR. Nevertheless, it is argued that unplanned and insincere CSR can attract negative inferences from stakeholders (Carroll & Shabana, 2010). This is also supported by the attribution theory, where Heider (as cited in Malle, 2011) posited that perceptions are made based on what the individual considers to be the motive behind an act. This is true, especially since individuals tend to have negative perceptions of banking institutions, as postulated by Matute-Vallejo, Bravo, and Pina (2011), who also argued that banks are likely to face challenges owing to these perceptions.

Nonetheless, it is not clear which CSR activities would elicit positive responses from stakeholders (Chomvilailuk & Butcher, 2013). Thus, it is upon the bank to consult widely amongst stakeholders and come up with favorable activities. Ray and Raju (2014) reported that CSR activities give a bank a social standing in society and an enhanced image, thus, encourages banks to play meaningful roles in
their communities through CSR activities. This is also supported by McDonald and Hung Lai (2011).

Kay (2006) maintained that societies use social activities to form perceptions, which is why banks should endeavor to create such, through CSR initiatives that appeal to the stakeholders. This is also supported by Sen and Bhattacharya (2001) who stated that CSR stimulates favorable perceptions towards organizations. Therefore, organizations are advised that to benefit, they need to assume a strategic approach to CSR (Kelly & White, 2009) and use the same decision framework as they would use for all other strategic management decisions (Porter & Kramer, 2006).

The banking industry experiences steep competition. According to Ochoti, Muathe, Ronoh, Maronga, and Ochoti (2013), banks are forced to be more innovative as they look for more ways to satisfy their stakeholders and, at the same time, make profits. Stakes are higher in banks than in other institutions since the banks’ clients have higher involvement in the banks (Matule-Vallejo et al., as cited in Ochoti et al., 2013). CSR presents banks with an avenue through which they can carry out activities to meet their stakeholders’ expectations. Mylonakis (2009) held that banks must strive to continually improve customer perceptions. This means that they have to engage in activities that aid in improving their corporate image.

Concerns for the environment encourages banks to use safe practices such as recycled paper or print only when it is necessary to do so. Additionally, some banks minimize energy use within their premises (Barth & Wolff, 2009). This way, they believe that they are being responsible towards the environment. Indeed, the fact that they are not directly involved in environmental degradation does not set them off the hook, as they indirectly do so by supplying funds to firms that destroy the
environment; an argument supported by Tran (2014). For this reason, Branco and Rodrigues (2006) asserted that banks should carry out sustainability activities and deliberately report on the same.

Sen and Bhattacharya (2001) summarized the reasons for banks taking up CSR activities as customer loyalty, profits, trust, positive brand attitudes, and combating negative publicity. CSR in banks is not driven by profits only but by the performance and size of the bank.

CSR Practices in the Banking Industry

Carroll (1991), in defining his four levels of CSR suggested some areas where organizations can engage in, including private and public educational institutions, fine and performing arts. This, the author saw as some of the activities that work towards ameliorating the quality of life in the communities. In their study, Shafiul et al. (as cited in Tran, 2014), found that in general, banks’ engagement in CSR focuses on healthcare, education, poverty eradication, women empowerment, culture, charity, sports, and music. Similarly, Polychronidou (as cited in Tran, 2014) observed that banks favor the areas of education, culture, health, environment, charitable organizations, and vulnerable groups. These two studies tend to agree with Carroll’s (1991) thematic areas of CSR.

Some organizations aim at providing training for their staff and encourage staff volunteering. Needless to say, an organization will effectively move towards building its corporate image if there is communication amongst all and involvement of all its stakeholders. Bhattacharya and Sen (2004), naming some CSR activities an organization can engage in as environment and community support expressed that an
organization’s consumers may positively influence the organization’s image based on their (consumers) reviews of the organization’s CSR activities.

In general, banks in Kenya seem to have similar thematic areas for their CSR activities. Such areas are also similar to the ones identified by Carroll (2004) and other studies as reviewed above. For example, Family Bank engages in environmental, social, and economic wellbeing of the society (Family Bank, 2016), while National Bank of Kenya has identified environment, health, sports, education, and vulnerable groups as their areas of CSR operations (National Bank, n.d.). The Cooperative Bank’s major CSR focus is education, through scholarships and mentorship programmes (Co-operative Bank, n.d.). The more an organization is involved in social activities, the more the benefits for it and its stakeholders (Porter & Kramer, 2006).

The KCB foundation engages in various practices of CSR focusing on five thematic areas, namely environment, education, enterprise development, health and humanitarian intervention. These have been customized to suit the various East African countries the bank is located in. This study focused on these areas to determine their impact on the stakeholders.

**Empirical Literature Review**

A study by D’Netto (2010) showed that companies practicing CSR increase their reputation, which in turn attracts and retains talent for them, and gives them an edge over competitors. Further, D’Netto found that CSR policy in a company influences the job acceptance by the Generation Y in China; they feel that its (CSR) presence would enable them to contribute positively to society. Cheese (2007) in
agreement stated that organizations that do not take CSR seriously risk losing their competitiveness. Moreover, Lantos (2002) determined that CSR improves a company’s corporate image and shapes society’s attitude towards an organization. This shows that a company’s adoption of CSR activities leads to positive perceptions.

Vazifehdust, Mojoudi, and Jalalian (as cited in Esmaeilpour & Barjoei, 2016) carried out a study on Tehran Melli Bank on the effect of CSR on corporate image, customer satisfaction, and loyalty in the banking industry. The study determined that CSR results in positive perceptions from a bank’s customers. An assessment by Godfrey, Merril, and Hansen (2009) on the relationship between CSR and shareholder value revealed that as a result of creating positive impressions, CSR acts as insurance in case the organization faces negative events; thus underscoring the benefits an organization may reap from CSR practice.

The United Bank for Africa UBA), which boasts of presence in 21 African countries, carries out CSR through its foundation and is involved in the thematic areas of education, environment, economic empowerment, and special projects in Nigeria (UBA, 2013). In a study focusing on the said bank (UBA), in Lagos, Nigeria, Akanbi and Ofoegbu (2012) recommended the need for public enlightenment to make corporates aware that their obligations do not end at profit maximization.

**Conceptual Framework**

The conceptual framework (Figure 2.2) for this research was informed by the various concepts involved in the research. It illustrates the interactions KCB has with its various stakeholders through its CSR initiatives.
Figure 2.2: Conceptual Framework
Source: Author (2020)

Figure 2.2 illustrates the relationship between KCB’s CSR and its stakeholders. It was expected that the CSR activities would leave an impression on the stakeholders. The independent variable, CSR, was subdivided into the KCB’s five thematic areas, namely education, health, environment, enterprise development, and humanitarian interventions (KCB, 2015).

The bank (KCB) has defined its stakeholders as employees, customers, investors, the regulator, government, financial institutions, media, and community, as illustrated in Figure 2.2. By providing services to the customers within the law and respecting and valuing its internal stakeholders, KCB is already within Carroll’s (2004) categories of economical, legal, and ethical responsibilities in its day-to-day activities. It is also bound by the rules and regulations of the Central Bank of Kenya and those of the respective regulators in all the other East African countries the bank operates in, which include Uganda, Tanzania, Rwanda, Burundi, South Sudan, and Ethiopia.
Corporate social responsibility was the independent variable for this study, while stakeholders was the intervening variable. These variables helped to determine the corporate image resulting from the practice of the CSR activities guided by the KCB’s five thematic areas (as shown under the independent variable). Stakeholders can also be mapped on the CSR pyramid. Corporate image was thus the dependent variable, since KCB’s corporate image is deemed to be affected by the various CSR activities carried out by KCB.

Summary

In this chapter, a theoretical review has been done where theories relevant to the fields of CSR and corporate image have been discussed. The theories discussed are stakeholder theory and attribution theory. The theories’ connection to the study has been brought forth. Furthermore, the two-way symmetrical communication model, without which communication of CSR cannot take place, has been described and its usefulness to the study shown. Additionally, empirical and general literature relevant to the study have been reviewed. The next chapter discusses the methodology of research that the study implemented.
CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

Research methodology refers to the approaches used to attain the objectives of a study. This study set out to find out the role of CSR in corporate image building. Therefore, this chapter discusses the various approaches used to meet the set objectives. The study used both quantitative and qualitative research methods to gather data from the selected KCB branches and external stakeholders. The research design, and the methods and procedures that were used in data collection and processing are discussed. Additionally, the study population and sample, as well as the sampling methods used are elaborated. Finally, the ethical considerations that were put into practice during the study are also detailed.

Research Design

A research design according to Kothari (2004) is the blueprint which a researcher uses to gather, measure and interpret data. Research design thus defines methods and procedures of data collection as well as data analysis. To get results on the role of CSR on the building of KCB’s corporate image, there was need to study stakeholders in order to get their perceptions. The researcher also studied other research works related to the topic under study on KCB and their findings and recommendations. A descriptive design was used for this research process, because through it the researcher was able to get perceptions of different stakeholders of the bank.
Mugenda and Mugenda (2003) stated that a descriptive research design is a process of data collection to answer questions about the current status of the subject being studied. This design was appropriate for this research because of the research’s focus on stakeholders' perceptions in relation to KCB’s CSR. Additionally, this approach was believed to enable obtaining credible results because it made it possible for the researcher to get in-depth information about KCB’s CSR.

Population

A population, according to Mugenda and Mugenda (2003), is a whole group of entities with shared observable characteristics. In this study, the population was the 6,483 employees of KCB (KCB, 2017) and KCB’s external stakeholders, who included customers and beneficiaries. Over 1,500 people have benefited from KCB Foundation’s CSR activities (KCB, 2017).

Target Population

Mugenda and Mugenda (2003) defined target population as the population that a researcher generalizes a study’s results on. The target population in this case was the 1,742 employees of KCB within Nairobi, distributed over 32 branches in Nairobi (KCB, 2017). A sample of 10% of the total of Nairobi employees was randomly selected from these. Additionally, 1,500 external stakeholders (KCB, 2017) were sampled at 10%, giving a sample size of 150 external respondents.

