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**THE ROLE OF TOP MANAGEMENT, RESOURCE AVAILABILITY AND  
STAKEHOLDER ENGAGEMENT IN IMPLEMENTING CORPORATE SOCIAL  
RESPONSIBILITY STRATEGY IN COMMERCIAL BANKS IN KENYA**

**BY**

**SUSAN MBULA**

**A THESIS PROJECT SUBMITTED TO STRATHMORE UNIVERSITY  
BUSINESS SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE AWARD OF MASTERS IN BUSINESS ADMINISTRATION (MBA)  
DEGREE**

**JULY 2020**

## DECLARATION

This research thesis is my original work and has not been presented for a degree in any other university.



Susan Mbula

MBA/100068/17



Date

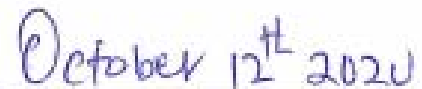
The research thesis herein is provided to the University for Examination with my consent and approval as the University Supervisor.

Supervisor:



Dr. James Wanjagi

Dr. James Wanjagi



Date

PHD-Organizational Management – Leadership, PMP, CMP

Strathmore University Business School

## ABSTRACT

There is an increasing consensus that corporate social responsibility has moved from being a business subject to becoming a critical business strategy. The general objective of the study was to investigate the role of top management, resource availability and stakeholder engagement in implementing CSR strategy in commercial banks in Kenya. Specific objectives were to establish the influence of top management support, resources availability and stakeholder involvement on implementation of CSR strategy in commercial banks in Kenya. This study used descriptive survey design. The study population was 240 senior management and middle level management employees of each of the 40 registered commercial banks. The sample size was 150 respondents. Questionnaire was the tool for data collection. Analysis of qualitative data was by use of descriptive statistics using SPSS version 23. Information was presented through percentage, mean, standard deviation, mean, standard deviation and frequency. Qualitative data was analysed by use of content analysis method. Multiple regressions were also used for data analysis. The study found that top manager's support was statistically significant to execution of CSR strategy; while resources availability and involvement of stakeholder had a significant positive association with implementation of CSR strategy. The study findings will be important to the management of commercial banks. It will improve their understanding on the factors influencing implementation of CSR strategy. The managers will be able to adopt the factors identified to enhance implementation of CSR strategy in their organizations. The findings of the study will be helpful as it will also guide policy makers and other regulators in decision-making about how best commercial banks should implement their CSR programs. This study will also be useful in offering information that is critical for raising awareness and promoting a debate about the efficiency in engaging in CSR strategies.



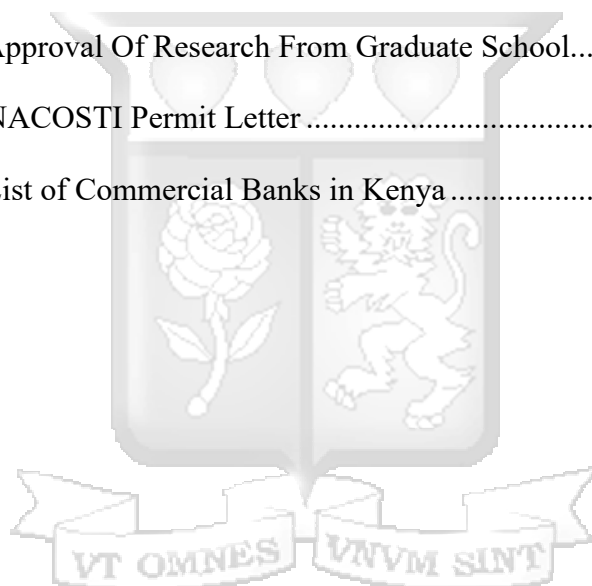
## TABLE OF CONTENTS

<b>SDECLARATION</b> .....	Error! Bookmark not defined.
<b>ABSTRACT</b> .....	<b>iii</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>viii</b>
<b>LIST O FIGURES</b> .....	<b>ix</b>
<b>LIST OF TABLES</b> .....	<b>x</b>
<b>DEDICATION</b> .....	<b>xi</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>xii</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study.....	1
1.2 Statement of the Problem .....	8
1.3 Objective of the study .....	9
1.3.1 General Objective.....	9
1.3.1 Specific Objectives.....	10
1.4 Research Questions .....	10
1.5 Scope of the Study.....	10
1.6 Significance of the Study .....	11
1.6.1 Management of Commercial Banks .....	11
1.6.2 Stakeholders .....	11
1.6.3 Government and Policy Makers .....	11
1.6.4 Future Researchers .....	12
<b>CHAPTER TWO</b> .....	<b>13</b>

<b>LITERATURE REVIEW .....</b>	<b>13</b>
2.1 Introduction .....	13
2.2 Theoretical Literature Review.....	13
2.2.1 Resource Based View Theory .....	13
2.3 Empirical Literature .....	15
2.3.1 Top Management Support and Implementation of CSR Strategy.....	18
2.3.2 Resource Availability and Implementation of CSR Strategy.....	20
2.3.3 Stakeholders Involvement and Implementation of CSR Strategy .....	21
2.3.4 Implementation of CSR Strategy.....	23
2.4 Summary of Research Gaps .....	25
2.5 Conceptual Framework.....	27
2.6. Operationalization of study variables.....	28
<b>CHAPTER THREE .....</b>	<b>30</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>30</b>
3.1 Introduction .....	30
3.2 Research Philosophy.....	30
3.3 Research Design.....	31
3.4 Target Population .....	31
3.5 Sample Size and Sampling Procedures .....	32
3.6 Data Collection Instrument .....	33
3.6 Validity and Reliability of the Research Instrument.....	34
3.7 Data Analysis and Presentation.....	35
3.8 Ethical Considerations.....	36

<b>CHAPTER FOUR.....</b>	<b>37</b>
<b>DATA ANALYSIS, PRESENTATION AND INTERPRETATION .....</b>	<b>37</b>
4.1 Introduction .....	37
4.2 Response Rate .....	37
4.3 Demographic Information.....	38
4.3.1 Gender of Respondents.....	38
4.3.2 Respondents Level of Education .....	38
4.3.3 Respondents Age Bracket.....	39
4.4 Descriptive Analysis .....	40
4.4.1 Top Management Support .....	40
4.4.2 Resources Availability.....	42
4.4.3 Stakeholder Involvement.....	43
4.4.4 Implementation of CSR Strategy.....	44
4.5 Inferential Statistics.....	45
4.5.1 Correlation Analysis.....	45
4.5.2 Regression Analysis .....	47
4.7 Chapter Summary.....	50
<b>CHAPTER FIVE .....</b>	<b>51</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b>	<b>51</b>
5.1 Introduction .....	51
5.2 Summary of Findings .....	51
5.2.1 Top Management Support .....	51
5.2.2 Resources Availability.....	52