Sample Size

A sample is a subset of a population. This study used Mugenda and Mugenda’s (2003) recommendation of between 10-30% of the target population, opting to randomly pick 10% of the 1,742 employees from Nairobi. This mounted to
175. It was felt that 175 was a satisfactory number to measure internal stakeholders’ perceptions of KCB’s CSR activities. The study also administered a questionnaire on 150 external stakeholders, based on the figure of 1,500 obtained from the KCB website. Seventy-five (75) of these were selected from people approached within the banking halls of seven selected branches as follows: Moi Avenue-11, Sarit Centre-11, Kipande House-11, Gateway Mall-11, Gikomba-11, Kibera-10, and Karen-10.

Some of the respondents filled the questionnaire within the banks while others gave their email addresses, and the questionnaire was sent to them. The other 75 were randomly selected from a list of beneficiaries obtained from KCB, after which they were approached through contacts provided by the bank. The sample size was thus 325: the sum of 175 internal stakeholders and 150 external stakeholders.

Sampling Techniques

Simple random sampling technique was used to select the respondents, to ensure consistency, as advised by Mugenda and Mugenda (2003). This is because random sampling gave each of the target group subjects an equal chance of being selected. Numbers were allocated sequentially, beginning with number one, to all employees to make a sampling frame. These numbers were placed in a container from which the researcher picked random numbers to make a total of 175 for the internal stakeholders. From these randomly picked numbers, the corresponding employees were issued with the questionnaire, either face to face in the case of Moi Avenue branch or via e-mail. This was also applied to the beneficiaries list to select 75 participants, and 75 customers were randomly selected within the banking halls.
Data Collection Instruments

This study relied on both primary and secondary data. Primary data was collected through the use of questionnaires and in-depth interviews targeting different levels of employee ranks at KCB and external stakeholders. Both open- and closed-ended questions were used in the questionnaire to vary the kind of data obtained. An interview guide was used to carry out face to face interviews on the three selected managers. In addition, secondary data was gathered from various journals and repositories on the subject of CSR and corporate image. The researcher also referred to both the KCB website and KCB’s integrated reports for KCB’s CSR related data.

The questionnaire was used to gauge stakeholder perceptions about KCB’s CSR activities. This was necessary because a questionnaire is non-personal, and through it, respondents are assured of anonymity. Furthermore, the questionnaire allowed respondents to feel more at ease in making their expressions about what they thought CSR did for KCB. The questionnaire was divided into five sections. The demographic information section entailed the internal stakeholders’ gender, age, education level, occupation, and duration of work at KCB. The other sections were based on the four different objectives of the study. Some of the sections were based on a four-point Likert scale where the response categories to choose from included Strongly Agree(SA), Agree(A), Disagree(D), and Strongly Disagree(SD).

Likert scales consist of a series of opinion items with a set of categories of responses that measure attitudes (Likert, 1932). Although the number of items in the scale varies, a scale containing at least four items is considered adequate enough for evaluation of internal consistency (Diamantopoulos, Sarstedt, Fuchs, Wilczynski, & Kaiser, 2012). This study excluded the response category ‘Neutral’ on the Likert scale.
because the researcher wanted to encourage the respondents to have an opinion, as opposed to being neutral. It has been argued that the neutral point may have various interpretations from respondents, such as, ‘do not care’, ‘not sure’, ‘no opinion’, ‘neither’, ‘undecided’, or even ‘unwilling to answer’ (Lobsy & Wetmore, 2012). Because of the anticipation of these various possible interpretations, the researcher opted to exclude that option.

Although the questionnaire items were similar for both internal and external stakeholders in the objectives’ sections, some items in the personal information section were applicable to either internal or external respondents, for example, the duration of work at KCB. Based on this, the researcher had two sets of questionnaires, which only differed in the personal information section. This is illustrated in appendices A and B in this document. The questionnaire was administered on different employee ranks to gather information that cuts across all levels of employees. It was used because it gives standardized answers when there is a large sample of participants and, as a result, saves the respondents’ time. Some respondents who were not reachable physically had the questionnaire e-mailed to them.

The second data collection instrument was an interview guide to obtain in-depth information on the KCB’s CSR. This is due to the fact that in-depth interviews helped complement the questionnaire by giving the researcher an opportunity to study not only rich sources of information but also ask additional questions where there was a need for clarification. The interview guide (see appendix C) was developed based on the objectives of the study. The 14 questions contained in the interview guide exhaustively enabled the researcher to get adequate data from the interviewees on KCB’s CSR.
Three managers were purposively selected for the interview because of the specific data that the researcher required about CSR, and the fact that these managers are knowledgeable in the area of KCB’s CSR activities. The managers were knowledgeable in the area of interest, based on the role they play in KCB CSR’s planning and implementation. This is in line with Patton’s (2002) recommendation for a researcher’s choice of cases rich in information.

The researcher chose three interviewees as only one might not have adequately had all the answers being sought. Interviews were scheduled at different times for the respondents' convenience but took place in a face-to-face setting within the workplace. The interview guide was e-mailed to each of the participants on the day preceding the interviews. This was to help them familiarize themselves with the questions.

The interview process took place at boardrooms at the participants’ workplace. This was done in a bid to only avoid inconveniencing the interviewees but also to give them a familiar environment, hence avoid tension. At the beginning of each of the interviews, which took approximately thirty minutes, the researcher sought and was granted permission to voice record the sessions. These recordings, together with the notes scribbled during the interview, were used for analysis. The interview sessions did not strictly follow the guide’s sequence because being semi-structured, some responses brought up themes in later questions in the interview guide, which then necessitated that those questions be asked at that particular point. The participants were allocated codes as interviewee A, B, and C. This was done to avoid the use of the interviewees’ actual names. The order of the codes was based on the order of the interviews.
Data Collection Procedures

This research study used triangulation, whereby both qualitative and quantitative methods were combined in data collection. Triangulation is a way of combining quantitative and qualitative methods in a study in order to increase the validity of its results (Creswell & Tashakkori, 2007). Further, triangulation enabled the researcher to achieve different insights into the problem, thus ensuring an accurate capturing of data. Mugenda and Mugenda (2003) opined that the use of both methods reduces bias. Triangulation allowed for more in-depth knowledge about CSR practice at KCB as the data was obtained from different perspectives.

Quantitative research is an approach that generates statistical data. This is appropriate when one is seeking answers to questions that are uniform and are administrable on a large sample. Quantitative research aims to gather data that is numerical or quantifiable and, thus, can be subjected to statistical treatment (Creswell, 2003). The questionnaire is the instrument the researcher employed in this quantitative approach to collect data. The size of the sample and the nature of data that the researcher sought, which mainly used a four-point Likert scale, dictated the use of a questionnaire on the one hand.

The questionnaire, which contained both open- and closed-ended questions, was administered to randomly selected employees of KCB as well as external stakeholders, some of whom were beneficiaries of KCB’s CSR activities. This was done to establish the respondents’ level of awareness of and their perceptions towards KCB’s CSR. Some of the questionnaires were administered face to face to the respondents within the Nairobi Central Business District, while others were emailed to respondents who were not within the physical reach of the researcher.
Qualitative research, on the other hand, explores participants’ attitudes intending to get in-depth information. In this research, a qualitative approach enabled the researcher to get in-depth information because there was more interaction between the researcher and the participants. This was informed by Creswell (2009). Additionally, as supported by Bryman and Bell (2011), through in-depth interviews, it was possible to explore respondents’ perspectives, which would not otherwise have been achieved through the questionnaires. The kind of in-depth information the researcher sought required that the respondents elaborate on their responses, and the researcher was also able to prod where more clarification was needed. This would not have been possible with the use of the questionnaire only.

This study conducted in-depth interviews with three managers in the corporate affairs department and KCB Foundation. This was done to determine whether CSR is entrenched in the bank’s overall corporate strategy, whether there is investor buy-in, and how the bank brings on board all the stakeholders. In this case, qualitative research allowed for less formal interactions with the managers, hence helping bring about a relaxed ambiance in the interview room, consequently increasing the likelihood of getting credible information.

Pre-testing

Pre-testing, according to Mugenda and Mugenda (2003), helps the researcher gauge the precision and ease of use of the instruments and detect errors, if any. In this case, the questionnaire was pretested beforehand on five employees and five customers of KCB’s Gikomba Branch. This branch was not included in the study.
sample. This was a way of ascertaining how clear the questionnaire was to the study’s respondents.

Based on the respondents’ recommendations, the questionnaire was reviewed, leading to the rewording of some of the items that appeared to be duplications. This aided in streamlining the questionnaire, thus making it easier to understand. It also helped to ensure the reliability of the collected data.

Reliability and Validity

Validity is the degree to which an instrument measures what it sets out to measure or how truthful the results of the study are (Joppe, 2000). This can either be content validity or face validity. Face validity is the degree to which a test measures what it purports to measure, for instance, whether some questions can be misunderstood. On the other hand, content validity is a measure of whether the test covers the entire content of the area intended, that is, whether the questions are extensive enough to cover the entire study. In this study, the validity of the questionnaire and the interview schedule was ensured through a thorough consultation with supervisors and peers from the school of Communication at Daystar University.

Additionally, the instruments were pretested. The questionnaire was administered to 10 randomly selected stakeholders of KCB in a pilot study. This study helped to streamline items which were not clear to the respondents. The interview guide was also discussed extensively with supervisors to ensure that it could capture the data the study intended to. Further, the study purposively selected KCB managers who were believed to have firsthand information about the bank’s CSR activities, since they are part of the policymakers at the organization.
Reliability is the degree of consistency of a test. Joppe (2000) stated that a research instrument can be said to be reliable if the findings of that study can be replicated using the same methodology. The use of triangulation, where both quantitative and qualitative approaches were employed in data collection, minimized bias and increased the reliability and validity of the study because it compared multiple forms of data through convergence. This argument is supported by Patton’s (2002) argument that use of triangulation strengthens a study.