5.2.3 Stakeholder Involvement.....	53
5.3 Conclusions .....	53
5.4 Recommendations .....	54
5.5 Suggestion for Further Studies.....	55
<b>REFERENCES.....</b>	<b>57</b>
<b>APPENDICES.....</b>	<b>71</b>
Appendix I: Letter of Introduction.....	71
Appendix II: Questionnaire.....	72
Appendix III: Approval Of Research From Graduate School.....	77
Appendix IV: NACOSTI Permit Letter .....	78
Appendix 11: List of Commercial Banks in Kenya.....	79



## ABBREVIATIONS AND ACRONYMS

<b>CBK</b>	:	Central Bank of Kenya
<b>NSE</b>	:	Nairobi Stock Exchange
<b>SPSS</b>	:	Statistical Package for Social Sciences
<b>U.S</b>	:	United States
<b>CSR</b>	:	Corporate Social Responsibility
<b>USA</b>	:	United States of America



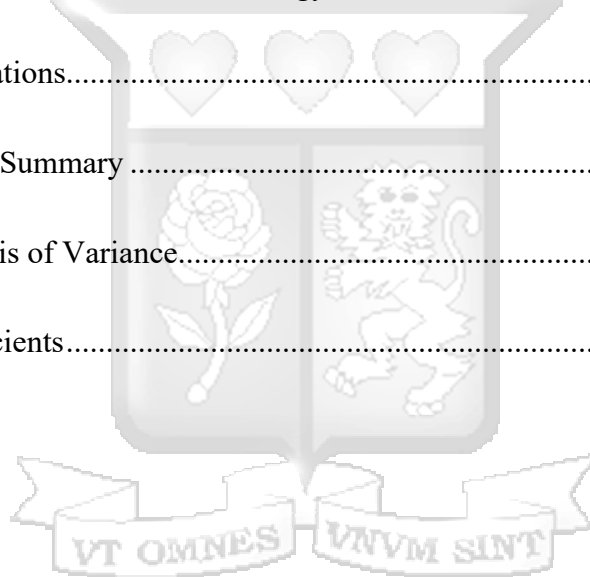
## LIST O FIGURES

Figure 2.1: Conceptual Framework .....	28
Figure 4.1: Gender of Respondents .....	38
Figure 4.2: Respondents Level of Education .....	39
Figure 4.3: Respondents Age Bracket .....	39



## LIST OF TABLES

Table 2.1: Operationalization of study variables .....	28
Table 4.1: Response Rate.....	37
Table 4.2: Top Management Support on Implementation of CSR .....	40
Table 4.3: Resources Availability on Implementation of CSR Strategy .....	42
Table 4.4: Stakeholder Involvement Of On Implementation of CSR.....	43
Table 4.5: Implementation of CSR Strategy.....	44
Table 4.6: Correlations.....	46
Table 4.7: Model Summary .....	47
Table 4.8: Analysis of Variance.....	48
Table 4.9: Coefficients.....	48



## DEDICATION

I wish to dedicate my research thesis to my Husband Eric, children Safadi and Simeon and my extended family who in one way or another encouraged me and gave moral support throughout my journey as a student.



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My sincere gratitude to my supervisor Rd. James Wangi for his guidance and valuable advice.



# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The concept of CSR was first introduced by (Bowen, 1953). Bowen believes that large corporations have certain obligations to society, due to their economic performance and their effect on peoples' livelihoods. Bowen, refers to CSR as the set of obligations and policies executed by businessmen to make decisions using actions according to the objectives and values of our society. Similarly, Carroll (1999) emphasizes that firms should have responsibilities to society, which are aligned with the principles of ethics, sustainability/triple bottom line, stakeholder management, and corporate citizenship.

Seth (1957) classified the corporate behaviour into social obligation or corporate action, which is provoked by market forces and legal constraints, social responsibility or corporate behaviour by social norms, values, and expectations, and social responsiveness or corporate ability to adapt itself to changes in the market and society. Carroll (199) also introduced the CSR pyramid using four areas: Economic, legal, ethical, and philanthropic initiatives. In addition, Porter and Kramer (2006) divided CSR into four categories, which are a license to operate, moral obligation, reputation, and sustainability. Melo and Garrido-Morgado (2012); Nagler (2012) introduced dimensions of CSR, such as community's and employee's relations, conscious capitalism, corporate sustainability, social entrepreneurship, and sustainable business development. CSR is considered as the key to business strategy through its competitive advantage effect on stakeholder groups, employees, and customers (Alrubaiee, 2012; Matute-Vallejo, Bravo & Pina, 2011).

The study will adopt Carroll's CSR definition which comprised four dimensions economic, legal, ethical, and philanthropic. Economic responsibility is that the main goal for banks is to improve the stakeholders' welfare, profitability, and growth (Arikan & Güner, 2013). Legal responsibility is that the banking industry is one of the safest economic sectors with high regulation level, which minimizes risk and increases confidence in the financial system for the parties (Agler, 2012). Ethical responsibility is that ethical standards might be understood through individual integrity and the stakeholder's expectations (Searcy, 2012). Discretionary (philanthropic) responsibility is that Bank's business activities and clientele increase the reputation of the financial sector, including secure products and appropriate information provision (Alrubaiee, 2012). This definition is appropriate because it incorporates different dimensions that are found in the banking sector.

Top manager's structure decision situations to fit the organization needs. Managers are therefore supposed to define the CSR value-framework and to create the necessary reward and other incentives for motivating strong CSR responsibility performance. This implies that managers are usually in a situation to impact policy regarding formulation and implementation of CSR initiatives that go beyond minimum regulatory obligations to satisfy a wide range of stakeholders (Freeman, 2017). Further, top managers are seen to be probable movers of CSR arising from the liberty they have in making strategic decisions and their roles in corporate social sensitivity (Grushina, 2017).

Stakeholder engagement can be seen as the firm's ability to establish collaborative relationships with a wide variety of stakeholders (Zwikael, Elias, & Ahn, 2012). It includes a set of initiatives or practices that organizations develop to positively engage their

stakeholders in their organizational activities and can inspire and reward fundamental changes to core operations of the firm that are beneficial to society and the environment (Sulkowski *et al.*, 2018). Stakeholders engaged in a business are much more likely to collaborate and support the activities and strategy of the corporation, positively impacting its sustainability and execution of CSR (Freeman, 2017).

The availability of sufficient resources is one of the most important elements in defining and implementing successful strategies by compromising the interest of the different firms' stakeholders with those of the shareholders and managers. The availability of sufficient resources like the human and financial resources makes any firm potentially more flexible and able to develop strategies suitable for pursuing opportunities coherent with its current and prospective environment, which is increasingly characterized by a strong call to implement CSR activities (Testa & D'Amato, 2017). In addition to the availability of sufficient resources, another important key to a good and effective business strategy is the appropriate allocation of these resources in CSR activities (Grant, 2010).

Corporate social responsibility (CSR) has advanced to a significant agenda and its scope has widened from responsible organizations to tactical decision making (Lambooy, 2014). A strategic CSR method is viewed as a tool of strategic competition for companies whereby social responsible firm behaviours is a necessary and effective method to warrant survival in the dynamic, aggressive and competitive business environment (Loosemore & Phua, 2011). The association between competitiveness and CSR can be attained through proper

coordination of social needs, environment needs and business interests (Ljubojevic, Ljubojevic & Maksimovic, 2012).

According to Porter and Kramer (2006) organizations have done a lot to enhance the social and environmental consequences of their activities; however their efforts have not been productive due to two reasons. First, the government and media pit business against society, when clearly the two are interdependent. Second, they pressure companies to think of corporate social responsibility in generic ways instead of in the way most appropriate to each firm's strategy. Porter and Kramer (2006) further notes that, the prevailing approaches to CSR are highly unrelated to business and strategy as to obscure many of the greatest opportunities for companies to benefit society. Therefore, a proper analysis of CSR in line with essential business choices, would ensure that CSR is seen as a source of opportunity, innovation, and competitive advantage other than a cost, a constraint, or a charitable deed.

As a phenomenon in organizations, CSR is now highly dominant and evident in a large number of industries. In the banking sector, essential requirement for companies to partake in sustainable CSR is observed in two ways (Baker, 2017). The first comes from the tangible benefits resulting from such efforts. In businesses, the initiative to take on sustainable CSR was forecasted centred on the notion that integration and society interaction, environmental and ethical concerns within firm operations may result to attaining sustainability in businesses (Loosemore & Phua, 2011). The second is the nature of industry, in addition to a range of unethical issues. According to Battaglia, Testa, Bianchi, Iraldo and Frey (2014) companies that have embraced sustainable CSR practices

are advised to be highly responsible in their undertakings in areas like: marketplace CSR, environmental CSR, work place CSR and community CSR. So, sustainable CSR is viewed as a suitable platform for competitive strategy as well as improved strategies for mitigation to reduce the adverse effects in the industry (Hong, Nahm & Doll, 2014).

Nzovah (2012) review on CSR found that factors influencing CSR implementation comprised firm strategies, accountability, improvement of shareholder associations, and integrity of the firm and cooperation of stakeholders. Millon (2011) posits that senior managers have an essential part in the introduction and execution of CSR projects in a firm. Galbreath (2010) noted that availability of resources is among the most important conditions for investment in CSR-innovation initiatives. Wirtenberg *et al.* (2007) evaluation on highly sustainable corporations in the world identified elements that influence the execution of sustainable CSR. The elements comprised firm's culture, support by senior management and placing CSR central to the firm strategy, staff and stakeholder engagement and aligning formal and informal systems. However, it was noted that companies were struggling in execution of important phases of CSR activities.

Nyarku and Hinson (2018) reviewed corporate social responsibility reporting of banks operating in Ghana. It was reported that there were more external than internal disclosures. Concerning internal disclosures, only one foreign bank reported product and customer initiatives while one local and four foreign banks reported human resource initiatives. External disclosures reported uneven community involvement and environmental focus

among the selected banks. Health, education, and sports development dominate CSR initiatives and disclosure in Ghana's banking industry.

Hinson, Renner and Van Zyl (2016) reviewed the bank customers' preferences and responses to corporate social responsibility (CSR) initiatives in Ghana. It was found that customers have the highest preference for corporate philanthropy initiatives, followed by customer-centric and community volunteering initiatives. Additionally, the overall effects of CSR initiatives on customers' attitude and behavioural intentions toward bank brands were significant. Idemudia (2014) reviewed corporate-community engagement strategies in the Niger Delta. It was noted that a few of corporate-community involvement strategies had much of an impact, a direct result of the managers of oil companies not wishing to relinquish control over decisions concerning CCI, internal fragmentation within local communities, and unresolved legitimacy crises. So as to attain sustainable CSR, firms should ensure high collaboration of people, firm structures and firm strategy to CSR activities.

In Kenya, commercial banks are working on sustainability principles that would guide them in balancing their immediate business goals with the economy's future priorities and socio-economic concerns. This process began in September 2013, and is coordinated by the Kenya Bankers Association with the support of UNEP Finance Initiative (UNEP FI), the Netherlands Development Finance Company (FMO), German Investment Corporation (DEG) and the International Finance Corporation (IFC) (KBA, 2014). The initiative was guided by the Sustainable Finance Initiative (SFI) Working Group consisting of the KBA Secretarial and 12 banks. The Working Group is tasked with developing recommendations,

including proposals on capacity building and development of Sustainable Finance Guiding Principles for the East African context. Drawing from global best practices, the SFI seeks to cover the economic, social and environmental dimensions of sustainability and to be responsive to individual banks' credit risk policies (KBA, 2014).

A report by CBK (2018), shows that commercial banks have developed social policies for years and charity and social projects are implemented according to the corporation long term strategy. Commercial banks are actively taking part and implementing different CSR projects, the main goal being right, suitable and well-timed assistance and support to those who truthfully and wholly require it (Wanjohi, 2017). Kenyan Banks take part in diverse CSR projects contingent on their sizes. The large banks have highly spent in CSR projects in comparison to small banks (Wanjala, 2016). Kenyan banks CSR projects include; environmental undertakings such as clean up and tree planting, talent promotion like sports and music, health issues campaigns such as Malaria, HIV/AIDS, Cancer and Tuberculosis, support of education, employee learning and growth, equality and gender, supporting special need individuals in the community and sponsorship of orphans (Baker, 2017).