Additionally, Cronbach’s alpha was applied on the gathered data. According to Cronbach and Shavelson (2004), Cronbach’s alpha is a measure of the internal consistency of items in a questionnaire; that is, how closely the items are related. George and Mallery (2003) gave the following interpretations for Cronbach’s alpha results: “>0.9=Excellent, >0.8=Good, >0.7=Acceptable, >0.6=Questionable, >0.5=Poor, and <.5=Unacceptable” (p. 231).

According to Cronbach (1951), Cronbach’s alpha is calculated using the following formula

\[ \alpha = \frac{k}{k-1} \left( 1 - \frac{\sum V_i}{V_t} \right) \]

Where,

k is the number of items

V_i is variance of the item scores

V_t is the variance of the sum of item scores

According to Cronbach (1951), Cronbach’s alpha calculations give a result of between zero and one; where one indicates great consistency and zero means lack of internal consistency. George and Mallery (2003) considered an internal consistency of
0.7 acceptable. This means that the various items in a questionnaire are giving consistent results. In this study, Cronbach’s alpha was calculated using the above formula and found to be consistent. The questionnaire section testing on the ‘benefits of CSR,’ for example, had 10 questionnaire items whose Cronbach’s alpha was 0.761125. This Cronbach’s alpha of above 0.7 implied that the questionnaire items satisfactorily tested CSR’s benefits to stakeholders. The rest of the questionnaire sections had Cronbach’s alpha of above 0.7.

Data Analysis Plan

In this study, quantitative data was analyzed using Microsoft Excel and the Statistical Package for the Social Sciences (SPSS) version 22, while qualitative data analysis was done through thematic analysis. The first step included cleaning of the data, whereby the collected data was checked for any errors or inconsistencies, as recommended by Kumar (2011). Two questionnaires that had been returned unfilled were removed at this point, hence excluded from the next steps. The second step was coding, whereby the fully filled questionnaires were allocated some numerical values for ease of data entry into the software, hence ease of analysis (Kumar, 2011). After coding, the data was entered into the software for analysis. After data entry, the researcher went through the data to compare what was captured in the software and what was in the questionnaires. This was done to ensure that the data was captured correctly. After this, the data was analyzed.

Further, the data collected through interviews was transcribed, and then thematically analyzed. The thematic analysis was guided by the six-phase guide by Braun and Clarke (2006). This entailed familiarizing oneself with the data, which
included going through the transcripts thoroughly to obtain a complete grasp. This
involved reading and rereading the transcripts, and this helped in the next phase, as it
enabled the researcher to begin to identify patterns. The second phase, as backed by
Braun and Clarke, included generating initial codes, where the data was organized and
coded according to relevance based on the objectives of the study.

From the codes, major clusters were identified, where the coded materials
were reviewed to establish interrelated ones. These themes were guided by the
objectives of the study. For example, codes that pointed to the various CSR activities
carried out by the KCB were grouped into one theme. This is the third phase in
thematic analysis, according to Braun and Clarke (2006). The fourth step, according
to Braun and Clarke, involves reviewing the themes. This is where in this study, the
themes arising from the third phase were checked through to confirm whether there
was a coherent pattern. It is also through this rereading that anything that had been left
out was added to the themes. In the fifth phase, themes are defined and named (Braun
& Clarke, 2006), after which the information was interpreted and the findings
reported in the final phase of the analysis.

Ethical Considerations

For this study to be carried out, various permissions were obtained. The
researcher first obtained permission from Daystar University Ethics Review Board
then from National Commission for Science, Technology and Innovation
(NACOSTI). Moreover, permission was obtained from KCB, before embarking on
the study.
The researcher sought the assistance of KCB in dispatching the questionnaires via e-mail. It was expected that the respondents would be cautious about responding to questionnaires from an outsider. An assistant from the corporate affairs department did an email to the respondents introducing the researcher and attaching the questionnaire. The researcher followed up on the feedback.

The actual research involved first obtaining the subjects' consent after explaining to them why the research was being carried out. Consequently, none of the participants was forced to participate. It was also explained to them that the process would be private and confidential and that none of their information would be divulged. Furthermore, this was reinforced through anonymity when filling out the questionnaire.

Interviews were scheduled at convenient times so that the interviewees’ work schedules were not disrupted. Besides, the interviews were carried out within the interviewees’ workplace (in boardrooms). This gave the interviewees a familiar environment and hence helped to avoid tension. The purpose of the study was also explained to the internal and external stakeholders in order to avoid bias in their responses.

Summary

In this chapter, the research design for this study has been discussed, detailing the research methods used. The population of the study, the target population, the sample, and the sampling procedures have been discussed. Furthermore, the instruments of data collection, how they were pretested, and how the data was analyzed have been demonstrated. In addition, a discussion has been done on how the
reliability and validity of the collected data were ensured. Lastly, the ethical considerations made during this research have been discussed. The next chapter discusses how data was analyzed, presented, and interpreted.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Introduction

This study set out to establish the role CSR practice plays in building an organization’s corporate image. This chapter gives the presentation, analysis, and interpretation of the gathered data. The findings of the study are also discussed. The study data was collected through questionnaires from internal stakeholders and external stakeholders; and in-depth interviews from three managers of KCB. The study gathered both quantitative and qualitative data. Analysis of the quantitative data was aided by Microsoft Excel and SPSS, version 22 and presented through tables and charts. The qualitative data was analyzed thematically and presented in a prose format. The research instruments were constructed in a format where demographic information was sought first, followed by items based on the objectives of the study.

Analysis and Interpretation

Reliability of the Questionnaire

To test the internal consistency, Cronbach’s alpha was used. The results showed that the constructs were consistent, with a Cronbach’s alpha values above 0.7. This is illustrated in Table 4.1.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Number of items</th>
<th>Cronbach’s Alpha</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits of CSR</td>
<td>10</td>
<td>0.761125</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Stakeholder perceptions about KCB’ CSR</td>
<td>9</td>
<td>0.727463</td>
<td>Acceptable</td>
</tr>
</tbody>
</table>

Table 4.1: Reliability of Questionnaire
Response Rate

The study targeted a total of 325 respondents, inclusive of internal stakeholders and external stakeholders. Table 4.2 is an illustration of the response rate.

<table>
<thead>
<tr>
<th>Table 4.2: Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires</td>
</tr>
<tr>
<td>Returned</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Unreturned</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

A total of 325 questionnaires were shared with the respondents: 50 were self-administered to internal stakeholders at the Moi Avenue branch, while 125 were emailed, since it was not possible to reach all respondents physically. A total of 104 respondents were returned from internal stakeholders, where 102 were duly filled while 2 were blank. Out of the 150 copies of the questionnaire distributed to external stakeholders, 123 were filled and returned. This is representative of a 69.8% (227 out of 325) response rate, as shown in Table 4.2. This was considered to be a good response rate for the study, in view of Mugenda and Mugenda’s (2003) assertion that a 50% response is adequate, 60% is good, and 70% is excellent.

Findings

The findings of the study, starting with the demographics, followed by items for each of the objectives, are presented and analyzed in the subsequent sections.
Demographics

This section gives background information of the respondents such as gender, age, and education level. These characteristics were put in various groupings, and respondents were asked to tick where appropriate.

Gender of respondents

Table 4.3 illustrates the respondents’ gender.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Internal</th>
<th>%</th>
<th>External</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>53</td>
<td>52</td>
<td>64</td>
<td>52</td>
<td>117</td>
<td>52</td>
</tr>
<tr>
<td>Female</td>
<td>49</td>
<td>48</td>
<td>59</td>
<td>48</td>
<td>108</td>
<td>48</td>
</tr>
</tbody>
</table>

As shown in Table 4.3, 52%(117) of the total respondents were male, while 48%(108) were female. From the foregoing, it can be concluded that even though the male gender was slightly higher than the female gender, both genders were represented in the study, portraying a balance of findings devoid of gender bias.

Age bracket

Table 4.4: Respondents’ Age Bracket

<table>
<thead>
<tr>
<th>Ages</th>
<th>Internal</th>
<th>%</th>
<th>External</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>51-60</td>
<td>8</td>
<td>8</td>
<td>4</td>
<td>3</td>
<td>12</td>
<td>5.3</td>
</tr>
<tr>
<td>41-50</td>
<td>24</td>
<td>24</td>
<td>14</td>
<td>11</td>
<td>38</td>
<td>17.0</td>
</tr>
<tr>
<td>31-40</td>
<td>44</td>
<td>43</td>
<td>76</td>
<td>62</td>
<td>55</td>
<td>53.3</td>
</tr>
<tr>
<td>21-30</td>
<td>26</td>
<td>25</td>
<td>29</td>
<td>24</td>
<td>120</td>
<td>24.4</td>
</tr>
</tbody>
</table>

As depicted in Table 4.3, a majority of the respondents lay within the age bracket of 31-40 years, with 120 respondents - representing 53% of the total number of respondents. Respondents aged between 21 and 30 years, and those aged between 41 to 50 years made up for 41%, with 55 and 35 respondents, respectively. The age bracket of 51-60 years was represented by 5%(12) of the total number of respondents.
The distribution of age across all age groups is indicative of a diversity of perceptions on KCB’s CSR from all age groups.

Education level

<table>
<thead>
<tr>
<th>Education</th>
<th>Internal</th>
<th></th>
<th>External</th>
<th></th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=102</td>
<td>%</td>
<td>n=123</td>
<td>%</td>
<td>n=225</td>
<td>%</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>21</td>
<td>20</td>
<td>22</td>
<td>10</td>
<td>43</td>
<td>19</td>
</tr>
<tr>
<td>Graduate</td>
<td>61</td>
<td>60</td>
<td>11</td>
<td>38</td>
<td>72</td>
<td>32</td>
</tr>
<tr>
<td>Diploma</td>
<td>18</td>
<td>18</td>
<td>44</td>
<td>21</td>
<td>62</td>
<td>28</td>
</tr>
<tr>
<td>Certificate</td>
<td>1</td>
<td>1</td>
<td>34</td>
<td>11</td>
<td>35</td>
<td>16</td>
</tr>
<tr>
<td>O-Levels</td>
<td>1</td>
<td>1</td>
<td>12</td>
<td>20</td>
<td>13</td>
<td>6</td>
</tr>
</tbody>
</table>

As shown in Table 4.3, the majority of the stakeholders had at least a bachelor’s degree. This is depicted by 32%(72) of the respondents with an undergraduate degree and 19%(43) at the postgraduate level. 28%(62) of the respondents stated that they had diploma level of education. The O-levels and certificate levels had a representation of 6%(13) and 16%(35), respectively.

This variation in education level also signifies a balance of responses from all levels of education for the study. The high number of graduates is also a pointer to the fact that KCB encourages or mainly recruits undergraduate employees. Additionally, it also points to the fact that a majority of KCB’s stakeholders have some form of formal education and hence were able to participate in the study without any literacy challenges.

Occupation

This question was posed to external stakeholders in order to understand their diversity. Figure 4.1 demonstrates the responses.
Figure 4.1 represents an assortment of KCB’s external stakeholders. The respondents were randomly picked and included bankers, teachers, students, business people, secretaries, and IT specialists. Twenty percent (20%) were businesspersons, while the farmers and secretaries constituted 19% each. This shows that the responses were varied, which contributed to making the study results more credible.

Position at KCB (internal stakeholders)

This question was directed towards internal stakeholders of KCB. The responses were as depicted in Table 4.6.

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>14</td>
<td>13.7</td>
</tr>
<tr>
<td>Clerk</td>
<td>16</td>
<td>15.7</td>
</tr>
<tr>
<td>Customer service Officer</td>
<td>21</td>
<td>20.7</td>
</tr>
<tr>
<td>Corporate affairs Officer</td>
<td>12</td>
<td>11.8</td>
</tr>
<tr>
<td>Business analyst</td>
<td>6</td>
<td>5.9</td>
</tr>
<tr>
<td>Retail</td>
<td>10</td>
<td>9.8</td>
</tr>
<tr>
<td>Finance</td>
<td>8</td>
<td>7.8</td>
</tr>
<tr>
<td>Secretary</td>
<td>13</td>
<td>12.7</td>
</tr>
<tr>
<td>Intern</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Total</td>
<td>102</td>
<td>100</td>
</tr>
</tbody>
</table>
As demonstrated in Table 4.6, it is apparent that there was a diverse representation of KCB’s internal stakeholders in the study. This shows that all sections of KCB’s internal stakeholders, both across departments and in the different employee ranks, were adequately represented.

Duration of work at KCB

Figure 4.2 is an illustration of KCB’s internal stakeholders’ duration of work at KCB.

![Duration of Work at KCB](chart)

*Figure 4.2: Internal Stakeholders’ Duration of Work at KCB*

To the question on how long the respondents had worked for KCB, most (68%) indicated 10 years or less, 28% indicated less than 20 years, while 5% indicated over 20 years. This data implies that most of the employees have worked with KCB for less than ten years. The feedback helped in gauging the respondents’ level of awareness regarding the bank’s CSR activities. External respondents were not required to respond to this questionnaire item.

**Interviews**

An interview guide was developed, informed by the study’s objectives. Interviews generated qualitative data, which was analyzed thematically. In the first
step, transcription was done, where the voice recordings were put down on paper. The researcher took time to go through the transcripts several times, together with the notes written down during the interviews.

The first phase of Braun and Clarke (2006) involves familiarization with the data where one goes through the transcripts several times. Through this thorough reading, the researcher was able to move to the second phase, which involves picking out initial codes. Here the initial code patterns included giving back to society, having a shared value, sharing profits with stakeholders, recognizing and acknowledging stakeholders, budget, profits, trust, enterprise, customers, thematic areas, youth empowerment, education, agribusiness, empowerment, health, environment, publicity, goodwill, stakeholders, continuous affair, organizational affair, frequent, fraud, funds, corporate image, scholarships, sponsorships, awareness, competition, goodwill, ‘mifugo ni mali’, ‘2jiajiri’, humanitarian intervention, foundation, perception, management support and entrenched in strategic plan.

In the third phase, the researcher went through the codes identified in the second phase to see which ones could be clustered into one group or theme. The coding process is contained in Appendix H. Some of the themes which became apparent here were ‘CSR as a way of giving back to society’, CSR as being budgeted for from the profits’, ‘CSR as benefiting the stakeholders and the organization’, ‘CSR as earning goodwill for KCB’, ‘KCB as participating in CSR based on five thematic areas’, ‘CSR as empowering stakeholders’, ‘CSR implementation as having some challenges’, ‘CSR as enhancing corporate image’, and ‘CSR as a continuous affair, KCB’s CSR is run by the KCB Foundation and CSR is entrenched in KCB’s corporate strategy and has management support. These are contained in Appendix H.
In the fourth phase of analysis, identified themes were reviewed, where the researcher went through them again to identify which ones could fit into others and which data may have been left out. This led to the fifth phase, where some themes were merged or fell under others. The final themes were thus classified as follows: the KCB Foundation runs KCB’s CSR with a budget of 1% of the bank’s profits, there is awareness of KCB’s CSR which is a continuous organizational affair, CSR benefits both KCB and its stakeholders, KCB’s CSR activities lie in five thematic areas, CSR enhances KCB’s corporate image, there are some challenges in CSR implementation, CSR is entrenched in KCB’s corporate strategy and has management support. After this final naming of themes, the sixth phase was the analysis of the data, which is done below.

The participants indicated that the KCB Foundation was set up so that it can dedicatedly run the organization’s CSR affairs. The foundation coordinates CSR activities while involving the internal stakeholders in carrying out the activities. KCB allocates a budget of 1% to the foundation to run its (KCB) CSR initiatives, which run throughout the year.

_We have a budget. It should be 1% of the bank’s profits annually_ (Interviewee A).

_Every year the bank gives 1percent of its profits to the foundation to run community initiatives. They can do partnerships; they are allowed to partner to do larger projects. They are also allowed to make use of branch networks to reach areas out of Nairobi. Everyone at KCB is part of it_ (Interviewee C).

_The group actually gives us 1percent of its profits annually. Sometimes we also have partners from other sectors who come to work with us. They also contribute in kind or funds_ (Interviewee B).

Regarding the frequency of CSR at KCB, the interviewees indicated that the practice of CSR goes on throughout the year.
CSR activities make up a majority of the banks events. It is a daily affair (Interviewee A).

Our main flagship programmes, we do them every day. They are actually continuous. We do them concurrently (Interviewee B).

CSR is continuous, it’s like our DNA. Even people know KCB runs programmes. We partner with the counties to roll out our programmes (Interviewee C).

The managers stated that by practicing CSR their intention is usually to give back to society, or have a shared value with the society, since they are placed within that society, and believe in having a shared value. This is contained in the following statements from the respondents:

Our major objective is to just give back to society (Interviewee A).

We have to give back to society to continue supporting them (Interviewee B).

We take care of the society we operate in as a way of having a shared value with the stakeholders (Interviewee C).

They also agreed that CSR gives their organization goodwill, resulting in a positive perception of the organization by the stakeholders. Regarding the impact of CSR on KCB’s image, the three managers agreed that it contributed to building the organization’s corporate image. The managers also agreed that stakeholders are involved through evaluation of CSR activities already in place as well as general feedback from the public which seeks to establish CSR activities that are best suited for the community. This feedback is in agreement with the Stakeholder theory in which the organization aims at attracting favorable perceptions. This feedback also enables the bank to evaluate the level of awareness of its CSR practice. The following statements illustrate these findings:

It gives us a lot of goodwill. It definitely helps improve our corporate image, and gives us publicity, more customers (Interviewee B).
CSR helps build our corporate image, through Perceptions, loyalty. We have publicity. Also it builds relationships. I think it brings in customers, we are out to give back to society but if they come in as customers, it’s a plus for us (Interviewee A).

CSR gives us goodwill. We have a lot of goodwill. We learn a lot from our communities what they go through and they also learn from us so it has been a win-win for us and the community. It also improves our corporate image (Interviewee C).

According to the interviewees, there are challenges in CSR implementation, the major one being inadequacy of funds. This is due to the fact that society’s needs are diverse. They added that as a result, the bank has thus chosen to place its focus on the five thematic areas.

Inadequacy of funds. We are not able to meet all the needs. Sometimes we get fraud cases under education scholarships (Interviewee A).

Some youths lack the patience to go through the programmes because they want quick cash, they come in thinking we will give them capital immediately. But we have to train them first. Others have fear of our grants, some are afraid of bank loans fearing that we’ll auction them (Interviewee B).

Of course there are challenges, normally the money is never enough. But the good thing is it has made us focus on our thematic areas. We know what we want. Sometimes we get partners with demands that have... conflict of strategy and execution normally is there. Some are not honest (Interviewee C).

The findings also indicated that KCB’s CSR is entrenched in the bank’s strategic plan. All the interviewees were in agreement, as shown below:

Yes it is entrenched in our strategic plan. There is a culture of CSR at KCB (Interviewee A).

CSR is entrenched in our strategic plan, in our day today business. It’s part of us. Top management is supportive. If they were not we’d not be here. It’s them who usually allocate us the budget. KCB is very supportive. From group board to foundation board to the management (Interviewee B).

CSR is entrenched in our strategic plan, in our day today business. It’s part of us. Of course the top management fully supports our bank’s CSR initiatives (Interviewee C).
This analysis has been converged with the quantitative analysis of the questionnaire data.

After the demographic section, the questionnaire was divided into four sections, based on the objectives of the study. The items of the questionnaire were in a four-point Likert scale with options ranging from Strongly Agree (SA), Agree (A), Disagree (D) to Strongly Disagree (SD), Yes/No, and open-ended. The responses to these sections are analyzed below.