Nevertheless, despite the progress in integration of CSR in the Kenyan banking sector, there has been slight improvement in sustainable CSR strategy execution in the banks industry (Mbogoh & Ogutu, 2017). This has resulted to the argument that sustainable CSR strategy in the banking sector is somewhat undeveloped and what drives implementation is not yet well understood (Battaglia, *et al.*, 2014). It is against this background that the

current study sought to investigate the role of top management, resource availability and stakeholder engagement in implementing CSR strategy in commercial banks in Kenya.

## **1.2 Statement of the Problem**

Corporate social responsibility has become a key concept in today's business world, as decision makers strive to make corporate decisions that not only benefit the organization, but also impact the society. Today's managers experience difficult strategic resources allocation choices which are just grounded on financial results, but that also must appeal to established, evolving societal stakeholder expectations (Marano & Kostova, 2015). Though CSR has an impact on organization competitiveness, many stakeholders remain cynical about reasons why firms engage in CSR, making it challenging for practitioners and researchers to understand the main effects and consequences of involving in CSR practices (Lambooy, 2014).

In Kenya, Commercial banks are highly engaging in CSR activities, financially and in other ways since great organization performance is associated with achievement in CSR tasks (Scott, 2007; Devinney 2009; Hopkins, 2007). However, on average, over 70% of Citizenship projects are of low quality, does not enhance awareness of banking, experience cost overruns, and completion is not usually as scheduled (Lester, 2007; Baker, 2007; Hong, Nahm & Doll, 2004).

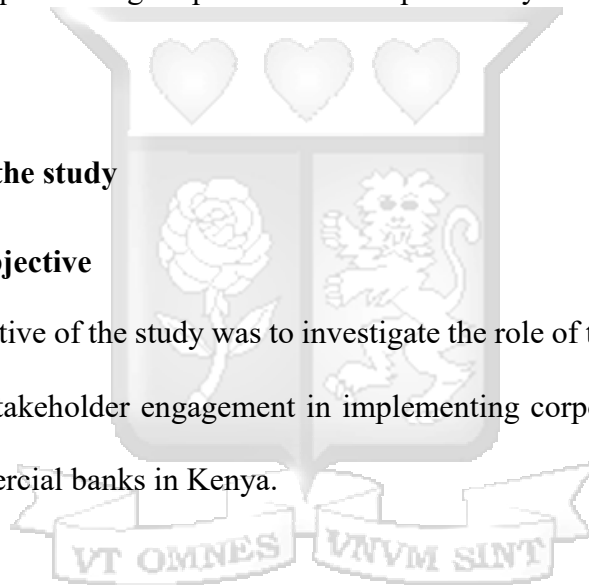
Swanson (2018) researched on top management as drivers for corporate social responsibility. Gekonge and Kamaara (2016) studied the elements influencing execution

of sustainable CSR practices in the Kenyan energy sector. Chepkwei (2018) did a study on CSR strategy execution. Nyarku and Hinson (2018) reviewed corporate social responsibility reporting of banks operating in Ghana. Hinson, Renner and Van Zyl (2016) reviewed the bank customers' preferences and responses to corporate social responsibility (CSR) initiatives in Ghana. The reviewed studies had varied results. Also the studies focused on different concepts of CSR. This study therefore is an attempt to predict a mechanism of the role of top management, resource availability and stakeholder engagement in implementing corporate social responsibility strategy in commercial banks in Kenya.

### **1.3 Objective of the study**

#### **1.3.1 General Objective**

The general objective of the study was to investigate the role of top management, resource availability and stakeholder engagement in implementing corporate social responsibility strategy in commercial banks in Kenya.



### **1.3.1 Specific Objectives**

The study was guided by the following research objective

- i. To establish the influence of top management support on implementation of CSR strategy in commercial banks in Kenya.
- ii. To investigate the influence of resources availability on implementation of CSR strategy in commercial banks in Kenya.
- iii. To establish the influence of stakeholder involvement of on implementation of CSR strategy in commercial banks in Kenya.

### **1.4 Research Questions**

This study sought to answer the following research questions;

- i. To what extent does top management support influence implementation of CSR strategy in commercial banks in Kenya?
- ii. How does resources availability influence implementation of CSR strategy in commercial banks in Kenya?
- iii. To what extent does stakeholder involvement influence implementation of CSR strategy in commercial banks in Kenya?

### **1.5 Scope of the Study**

The scope of this study was to determine the role of top management, resource availability and stakeholder engagement in implementing CSR strategy in commercial banks in Kenya. Specifically, the study aimed to find out the influence of support by top management, resources availability and stakeholder involvement of on implementation of CSR strategy

in commercial banks in Kenya. The study targeted 40 commercial banks in Kenya, the target respondents were senior managers and middle level managers of each bank at the head office in Nairobi.

## **1.6 Significance of the Study**

### **1.6.1 Management of Commercial Banks**

The study findings would be important to the commercial banks management. It would improve their understanding on the role of top management, resource availability and stakeholder engagement in implementation of CSR strategy. The managers may be able to adopt the factors to enhance implementation of CSR strategy in their organizations.

### **1.6.2 Stakeholders**

The study findings may also be important to firm stakeholders. It can create insights on the role of top management, resource availability and stakeholder engagement in implementation of CSR strategy. The stakeholders may be able to encourage the use of the identified factors to enhance implementation of CSR strategy.

### **1.6.3 Government and Policy Makers**

The findings of the study may be helpful as it will guide the Kenyan government and policy makers in decision-making about how best commercial banks should implement their CSR programs. This study would also be useful in offering information that is critical for raising awareness and promoting a debate about the efficiency in engaging in CSR strategies.

#### **1.6.4 Future Researchers**

The findings of the study would add to the body of knowledge on the role of top management, resource availability and stakeholder engagement in implementation of corporate social responsibility strategy. It may enhance the understanding of researchers on the issue of implementation of corporate social responsibility strategy. The study can be used as reference for future related studies.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter presents literature relevant and related to the role of top management, resource availability and stakeholder engagement in implementing corporate social responsibility strategy. The chapter provides the theoretical literature review, empirical literature review, research gaps summary and conceptual framework.