Awareness and Frequency of KCB’s CSR

On awareness of the KCB’s CSR, questionnaire respondents were asked whether they were aware of the KCB’s activities, where they were expected to give a yes or no answer. This was also followed up by a question regarding how often KCB engaged in CSR activities. Out of the returned questionnaires, two respondents were not conversant with the KCB’s CSR and hence could not go further with the research, and thus were not included in the analysis. This is indicative of the level of awareness stakeholders have of the KCB’s CSR. Figure 4.3 shows how often the KCB carries out CSR activities.
As illustrated in Figure 4.3, both internal and external stakeholders are aware of the KCB’s CSR activities, possibly because they have benefitted from them, or they know someone who has. As for how often KCB carries out CSR, various responses came up as follows: 38%(85) of the respondents stated that it was a continuous affair, carried out throughout the year; while 22%(50) stated that KCB carried out CSR frequently, an indication that CSR practice is zealously undertaken at KCB; and 24%(54) indicated that it was carried out annually.

From the interviews carried out, it was clear that CSR was carried out frequently. The interview responses demonstrated that the KCB Foundation is involved in some kind of CSR activity at any given time of the year, with a wide range of activities being carried out, based on the bank’s five thematic areas of CSR. The interviewees also pointed to a widespread awareness of KCB’s CSR activities, based on the various assessments they engage in with their various stakeholders. The indication by the majority of the questionnaire respondents that CSR is carried out frequently agreed with the qualitative data. The high awareness of KSB’s CSR by the
cross-section of stakeholders also shows that the stakeholder theory and Carroll’s pyramid are at play since the organization has identified its stakeholders and actively involved them in its CSR practice.

KCB’s CSR Practice and Public Perceptions

This question was posed to gauge the public view of KCB owing to the bank’s engagement in CSR activities. The responses from the quantitative data are presented in Table 4.7.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improves bank Image</td>
<td>81</td>
<td>36</td>
</tr>
<tr>
<td>Improves Corporate Image</td>
<td>97</td>
<td>43</td>
</tr>
<tr>
<td>Portrays KCB as a good bank</td>
<td>47</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>225</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.7 illustrates the respondents’ opinions on how the public views KCB as a result of the bank’s engagement in CSR. All the responses had a similarity in that even though the respondents used different names, they all converge at enhancement of the bank’s corporate image. The views were as follows: CSR improves the bank’s image (36%), CSR improves the bank’s corporate image in the eyes of the public (43%), and KCB is viewed as a good bank because of its commitment to CSR (21%), These findings agree with Mandina et al. (2014), who maintained that CSR not only improves the corporate image but also portrays the organization’s corporate image itself.

The interviewees unanimously agreed that engaging in socially responsible activities helps improve KCB’s corporate image.
Kenya Commercial Bank’s CSR Activities

To evaluate the CSR activities respondents felt KCB engaged in, various options of activities KCB engages in were availed to the questionnaire respondents, as informed by the KCB’s integrated report for 2017 (KCB, 2017). Respondents were asked to tick the appropriate areas and they selected several options. Each bar in Figure 4.4 is representative of the percentage of respondents, out of the 225 respondents, who ticked each particular activity.

![Figure 4.4: Kenya Commercial Bank’s CSR Activities](image)

The outcome, as captured in Figure 4.4, indicates that all the CSR activities scored over 55.6%, meaning that at least 125 respondents were aware of each particular CSR activity KCB engaged in. Thus, the respondents were conversant with the specific CSR activities KCB participates in. Almost each respondent, at 96%(215), agreed that KCB supports education in the region, while mentorship programmes, attracted the least number of respondents (55.6%). This could be attributed to the popularity of KCB’s education scholarship programmes, and concurs with Carroll’s (2004) claim that education is one of the activities organizations engage
in. Other areas that scored highly are humanitarian support (77%) which Carroll also highlighted, environment (75%), grants (71%), and enterprise development (66%).

From the interviews, it was evident that in all the countries in East Africa, the KCB’s CSR was within the five thematic areas of education, environment, health, enterprise development, and humanitarian support. These were done through health camps, education scholarships, environmental cleanups, and humanitarian interventions, especially in times of disasters. The two major areas within which enterprise development is carried out are KCB’s flagship programs of Mifugo ni mali and 2jiajiri. These responses from both the questionnaires and the interviews indicate that KCB involves its stakeholders in its CSR activities, thereby raising awareness of its CSR engagements.

**CSR Benefits to KCB**

In evaluating what respondents perceived as the benefits of CSR to KCB’s corporate image, various items were presented in the questionnaire, with respondents asked to state whether they strongly agreed (SA), agreed (A), disagreed (D), or strongly disagreed (SD) with them. The items were analyzed and the findings were as presented in Table 4.8.
As demonstrated in Table 4.6, all the respondents were in agreement that KCB’s CSR helped develop skills in the community, where 49%(111) of the respondents strongly agreed, and 51%(114) agreed. None of the respondents disagreed. This means that there was a general feeling that KCB’s CSR helps educate members of the community or in developing their careers.

Regarding whether CSR creates a better future for the community members, respondents were in agreement, with 45%(101) strongly agreeing and 55%(124) agreeing. The absence of disagreeing voices is an indication that CSR is believed to work towards improving lives in the community. This coincides with Urip’s (2010) postulation that CSR improves lives in the community. Additionally, Wanjala (2011), in a study focusing on CSR in commercial banks in Kenya, found that CSR practice uplifts the community.
Respondents also answered affirmatively that CSR is beneficial to the organization in that it helps enhance the organization’s corporate image. This was represented by 40%(90) of the respondents strongly agreeing and 57%(129) agreeing with the statement. Wanjala (2011) also found that, indeed CSR enhances the organization’s corporate image. This is also in agreement with Keinert (2008), who found that CSR enhances an organization’s corporate attractiveness. Regarding the statement on KCB and community relations, there was unanimity in response, where 67.1%(151) strongly agreed, and 31.1%(70) agreed that CSR improves relations between the organization and the community.

Regarding CSR’s role on the social well-being of the society, respondents were in agreement that CSR improves the social well-being of the community. This was the pronouncement made by the respondents, where 36.4%(82) strongly agreed and 57%(128) agreed. In matters concerning the environment, respondents agreed that CSR protects the environment. Additionally, CSR boosts employee morale, with 40.4% strongly agreeing and 57.8% agreeing. This is an indication of how highly stakeholders regard KCB’s CSR.

Finally, in evaluating whether CSR benefits employees, there were some dissenting voices at 37.8%(87 respondents), a number that cannot be ignored. However, a bigger number, 61%(138) still agreed that CSR does help employees. Although the number that agreed is higher than that of those who disagreed, it would still be imprudent to ignore the 37.8% that felt otherwise.

Interviewees stated that CSR had various benefits. They believed that the bank’s CSR activities helped empower members of the society. Through CSR, the bank earns some goodwill from its various stakeholders. This, the interviewees
believed, has the potential to attract customers to the bank. They also believed that CSR helps in the building of the bank’s corporate image.

**Stakeholder Perceptions on KCB’s CSR**

In this section of the questionnaire, the researcher sought to determine stakeholders’ perceptions of KCB’s CSR. The responses are illustrated in Table 4.9.

<table>
<thead>
<tr>
<th><strong>Table 4.9: Stakeholder Perceptions on KCB’s CSR</strong></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR practices shows that KCB cares about all its stakeholders</td>
<td>46.7%</td>
<td>52%</td>
<td>0.9%</td>
<td>0.4%</td>
<td>100%</td>
</tr>
<tr>
<td>KCB encourages me to participate voluntarily in CSR</td>
<td>36.4%</td>
<td>58.7%</td>
<td>4.0%</td>
<td>0.9%</td>
<td>100%</td>
</tr>
<tr>
<td>KCB involves all stakeholders in CSR activities</td>
<td>27.1%</td>
<td>43.6%</td>
<td>18.7%</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>I’d like to be associated with KCB because of its CSR</td>
<td>26.7%</td>
<td>64.9%</td>
<td>6.7%</td>
<td>1.8%</td>
<td>100%</td>
</tr>
<tr>
<td>CSR practice gives KCB a good corporate image</td>
<td>43.1%</td>
<td>54.2%</td>
<td>0.9%</td>
<td>1.8%</td>
<td>100%</td>
</tr>
<tr>
<td>I’d like to bank with KCB because of its CSR (CSR brings in more customers)</td>
<td>48.4%</td>
<td>42.2%</td>
<td>7.1%</td>
<td>2.2%</td>
<td>100%</td>
</tr>
<tr>
<td>I feel appreciated when KCB involves me in CSR activities</td>
<td>41.8%</td>
<td>37.3%</td>
<td>20.9%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I trust KCB because it carries out CSR</td>
<td>40.9%</td>
<td>52.9%</td>
<td>5.3%</td>
<td>0.9%</td>
<td>100%</td>
</tr>
<tr>
<td>Any organization practicing CSR is more ethical</td>
<td>50.2%</td>
<td>30.2%</td>
<td>19.6%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The responses shown in Table 4.9 demonstrate that a majority of respondents felt that the practice of CSR is an indication that KCB cares about its stakeholders. 46.7%(105) strongly agreed, while 52%(117) agreed, showing unanimity in affirming the statement. KCB was also perceived as an organization that encourages its stakeholders to participate in its CSR activities, as demonstrated by 95%(214) of the respondents who answered in the affirmative.

Additionally, respondents felt that KCB involves its stakeholders in the planning of its CSR activities: 27.1%(61) strongly agreed, and 43.6%(98) agreed.
This is indicative of the fact that KCB consults its stakeholders either in choosing its activities or reviewing them. Nevertheless, 28.8%(66) of the respondents were of the view that KCB does not involve all stakeholders, a possible indication that the organization needs to extend its coverage in terms of creating awareness and involving all of its stakeholders so that none feels left out. Respondents also felt appreciated for being involved in CSR planning by KCB: 41.8%(84) strongly agreed, and 37.3%(94) agreed. Still, 20.9%(47) felt differently and indicated that they did not feel appreciated.

With regard to whether CSR helps in enhancing an organization’s corporate image, 26.7%(60) of the respondents strongly agreed, and 64.9% (146) agreed. This agrees with Ray and Raju (2014), who stated that CSR gives a bank social standing, enhancing its corporate image. This shows that stakeholders have positive mental pictures about an organization that practices CSR. It is in this same line that an organization that practices CSR is perceived as being more ethical than that which does not. In relation to this statement, 50.2%(112) of the respondents strongly agreed, and 30.2%(68) agreed.

Ninety-point-six percent of the respondents agreed that they would bank with KCB because an organization that practices CSR earns stakeholders’ trust. This was supported by 40.9%(92) of respondents who strongly agreed and 52.9%(119), who stated that they trust KCB because of CSR. This resonates with Bhattacharya and Sen (2004) who pinpointed trust as one of the benefits of CSR to an organization, and also with Perez et al.’s (2013) emphasis on the need for a bank to build trust amongst its stakeholders.
From the interviews, the respondents were of the view that CSR gives the organization a favorable perception from its stakeholders. Some of the responses included “CSR enhances our corporate image”, “CSR gives KCB goodwill,” and “through CSR we feel that the public trusts us.” This agrees with the questionnaire responses where a majority had similar opinions by virtue of the fact that they agreed or strongly agreed with the statements.

KCB’s CSR Implementation Challenges

This section was on challenges that KCB is probably facing as it implements its CSR. Various responses came up, as indicated in Figure 4.5.

![Challenges of implementing CSR](image)

**Figure 4.5: Challenges of CSR Implementation at KCB**

As illustrated in Figure 4.5, respondents gave several suggestions. 56% cited inadequacy of funds as the biggest challenge to KCB’s CSR implementation, as also observed by Rana (2015) and Wanjala (2011). Adding to this, Barasa (2016)
recommended the need to increase CSR budgets for education activities. This means that there is a need for organizations to look for ways to fill the funding gap in order for their CSR practices to be fruitful. This was followed by 39% of the respondents who stated that lack of awareness of KCB’s CSR amongst all its stakeholders may be hindering successful implementation. Inadequate communication and lack of stakeholder involvement as challenges were each cited by 29% of the respondents.

Inasmuch as all the respondents in this study were aware of KCB’s CSR, there is still a chance, as indicated by the findings, that some stakeholders may not be aware of the CSR activities, hence the responses given above. This demonstrates the need for KCB to increase stakeholder involvement and also look for better ways of communicating about its CSR activities in order to raise the levels of awareness. 24% (55) of the respondents felt that CSR practice was not entrenched in the organization’s corporate strategy, while 17% felt that investors do not support KCB’s CSR practice.

Summary of Key Findings

This study sought to establish the role of CSR in building of an organization’s corporate image. The findings indicate that CSR plays a major role in shaping of an organization’s corporate image. There is great awareness of KCB’s CSR as indicated by the feedback from the respondents. The major findings are as indicated below.

1. KCB carries out CSR within five thematic areas, namely education, health, environment, humanitarian support, and enterprise development. In previous studies, these areas have also been found as dominant in CSR practice in the banking industry.
2. The study found out that KCB’s corporate image is shaped by perceptions from both internal and external stakeholders, where respondents stated that CSR improves the bank’s corporate image. Other benefits that respondents supported were improving the wellbeing of the society as well as benefiting employees. This shows that CSR benefits both internal and external stakeholders, thus creating favorable perceptions amongst all of the organization’s stakeholders.

3. The public trusts an organization that carries out CSR, so much that they would like to be associated with it. This translates to the fact that they are willing to bank with an organization that engages in CSR, because they consider it to be more ethical than that which does not. CSR, thus, benefits both the organization and the community in that a favorable corporate image leads to more benefits, including increased customer base, more profits, media coverage; and mitigates any crises the organization may face. Hence, engaging in CSR is a win-win situation for both the organization and the community.

4. It also emerged that the major challenge facing the implementation of CSR is inadequate funding, as illustrated by 56% of the respondents who cited inadequate funding as the main challenge. Despite KCB’s allocation of 1% of its profits to CSR, it is still clear that more funds are required in order to realize the bank’s CSR goals.

Summary

This chapter has given a presentation of the results of the study. Analysis, as well as interpretation of the findings, have also been done. In the next chapter, the
findings are discussed. Additionally, conclusions are made based on the study’s findings. Furthermore, recommendations arising from the study are given.
CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

Introduction

In this chapter, the study findings are discussed. Also included are the conclusions are drawn, and the recommendations made. The purpose of the study was to establish the role of CSR in building an organization’s corporate image. The results of the study are based on four objectives, namely determine the CSR activities that affect KCB’s corporate image, establish the benefits of CSR in KCB’s corporate image, identify stakeholder perceptions towards KCB’s CSR, and find out the challenges KCB faces during the implementation of its CSR initiatives.

The study utilized both primary and secondary data. Primary data was collected through the field research, while secondary data was generated from a review of existing literature related to both CSR and corporate image. Moreover, the researcher reviewed literature from both the KCB website and integrated reports. Data was collected through triangulation, whereby the research used both quantitative and qualitative approaches, employing questionnaire and in-depth interviews, respectively. Quantitative data was analyzed through Microsoft Excel and SPSS, version 22, while the qualitative data was analyzed through thematic analysis. Data was presented via charts and tables.
Discussions of Key Findings

In this section, the findings are discussed in relation to the existing literature in the areas of CSR and corporate image. The study set out to establish CSR’s role in the building of an organization’s corporate image.

CSR Activities and KCB’s Corporate Image

The study found that the KCB engages in various activities which the respondents were conversant with. These include education, health, mentorship programmes, environment, grants, enterprise development and humanitarian intervention. These activities are within KCB’s five main thematic areas of education, health, environment, enterprise development, and humanitarian intervention. The findings are in agreement with Shafiul et al.’s (as cited in Tran, 2014), finding that in general, banks engage in the areas of healthcare, education, poverty eradication, women empowerment, culture, charity, sports, and music. This indicates that KCB has identified its various stakeholders and engages in activities that are suitable for them (stakeholders); thus, a sense of responsibility towards its stakeholders.

Therefore, the findings are in agreement with the stakeholder theory, which advocates for identification and appreciation of an organization’s stakeholders, factoring in their diverse needs, hence bringing about social justice to all stakeholders (Bonnafo-Boucher & Rendtorff, 2016). Additionally, in supporting stakeholders in these diverse activities, KCB can be regarded as being in line with Carroll’s (2004) ethical and philanthropic levels of the CSR pyramid. Worth noting is that by the time an organization engages in these activities, it has already fulfilled its economic and legal responsibilities since a percentage of its profits is what is devoted to CSR; and,
has complied with the legal requirements. Freeman’s (2010) recommendation in the stakeholder theory to consider all stakeholders comes into play in deciding what activities to engage in as well as the activities’ beneficiaries. This shows that the KCB involves its stakeholders, which in turn helps in picking appropriate CSR activities.

CSR Benefits to KCB’s Corporate Image

Respondents viewed the KCB’s CSR as being beneficial to both external and internal stakeholders, whereby a majority felt that it improved the wellbeing of the society as well as employees who wanted to further their studies. Previous studies, for instance, Lizarraga (as cited in Virvilaite & Daubaraite, 2011), found that CSR improves the wellbeing of the society, which in turn is also beneficial to the organization. The study also concurs with Urip (2010), who stated that CSR improves the quality of life of the community as well as enhancing the corporate image of the organization. This points towards the symbiotic benefit of CSR between the organization and the society. The stakeholder theory points to the fact that both the organization and stakeholders benefit from aligning stakeholder interests with an organization’s decisions. The two-way symmetrical communication (Grunig & Hunt, 1984) enables an organization to evaluate the benefits of its CSR activities.

This finding, however, differs from Lantos (2002), who argued that CSR benefits the organization only and not the stakeholders. This is on the aspect of benefits being one-sided but agrees with Lantos’ (2002) assertion that CSR improves an organization’s corporate image. This study also differs from Jensen (2002), who argued that by making profits, the organization is already contributing to society and should not engage in CSR. The CSR pyramid, Carroll (1991), viewed an organization's shareholders as just on the category of its stakeholders, lying in the
economic level. There are other levels, such as the legal, the philanthropic, and ethical levels, which are also obligations of the organization towards its stakeholders. Arguably, the practice of CSR has been shown to have more benefits, which would not be achieved through profit maximization only.

Stakeholder Perceptions on KCB’s CSR

It emerged from the study that CSR persuades the public to have a good perception of KCB. This means that CSR practice gives KCB a favorable corporate image, supporting McElhaney (2008). Respondents felt that they trust KCB due to its CSR. This is due to the fact that they felt that the organization involves them in CSR activities and also benefits society by improving its wellbeing. The attribution theory posits that perceptions are made based on what individuals feel is the motive behind an act (Heider as cited in Malle, 2011). The respondents in this study felt that they can trust KCB because they believed its CSR means well for society.

This study agrees with Manyange (2013), whose study found that CSR gives back to the community, thereby concluding that it adds value to stakeholders. Hence, the perception of a good motive behind KCB’s CSR by stakeholders has persuaded them to have a positive corporate image about the organization. It can also be argued at this point that the attribution theory is applicable as a guide for KCB in selecting CSR activities that do not appear insincere, as this would attract negative perception towards the organization. This supports Lee (2008), who advised organizations not to engage in CSR activities blindly, for this might lead to negative perception.

Challenges in Implementing CSR at KCB

Successful implementation requires that an organization identifies the possible impediments they may come across, because this helps them plan ahead. This is the
reason this study asked about the challenges that respondents felt may hinder the successful implementation of CSR programs. A majority of the respondents suggested inadequacy of funds as the probable foremost challenge. CSR is an expensive investment, which is why KCB has settled on the five thematic areas because it is not possible to cover all possible CSR areas in the region. Other suggestions were lack of investors’ support, failure to entrench CSR in the corporate strategy, lack of awareness, lack of stakeholders’ involvement, and inadequate communication.

These findings agree with Rana (2015); and Mbogoh and Ogutu (2017), who also had the above challenges as some of the main challenges hampering successful implementation of CSR in the banking industry. The two-way symmetrical communication can enable the organization to mitigate these challenges by engaging like-minded partners to come on board and help bridge the funding gap. This goes in conjunction with the stakeholder theory, which helps identify such stakeholders leading to long-term engagements and strong relationships that help steer the bank’s CSR agenda forward.