#### **2.2 Theoretical Literature Review**

A theory is used to describe, forecast, and comprehend a situation and to some level to critique present knowledge for the purpose of expanding. According to Kombo and Tromp (2006) a theoretical review enlightens the existence of a phenomenon. Further, it gives an easier route to understand explanation of the association existing between the study variables. This study was informed by the resource based view theory as it aimed to determine the role of senior management, availability of resources and stakeholder engagement in implementing CSR strategy.

##### **2.2.1 Resource Based View Theory**

The RBV is raised by Penrose (1959) who described a corporation as an accumulation of competencies. Wernerfeldt (1984) expanded this concept to a new research field next to the traditional competitive based view. The analysis of a firm's core competencies stands in contrast to the approach of the competitive based view, whereas competitive advantages gain through specific resources and not through industry structures (Hamel & Prahalad,

1990). The concept of the RBV emerged in the strategic management research since the early 1990s. The RBV overtakes the perspective that a corporation's internal environment, in terms of its resources and capabilities, affect strategic action to a larger extent than external factors do. In this respect, Teece et al. (1997) define resources 'as firm-specific assets that are difficult if not impossible to imitate'. These resources can be classified into three categories: physical capital, human capital and, organizational capital.

According to Barney (1991a, b), there are two core assumptions of the RBV: First, resources are allocated heterogeneously among firms. Second, the transfer of resources from one firm to the other causes transaction costs. These two basic assumptions lead to the following argumentations: First of all, resources which are rare and valuable can cause a competitive advantage. Second resources which are additionally not imitable, not replaceable, and not transferable can cause a sustainable competitive advantage. From the perspective of the RBV firms can generate competitive advantages by successfully configuring their resources as well as their capabilities if these fulfill the criteria: valuable, rare, not imitable and not substitutable (Wright et al., 2001).

According to Black (2006) for a certain type of firms' environmental responsibility could constitute a resource or a capability, which can lead to a sustainable competitive advantage. Bronco and Rodrigues (2006) enhance this perspective by adding ethical and social aspects to the debate. Through the development of specific corporate capabilities in this area, social responsible management can be enforced which may lead them to competitive advantages. Therefore, developing dynamic capabilities is in essence an acceptance of the resource-based view (RBV) of the firm where firms acquire and control rare resources and then use

them to develop a sustainable competitive advantage. In Barney's (1991) seminal paper, the goal of management was to utilize its resources in a manner which allows them to implement and carry out the firms' strategy in the pursuit of a competitive advantage.

Bronco and Rodrigues (2006) explained on the basis of the RBV why firms implement CSR by describing their internal and external benefits. Furthermore, Mc Williams and Siegel (2001) empirically found an optimal degree of investments in CSR activities in respect to firm's output by performing various cost-benefit-analyses. These authors state that the optimal degree of CSR activities depends on several internal and external factors, such as firm size and industry type. The study used the resource based view theory to examine the factors influencing implementing of corporate CSR.

### **2.3 Empirical Literature**

This section reviews the existing literature in relation to key factors influencing execution of CSR strategy. According to Carroll (1979, 1991) corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time. This set of four responsibilities creates a foundation or infrastructure that helps to delineate in some detail and to frame or characterize the nature of businesses' responsibilities to the society of which it is a part. European Union (2011) refers to CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The EU also introduced some new thinking and stated that CSR is the responsibility of enterprises for their impacts on society. Mallenbaker

(2012) notes that CSR is about how companies manage the business processes to produce an overall positive impact on society. While the World Business Council for Sustainable Development (WBCSD) (2006) refer to Corporate Social Responsibility as 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 and society at large.

Kurucz, Colbert and Wheeler (2008) profess a key significance of corporate social responsibility for building a brand image. Thanks to the coordination of all stakeholders' needs reputation of a company as a responsible business improves. Moreover, enterprises living up to their CSR policy do not have to worry about social licence to operate (Balcerowicz, 2015). Through the legitimacy companies can build value and achieve gains. The approval of local communities can also be easily won by socially responsible behaviour and enable enterprises to operate unperturbed (Diviney & Lillywhite, 2007). CSR is also a means of distinguishing a business from others. Through presenting itself as a precursor of responsible attitude, a company can stand out of the crowd and thus induce customers into buying its products and supporting it in other ways (Gupta, 2012).

Furthermore, an increasing number of investors seek responsible companies to invest in. Ethical values of a business can attract wealthy businessmen that would like to contribute to the company's success and gain profits, in this way goodwill of the entity can increase significantly after implementing CSR in company's practice (Kurucz et al., 2008; Mullerat, 2010; Perry & Towers, 2013). As Mullerat (2010) adds, socially responsible enterprises are often characterised by less volatile stock value. From the perspective of the stock

exchange a CSR-obeying company is less risky and has lower chances of being publicly criticised, which could lower the price of the stock.

A consumer survey by Echo Global (2013) reported that CSR remains a powerful differentiator, influencing both consumer behaviour and corporate reputation. Nearly all consumers in that survey noted that when companies engage in CSR, they have a more positive image of the company, would be more likely to trust that company and would be more loyal to that company. Consumer respondents added that it is acceptable if a company is not perfect, provided that the company is honest and transparent about its CSR efforts.

Nowadays, reporting CSR issues have become a necessary facet of businesses to demonstrate companies' commitment to the wellbeing of society (Khan, 2010). A corporate social responsibility report can be referred to as a periodical (usually annual) report published by companies to report their corporate social responsibility actions and results (Sulemana, 2016). The CSR report provides a company with an opportunity to communicate its CSR efforts to the company's stakeholders. It also helps to discuss certain company successes and challenges on a wide array of CSR issues, including corporate governance, climate change, employee and supplier diversity initiatives, and community investments and partnerships (Boateng & Abdul-Hamid, 2017). The CSR report is also a medium for transparency. It often improves a company's reputation with certain stakeholders, particularly shareholders, employees, suppliers and communities within which the company operates. It may also be used as an effective outreach tool as part of an on-going shareholder relations campaign which may deter activist shareholders from pursuing or threatening litigation (Gao, 2011). In addition, the CSR report provides existing

and potential investors with CSR information to assist in analysing investment decisions (Abugre, 2011).