Conclusion

As per the findings of this study, the conclusion is drawn that CSR plays a fundamental role in the building of an organization’s corporate image. Consequently, organizations need to fully evaluate the activities they set to engage in. This will enable them to have the benefit of positive perception, which generates a positive corporate image. Stakeholders will always want to be associated with an organization that is practicing CSR and hence the need for the organization needs to engage its stakeholders in order to obtain feedback on their expectations. The stakeholder theory
helps the organization identify and have a dialogue with its stakeholders, resulting in the best CSR fit for its stakeholders. This study thus contributes support to the stakeholder theory. Additionally, through the CSR pyramid, the organization already knows its duty towards the diverse stakeholders who fall under the different levels of responsibility. It thus helps to identify the level of responsibility where each of their stakeholders falls. This simplifies the organization’s work of stakeholder identification.

Secondly, KCB engages in CSR activities proven by other studies, which affects an organization’s corporate image. Prudently selected CSR activities can thus be said to positively impact the organization’s corporate image, making it favorable. The two-way symmetrical model of communication comes in handy in identifying activities that favor both the organization and its stakeholders.

Thirdly, the benefits that KCB reaps from engaging in CSR also impact its corporate image, whereby stakeholders develop a positive perception towards the bank. Therefore, an organization should deliberately engage in activities whose benefit to stakeholders also stimulates the stakeholders’ positive perceptions.

Starting a CSR program with the organization’s corporate image in mind can also be a win-win situation for both the organization and its stakeholders. This is due to the fact some activities have been shown in this study, as well as in previous studies to rouse positive perceptions from the stakeholders. This is guided by the attribution theory, which advises that perceptions are drawn based on motives. The use of this theory helps an organization to engage in activities that do not appear deceitful. Employing the stakeholder theory in identifying stakeholders, and the two-
way symmetrical communication, in negotiating with the stakeholders, also helps
gauge what activities are of interest to the stakeholders.

Furthermore, challenges exist that may hinder successful CSR implementation, such as inadequate funding, lack of communication of an organization’s CSR, failure to involve all stakeholders, lack of investors’ support, and failure to entrench CSR in the organization's corporate strategy. Proper evaluation, communication with all stakeholders through two-way symmetrical communication, and planning will help mitigate these challenges.

Finally, the findings of this study support the theories and models used in the study. For example, the various stakeholder associations in KCB’s CSR show that the stakeholder theory helps any organization engage in CSR. It is through stakeholder theory that the bank has been able to identify and negotiate with its stakeholders to learn the activities of interest to the stakeholders.

The attribution theory is supported by the stakeholders' perceptions about KCB, which are motivated by the organization’s CSR. Thus, the bank has been able to identify initiatives that appeal to its stakeholders, improving their perceptions of the bank.

Two-way symmetrical communication enables the organization to get feedback from the various stakeholders of the organization. This involves engagements and discourse with the various stakeholders, which helps the bank to gauge the expectations of its stakeholders. This enables the bank to draw its policies, putting these expectations into consideration.

Additionally, KCB’s CSR has been proven to fall within Carroll’s (1991) pyramid of CSR, where profitmaking falls within the economic level of responsibility
- adhering to the country's laws and other regulations that govern the banking industry. This falls under the legal levels, and finally, participating in social activities covers both the CSR pyramid's ethical and philanthropic levels.

**Recommendations**

This study recommends the need for the government to take up an active role in ensuring adequate regulation, which mandates all organizations to become responsible corporate citizens by giving back to society. This is one way of lessening the government’s burden towards its citizens since the government policy on CSR is not currently very clear, implying that CSR is left to the discretion of the organizations.

Successful implementation of CSR programs depends on adequate resources, both financial and human. This study recommends that organizations commit themselves fully to be successful and also to be able to reap the full benefits of CSR both for the organization and its stakeholders.

**Recommendations for Further Research**

This study focused on KCB’s external and internal stakeholders within Nairobi. Previous studies have used either internal or external stakeholders. Further study focusing on both internal and external stakeholders in the other banks in the country would help to further knowledge in the CSR field.

This study focused mainly on the philanthropic level of CSR which targets employees, customers, and beneficiaries of KCB’s CSR. Thus, there is a need to study other categories of stakeholders such as the government, interest groups, and investors to gauge their perceptions on CSR.
REFERENCES


network synthesis report 51). Copenhagen, Denmark: World Health Organization Regional Office for Europe.


APPENDICES

Appendix A: Questionnaire (KCB Internal Stakeholders)

Dear Respondent,

My name is Roselyne Mutavi, currently studying at Daystar University for my Masters degree in Communication. As part of the programme, I am carrying out research on the role of CSR in building of an organization’s corporate image. As an employee of KCB bank where I am carrying out my study, you have been chosen to participate. I appreciate your willingness to fill in the attached questionnaire. To ensure confidentiality, kindly do not write your name. Thank you.

Section 1: Personal Information (Please tick where appropriate)

1. Gender  Male [ ]  Female [ ]
2. Age in years  
   21-30 [ ]  31-40 [ ]  41-50 [ ]  51-60 [ ]
3. What is your highest education qualification?
   Certificate [ ] Diploma [ ] Undergraduate degree [ ] Masters degree [ ]
   Other (please specify)_______________________________________________
4. For how long have you been working with KCB?
   Less than 10 years [ ] 11-20 years [ ] 21-30 years [ ] Above 30 years [ ]
5. What position do you hold at KCB?
   Manager [ ] Corporate affairs officer [ ] Other [ ]
   Specify______________________

SECTION 2: CSR ACTIVITIES WHICH AFFECT KCB’S CORPORATE IMAGE

6. Are you aware of the CSR activities carried out at KCB?
   Yes [ ]  No [ ]
7. If your answer to 6 above is yes what areas does KCB engage in its CSR activities? Please tick the appropriate areas given below
   Health [ ] Education [ ] Environment [ ] Enterprise development [ ] Humanitarian development [ ]
8. What specific activities does KCB carry out in relation to the areas you have ticked above?
   Education [ ]
   Health [ ]
   Mentorship programmes [ ]
   Enterprise development [ ]
   Environment [ ]
   Grants [ ]
   Humanitarian Support [ ]
   Other (Specify)

9. How often does your organization carry out CSR activities?

10. In your opinion, how does practicing CSR affect how the public views KCB?

SECTION 3: CSR BENEFITS TO KCB’S CORPORATE IMAGE

Please indicate whether you Strongly Agree (SA), Agree (A), Disagree (D) or Strongly Disagree (SD) with the following statements

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>CSR develops skills within the community</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>12</td>
<td>CSR creates a better life for future generations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>CSR practice earns KCB good media coverage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>CSR earns goodwill thereby enhancing corporate image</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>CSR improves community relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>CSR brings in more customers for KCB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>CSR practice helps improve the wellbeing of the society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>CSR protects the environment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
19 CSR practice boosts employee morale improving teamwork
20 KCB CSR also benefits employees who want to further their education

SECTION 4: STAKEHOLDER PERCEPTIONS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>CSR practice shows that KCB cares about all its stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>KCB encourages me to participate voluntarily in CSR activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>KCB involves all stakeholders in its CSR activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>I would like to be associated with KCB because of its CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>CSR practice gives KCB a good corporate image</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>I’d bank with KCB because of its CSR (CSR brings in more customers for KCB)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>I feel appreciated when KCB involves me in its KCB CSR activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>I trust KCB because it carries out CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Any organization that practices CSR is more ethical than those that do not</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION 5: CHALLENGES OF CSR IMPLEMENTATION AT KCB

30. What in your opinion are the challenges facing KCB in CSR implementation?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

Thank you for your time.

97
Appendix B: Questionnaire to External Stakeholders

Dear Respondent,

My name is Roselyne Mutavi, currently studying at Daystar University for my Masters’ degree in Communication. As part of the programme, I am carrying out research on the role of CSR in building of an organization’s corporate image. As a beneficiary of KCB’s CSR activities, you have been chosen to participate. I appreciate your willingness to fill in the attached questionnaire. To ensure confidentiality, kindly do not write your name. Should you require any further information or clarification kindly contact me on rnginam@yahoo.com, or my cellphone number 0722273972. Your willingness to assist is highly appreciated.

SECTION 1: PERSONAL INFORMATION (PLEASE TICK WHERE APPROPRIATE)

1. Gender  Male [ ]  Female [ ]
2. Age in years  
   21-30 [ ]  31-40 [ ]  41-50 [ ]  51-60 [ ]  Above 60 [ ]
3. What is your highest education qualification?  
   Certificate [ ]  Diploma [ ]  Undergraduate degree [ ]  Masters degree [ ]
   Other (please specify) ______________________________________________
4. What is your occupation?  
   ________________________________________________________________
5. When you hear of CSR what comes to your mind?  
   ________________________________________________________________

SECTION 2: CSR ACTIVITIES WHICH AFFECT KCB’S CORPORATE IMAGE

6. Are you aware of the CSR activities carried out at KCB?  
   Yes [ ]  No [ ]

7. If your answer to 6 above is yes what areas does KCB engage in in its CSR activities? Please tick the appropriate areas given below  
   Health [ ]  Education [ ]  Environment [ ]  Enterprise development [ ]
   Humanitarian development [ ]
8. What specific activities does KCB carry out in relation to the areas you have ticked above?

Education [ ]
Health [ ]
Mentorship programmes [ ]
Enterprise development [ ]
Environment [ ]
Grants [ ]
Humanitarian Support [ ]
Other (Specify)

_____________________________________________________________________
9. How often does KCB carry out CSR activities?

_____________________________________________________________________
10. In your opinion, how does practicing CSR affect how the public views KCB?

_____________________________________________________________________

SECTION 3: CSR BENEFITS TO KCB’S CORPORATE IMAGE

Please indicate whether you Strongly Agree (SA), Agree (A), Disagree (D) or Strongly Disagree (SD) with the following statements

<table>
<thead>
<tr>
<th></th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>CSR develops skills within the community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>CSR creates a better life for future generations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>CSR practice earns KCB good media coverage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>CSR earns goodwill thereby enhancing corporate image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>CSR improves community relations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>CSR brings in more customers for KCB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>CSR practice helps improve the wellbeing of the society</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>CSR protects the environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>CSR practice boosts employee morale improving teamwork</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
20. KCB CSR also benefits employees who want to further their education

SECTION 4: STAKEHOLDER PERCEPTIONS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>CSR practice shows that KCB cares about all its stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>KCB encourages me to participate voluntarily in CSR activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>KCB involves all stakeholders in its CSR activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>I would like to be associated with KCB because of its CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>CSR practice gives KCB a good corporate image</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>I’d bank with KCB because of its CSR (CSR brings in more customers for KCB)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>I feel appreciated when KCB involves me in its KCB CSR activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>I trust KCB because it carries out CSR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Any organization that practices CSR is more ethical than those that do not</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION 5: CHALLENGES OF CSR IMPLEMENTATION AT KCB

30. What in your opinion are the challenges facing KCB in CSR implementation?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

Thank you for your time.
Appendix C: Interview Schedule

1. How long have you been working in your current position?
2. What is the motivation behind your organization’s participation in CSR activities (objectives for carrying out CSR)?
3. Is CSR a departmental affair or an organizational affair?
4. Is CSR entrenched in your strategic plan and does it have top management backing?
5. What is your organization’s budget for the CSR activities you participate in?
6. How often does KCB carry out CSR activities?
7. What main areas of CSR activities does KCB engage in?
8. How did you decide on these areas (above)?
9. What stakeholders do you involve in coming up with the activities?
10. Which of your organization’s stakeholders do you think are aware of these CSR activities?
11. Who are your beneficiaries and what criterion do you use to choose them?
12. What role does CSR practice play in your corporate image?
13. How do you evaluating this?
14. What benefits does your organization reap from carrying out CSR?
15. What are the challenges faced in carrying out these activities?
Appendix D: Approval Letter from Daystar University

23rd November, 2017

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: ROSELYNE NGINA MUTAVI
STUDENT NO: 12-0302

Roselyne is a fully registered student in the School of Communication at Daystar University. She has completed her coursework towards a Master’s degree in Communication. She is now working on the research for her thesis.

Roselyne’s thesis topic is:

“The Role of Corporate Social Responsibility in Building an Organization’s Corporate Image: The Case of Kenya Commercial Bank.”

The purpose of my writing is to request that you give Roselyne any necessary assistance to enable her to complete this important academic exercise.

We assure you that any information collected will be used strictly for academic purposes and will remain absolutely confidential. Upon completion of the research, her thesis will be available at our library.

We appreciate your support for our student towards the successful completion of her thesis research.

Yours sincerely,

DR. ROSEMARY KOWUOR
HOD, COMMUNICATION
Appendix E: Ethical Clearance

Daystar University Ethics Review Board

Our Ref. DU-ERB/15/02/ 2018 /00105

Date: 15-02-2018

Roselyne Ngina Mutavi,

Dear Roselyne,

RE: The Role of Corporate Social Responsibility in Building an Organization’s Corporate Image: The Case of Kenya Commercial Bank

Reference is made to your request dated 23-01-2017 for ethical approval of your proposal by Daystar University Ethics Review Board.

We are pleased to inform you that ethical review has been done and approval granted. In line with the research projects policy, you will be required to submit a copy of the final research findings to the Board for records.

This approval is valid for a year from 15-02-2018

This approval does not exempt you from obtaining a research permit from the National Commission for Science, Technology and Innovation (NACOSTI).

Yours sincerely,

Mrs. Purity Kiambi,
Secretary, Daystar University Ethics Review Board.
Appendix F: Research Approval by KCB

26th January, 2018

Daystar University
P.O. Box 45422-00100
NAIROBI

Dear Sir/Madam,

RE: ROSELYNE MUTAVI STUDENT NO: 12-0302 RESEARCH THESIS

Please refer to your letter dated 23rd November 2017 requesting for KCB Bank Group to allow your student to do her research thesis at the Bank on the topic, “The Role of Corporate Social Responsibility in Building and Organizations Image: The Case of Kenya Commercial Bank.”

The bank did accept for her to do this thesis on condition that all the findings will be shared with the Bank and the information will be treated confidentially only to be used for academic purposes.

Therefore, I would like to confirm that the Bank has no issue with Roselyne progressing with this research at the Bank and I shall accord her the necessary facilitation for her to complete this exercise.

Yours sincerely,

JUDITH SIDI ODHIAMBO
HEAD OF CORPORATE AND REGULATORY AFFAIRS
Appendix G: NACOSTI Research Permit

Ref. No. NACOSTI/P/18/39837/21987

Date: 29th March, 2018

Roselyne Ngina Mutavi
Daystar University
P.O Box 44400-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “The role of corporate social responsibility in building of an organization's corporate image,” I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 28th March, 2019.

You are advised to report to the Chief Executive Officer, Kenya Commercial Bank, the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

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

DR. STEPHEN K. KIBIRU, PHD.
FOR: DIRECTOR-GENERAL/CEO

Copy to:
The Chief Executive Officer
Kenya Commercial Bank,

The County Commissioner
Nairobi County.
## Appendix H: Interview Coding

<table>
<thead>
<tr>
<th>Codes</th>
<th>Code Clusters</th>
<th>Interpretation (initial themes)</th>
<th>Final Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Giving back to society</td>
<td>Having shared value&lt;br&gt;Ploughing back profits&lt;br&gt;Support community&lt;br&gt;Sharing profits&lt;br&gt;Recognizing stakeholders&lt;br&gt;Poverty eradication&lt;br&gt;Youth empowerment&lt;br&gt;Community empowerment&lt;br&gt;Appreciation&lt;br&gt;Acknowledging stakeholders</td>
<td>CSR means giving back to society</td>
<td>The KCB foundation runs the bank’s CSR affairs with a 1 percent profit allocation</td>
</tr>
<tr>
<td></td>
<td>The KCB foundation runs KCB’s CSR&lt;br&gt;Dedicated department&lt;br&gt;Funds&lt;br&gt;1 percent of bank’s Profits annually&lt;br&gt;Resources&lt;br&gt;Impact assessment&lt;br&gt;Top of the mind awareness&lt;br&gt;Organizational affair&lt;br&gt;Dedicated department&lt;br&gt;Management support&lt;br&gt;Entrenched in Banks</td>
<td>CSR Budget</td>
<td></td>
</tr>
</tbody>
</table>

**CSR Budget**

- The KCB foundation runs KCB’s CSR
- Dedicated department
- Funds
- 1 percent of bank’s Profits annually
- Resources
- Impact assessment
- Top of the mind awareness
- Organizational affair
- Dedicated department
- Management support
- Entrenched in Banks
<table>
<thead>
<tr>
<th>Strategy</th>
<th>Impact assessment</th>
<th>Awareness &amp; frequency of KCB’s CSR</th>
<th>There is awareness of KCB’s CSR which is a continuous organizational affair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous affair</td>
<td>Top of the mind awareness</td>
<td>Organizational affair</td>
<td>Entrenched in strategic plan</td>
</tr>
<tr>
<td>CSR culture</td>
<td>Dedicated department</td>
<td>Continuous affair</td>
<td>The Foundation</td>
</tr>
<tr>
<td>Flagship programs</td>
<td>CSR culture</td>
<td>The KCB Foundation</td>
<td></td>
</tr>
<tr>
<td>Entrenched in strategic plan</td>
<td>Flagship programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Foundation</td>
<td>The Foundation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The KCB Foundation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agribusiness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad hoc support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spinal cord operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty eradication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mifugonimali 2jiajiri</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humanitarian intervention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thematic areas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vocational training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Needs assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humanitarian intervention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supports Farmers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships to High school students</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aid to needy students</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support to fishermen</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beekeepers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KCB CSR’s five thematic areas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humanitarian intervention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agribusiness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad hoc support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spinal cord operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty eradication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mifugonimali 2jiajiri</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humanitarian intervention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thematic areas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vocational training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Needs assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants for businesspersons</td>
<td>Supports Farmers</td>
<td>KCB’s CSR empowers stakeholders</td>
<td>CSR benefits both KCB and stakeholders</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------</td>
<td>--------------------------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Customers</td>
<td>Scholarships to High school students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Families</td>
<td>Aid to needy students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>Support to fishermen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Beekeepers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>Grants for businesspersons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>Customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td>Families</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>Community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning from community</td>
<td>Stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement</td>
<td>Environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange between bank and community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appreciation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build relationships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance corporate image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>partnerships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR gives KCB a good image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creates a good perception about KCB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance corporate image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraud</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnerships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>CSR benefits to KCB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning from community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange between bank and community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appreciation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build relationships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance corporate image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>partnerships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust Goodwill</td>
<td>CSR enhances corporate image</td>
<td>CSR enhances the bank’s corporate images</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------------</td>
<td>------------------------------------------</td>
<td></td>
</tr>
</tbody>
</table>

**Management Support**
Entrenched in strategic plan

**KCB’s CSR is entrenched in the bank’s strategic plan**

**Funds Resources**
Fraud Partnerships Competition

CSR implementation challenges

**KCB faces some challenges in CSR implementation**
Appendix I: Plagiarism Report

Roselyne Mutavi thesis - 27.10.2020

<table>
<thead>
<tr>
<th>Originality Report</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10%</strong></td>
</tr>
<tr>
<td>SIMILARITY INDEX</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
</tr>
<tr>
<td><strong>2</strong></td>
</tr>
<tr>
<td><strong>3</strong></td>
</tr>
<tr>
<td><strong>4</strong></td>
</tr>
<tr>
<td><strong>5</strong></td>
</tr>
<tr>
<td><strong>6</strong></td>
</tr>
<tr>
<td><strong>7</strong></td>
</tr>
<tr>
<td><strong>8</strong></td>
</tr>
<tr>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>