Corporate Social Responsibility (CSR) in banks has become a worldwide demand. Nowadays, by recognizing CSR, banks from all over the world endorse programs of educational, cultural, and environmental, as well as health initiatives. Besides, they implement sponsorship actions towards vulnerable groups and charitable non-profit organizations (Ali & Rizwan, 2013). CSR can bring many advantages for the banking sector. The most important is to enhance banks' reputation and financial performance because, for bank, its reputation is a determining factor to retain old clients and attract new ones, which eventually enhances bank's financial status (Gao, 2011). Besides, if a bank pays attention to social responsibilities, the bank can get profits for themselves through better risk management, employee loyalty and higher reputation. Therefore, when banks try to maximize their profit, they are now all aware that their profit earned is decided by their customers. Indeed, they are parts of society. As a result, they are supposed to become a social bank that fulfils their responsibility for the society (Hinson & Kodua, 2012).

### **2.3.1 Top Management Support and Implementation of CSR Strategy**

Mario and Matteo (2011) did an evaluation on the CSR manager map. The study outlined the features of 90 managers who are involved in CSR practices in firms in Italy. The study established that managers involved in CSR relevance is increasing in the organization, they are existing organization members, have an educational background on business management, play an essential role in supporting top management and enhancing shareholder management. CSR managers support the top managers in different ways. The

study also revealed that CSR manager map gives the opportunity to identify four types of CSR managers, specialists, generalists, process oriented and external oriented.

Joanna (2014) researched on the role of managers in effective implementation of CSR Strategy. The aim of this study was to determine the link between personal tasks and the extent of an effective execution process and analyse the correlation between manager's competencies and effective execution of CSR strategy. The study was a survey of managers from two hundred firms listed in high-status rankings. The study establishes in the implementation of the CSR strategy, manager's adequate actions are more significant than their capabilities.

Fasoulis and Kurt (2019) researched on the elements of CSR execution in maritime industry. The goal was to examine and describe factors driving and restricting linked to the execution of CSR in maritime industry. To test the study hypotheses contingency coefficient statistical measures and chi-square independence test were used. Results showed that absence of training and appreciation of abiding benefits that CSR may bring to a firm comprises a vital discouraging factor to engagement in CSR. In relation to drivers of CSR, increase in trust and enhanced firm image and the associations with key with key stakeholders is an essential factor in the execution of CSR.

Xiao (2013) researched on CSR implementation in large enterprises. The study compared CSR between China and Sweden. Results showed that enterprises in China and Sweden implementation of CSR are similar though some differences exist. In Sweden corporations focus on philanthropic responsibility to take part in community activities. In China

corporations' contribution to the society is through natural disaster donations. The summary of activities, driving factors, barriers and deliverables is done in a model.

### **2.3.2 Resource Availability and Implementation of CSR Strategy**

Zhang (2019) researched on the factors, motivations and challenges to the execution of CSR projects in construction companies. The goal was to determine and describe the factors, motivations and challenges that impact on execution of CSR in construction firms. A descriptive review revealed a rising trend of studies in CSR in construction in both developing and developed nations. Results on content analysis revealed that the factors can be characterized into three: innovation and technology development, policy pressure and market pressure. Motivations comprise: strategic corporate direction, financial benefits, branding, reputation and image, building relationship and firm culture.

Gekonge and Kamaara (2016) studied the factors that impact on implementing sustainable CSR practices in Kenya's energy sector. The study goal was to provide a predictive tool of numerous influences such as decision factors, internal challenges, foundation enablers and external effects of execution of sustainable CSR activities in the energy sector a case of KenGen Kenya. Information was obtained using questionnaires and interviews and analysis was done qualitatively and quantitatively. It was established that different influences were positively related to sustainable CSR implementation. It was also revealed that internal inhibitors negatively influenced the execution of sustainable CSR practices.

Mbogoh (2018) researched on the problems facing the implementation of CSR strategies by financial firms in Kenya. The study goal was to establish the difficulties experienced in implementing CSR projects in Kenyan commercial banks. A descriptive study method was

adopted. The participants were from forty-three commercial banks. Findings showed that the challenges from the macro environment impacting on CSR implementation by banks were high levels of poverty, the society cultures and high taxation. Industry related factors influencing CSR implementation in banks were; suppliers and customers bargaining power in certain CSR projects.

### **2.3.3 Stakeholders Involvement and Implementation of CSR Strategy**

Trapp (2014) did a study on participation of stakeholders in making of CSR strategies in Danish firms. The research was based on structured analysis, detailed interview with CSR executives from 16 leading companies in Danish. The description on managers' relations with stakeholders showed that their activities lack normative, theoretic ideals because they mainly focus on listening to people during the process of making strategies other than directly participating in decision making. Further, other individuals such as consultants greatly influence CSR decision-making. Conclusions were that the decision process is not an exercise of stakeholder management but it also involves experts, institutionalized, strategic management issues exercise.

Darwis and Resnawat (2016) studied the stakeholder's role in the execution of CSR program in Indonesia. Three mains stakeholder on implementation of CSR were local communities, government and Pertamina. Greenhouse programs by Pertamina Field Subang aim to enhance the community welfare comprising all society components. Moreover, the local administration thinks that the firm is not wholly involved in the implementation of CSR; the firm feels that its connection with government is only on licensing. This led to partial implementation of CSR and non-integration with development

plans carried out by the government. Also, the existing association between local institutions and company is an adverse stereotype of local firms that the organization seems exclusive and stingy. Local community's role as stakeholders were able to take part and be independent implementers though the program has not achieved its goals as expected.

Tanggamani (2017) did a study on incorporating role of stakeholders in business CSR practice for sustainable growth. The purpose of this study was to demonstrate the firm's need to improve the knowledge regarding the stakeholder's role in the firm's CSR strategy.

This is highly important because businesses play a big role in the development of the economy. However, the business practices may affect the community and the environment.

So, the disclosure of the firm on its CSR activities is a vital tool of creating a link of working together with shareholders, this result to mutual benefits and the firm is able to meet the society needs.

Helmig, Spraul and Ingenhoff (2016) researched on impact of stakeholder pressure on execution of CSR. A SEM model linking stakeholder pressure to CSR execution and market performance was tested. It was revealed that competitors and stakeholders have different influences. The impact of CSR execution on performance of the market moderation was by market dynamics: market performance is highly affected in dynamic environs.

Fordham (2018) did a study on involvement of stakeholders in CSR in the resource sector in Australia. The study goal was to come up with new ways that shape and create CSR in the resource sector. The focus of the study was to examine the external stakeholder's role

affecting implementation of CSR strategy in resource firms in Australia. Information was obtained using semi structured interview with participants being stakeholders from twenty five resource firms in North, South and West Australia. Consistent with CSR sociological theories, stakeholders like the community and business leaders, NGOs and government staff affect CSR through community empowerment to take part in CSR, bridge culture differences between the communities and companies and link firms to vital community standards. This was influenced by individual ethical value and stakeholder's knowledge sets.

#### **2.3.4 Implementation of CSR Strategy**

In the current business environment, CSR is a vital issue, firms' ethical values can be attributed by maintenance of corporate social responsibility. Discussions about CSR are increasing in the business world, commercial communities and capitalistic industries and the practices are incorporated in internal corporate activities and are the factors that determine market access (Afroj, 2013).

Chepkwei (2018) did a study on implementation of CSR strategy. Descriptive empirical literature in light with CSR in different nations was used. The data was obtained from websites; journal and conference reports were used. In today's business environment, clients have a lot of information in regard to their obligations and rights. The CSR strategy has a great influence on the success of different corporate firms such as the financial firms in the western world. The CSR strategy is seen as a significant instrument that affects competitive advantage, innovation and creativity, enhances the reputation of businesses to the society with workers, furniture, state firms and NGOs.

Rumambi (2016) did a study on the implementation of CSR in the light of common good. The study goal was to describe CSR in relation to common good. The qualitative technique and the principle of common good were used as a data analysis tool. Results revealed that community services and environmental conservation are the CSR practices that explain the common good. CSR implementation is mainly about community service and environmental protection. Community service comprise achievement of profits, creation of jobs, creation of conducive social systems in the firm, creation business information systems, empowerment of the community and participating in building of infrastructure facilities. Environmental protection comprises work, natural and living environment.

Siswoyo, Hidayat and Sutarjo (2018) studied the CSR implementation process to fight poverty. The study goal was to understand the policies of CSR execution to fight poverty in Cirebon City and factors that impact on CSR policy implementation. Qualitative study techniques and case study methods were adopted. It was revealed that CSR policy implementation is the most ideal in fighting poverty. Factors affecting CSR implementation comprise the policy content and the implementation context. Other factors include the diverse interest of the regional governments and firms and weak local head leadership in approving businesses to implement CSR.

Smith (2014) researched on the process of implementing CSR. The study goal was to determine and describe different phases in the process of implementing CSR, with the goal of creating a new model of implementing CSR that can be used by firms as a guideline in CSR implementation. It was established that the process of implementing CSR is complex and requires integration of all organization parts and activities so as to be fruitful. Also, the

process of implementing CSR should be viewed as a continuous process other than an implementation with just a beginning and an end.

## **2.4 Summary of Research Gaps**

Various studies have been conducted about CSR. Mahmoud and Hinson, (2012) researched on market orientation, innovation and corporate social responsibility practices in Ghana's Telecommunications Sector. The aim of this study was to examine how market orientation, innovation, and corporate social responsibility (CSR) jointly impact business performance. This study adopted a quantitative research design. Research evidence was collected via a questionnaire-based survey of marketing managers and executives of telecommunication companies in Ghana. The hypotheses developed following a review of scholarship on marketing, strategy and corporate citizenship were tested through regression analysis. The results indicated that firms' degree of market orientation and CSR have significant impact on innovation, which then influences business performance. Furthermore, market orientation has direct significant effect on CSR, which tends to mediate the influence of market orientation on business performance.

Kuanda and Hinson (2012) researched on corporate social responsibility (CSR) practices of foreign and local companies in Ghana. This was a comparative study of the key motives underlying corporate social responsibility (CSR) practices of foreign and local firms operating in Ghana and the societal as well as business outcomes of these practices. The results show that while the CSR decisions of foreign firms are mainly guided by legal prescriptions, those of their local counterparts are guided mostly by discretionary and social considerations. The socially oriented CSR practices of the local firms are consistent with

cultural expectations in Ghana that those with extra resources should support the less privileged members of the society.

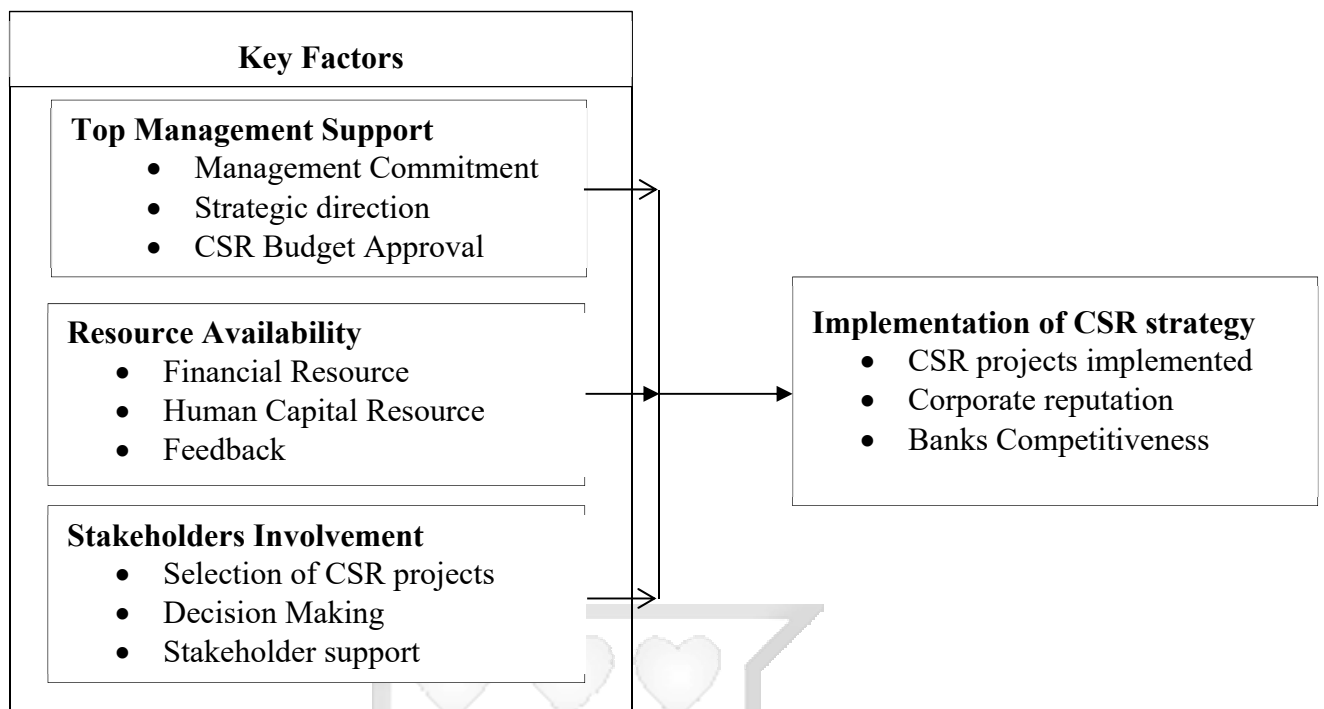
Hinson and Kodua (2012) did an examination of the marketing-corporate social responsibility nexus. The purpose of this study was to examine how corporate social responsibility is incorporated into marketing strategy for a leading telecommunications firm (MTN) in Ghana. A conceptual framework was adopted from the extant literature and used as the basis for the single case study analysis. The authors interviewed senior management of the company and also analysed corporate social responsibility (CSR) information posted on the company's website. The study revealed that MTN has a strong commitment to social responsibility programmes. A separate independent unit, dubbed, "MTN Foundation", has been established with its own Board of Directors and management team to manage CSR-related programmes. However, there seems to be lack of coordination of activities of other departments such as marketing and human resources which are of equal interest to major stakeholders. Again, in an effort to identify stakeholders' interests, there appears to be a lack of a proactive approach in examining the actual needs of prospective beneficiaries of CSR programmes of the company.

From the reviewed studies, the study results were different. Since commercial banks provide services the factors influencing implementing corporate social responsibility strategy may differ from other industries. Therefore, this study sought to fill the research gap by establishing the role of top management, resource availability and stakeholder engagement in implementing corporate social responsibility strategy in commercial banks in Kenya.

## 2.5 Conceptual Framework

The conceptual framework describes the phenomenon being studied complemented by a visual graphical depiction of the main study variables (Cooper & Schingler, 2006). Young (2009) indicated that a conceptual framework is a representation of response and diagrammatically represent the link between establish the role of top management, resource availability and stakeholder engagement in implementing CSR strategy in commercial banks in Kenya.





**Independent Variable**

**Dependent Variable**

**Figure 2.1: Conceptual Framework**

Source, Author (2020)

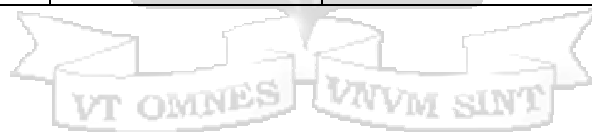
## 2.6. Operationalization of study variables

This section is a table representation on operationalization of variables. Operationalization refers to how variables are defined and measured as used in the study.

**Table 2.1: Operationalization of study variables**

<b>Independent variables</b>	<b>Operational ability</b>	<b>Measurement</b>	<b>Supporting Literature</b>
Top Management Support	Management Commitment	Likert scale; 1-strongly disagree, 2-disagree, 3-moderate, 4-agree, 5-strongly agree	Joanna (2014)
	Strategic direction		
	CSR Budget Approval		

Resource Availability	Financial Resource	Likert scale; 1-strongly disagree, 2-disagree, 3-moderate, 4-agree, 5-strongly agree	Muthiora (2018)
	Human Capital Resource		
	Feedback		
Stakeholders Involvement	Selection of CSR projects	Likert scale; 1-strongly disagree, 2-disagree, 3-moderate, 4-agree, 5-strongly agree	Tanggamani (2017)
	Decision Making		
	Stakeholder support		
<b>Dependent variables</b>			
Implementation of CSR strategy	CSR projects implemented Corporate reputation Banks Competitiveness	Likert scale; 1-strongly disagree, 2-disagree, 3-moderate, 4-agree, 5-strongly agree	Rumambi (2016)



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This current chapter presented the methodology used to meet the goals of this study in the following order; design of research, target population, sample size and sampling procedures, techniques for collection of data, analysis of collected data, research tool reliability and validity and the ethical considerations.

#### **3.2 Research Philosophy**

Research philosophy is the process of discovering knowledge as well as understanding and turning it into knowledge that is acceptable in a particular discipline (Ryan, Scapens & Theobald, 2002). The role being played by research philosophy is very significant in development of knowledge and what is assumed regarding the view of researchers regarding the world. Saunders, Thornhill and Lewis (2013) indicated that the main philosophies in research are the interpretivist and positivist. According to positivists there is stability in reality and its observation and description can be done from the view point of its objectives while interpretivists indicate that the only way in which reality can be understood is by subjective interpretation of the reality and intervention. Positivism was the philosophical foundation for this study where the study achieved triangulation by use of quantitative data. This philosophy is good because it doesn't restrict an individual's choice between positivism and interpretivist as far as methods, logic and epistemology are concerned (Creswell, 2012).

### **3.3 Research Design**

The research used a descriptive research method. A descriptive study is a logical, empirical inquiry whereby the researcher has no control of the study items since their manifestation has already taken place and they integrally cannot be influenced (Magenta & Magenta, 2003). The studies focus is on what, where and how of a situation so more suitable to develop a profile on that phenomenon Descriptive research design was more appropriate because it incorporates both qualitative and quantitative data methods. This study design was suitable because it helps in answering the research questions by describing, explaining and validating the study findings.

### **3.4 Target Population**

This study was conducted in commercial banks head offices in Nairobi County. According to the CBK there are 40 commercial banks in Nairobi County. The target population was senior management and middle level employees in the corporate affairs department of the 40 listed commercial banks. These employees were targeted because they are in charge of CSR activities in their organizations. Hence, they were able to provide information needed in the study. They were provided with the study tools to provide their opinion on key elements influencing the implementation of CSR strategy in commercial banks in Kenya. The justification was based on the fact each commercial bank headquarters is in Nairobi County which was of easy reach by researcher.

**Table 3.1: Target Population**

Category	Target Population
Senior management	40
Middle level management	200
<b>Total</b>	<b>240</b>

**Source: HRM Records (2020)**

### **3.5 Sample Size and Sampling Procedures**

The sampling frame was the list of employees at each commercial bank head offices in Nairobi County. The researcher used stratified random sampling to reduce standard error by proving some control over variance. Slovin's Formula was adopted to ascertain the sample size. The formula is as follows:

$$n = \frac{N}{1 + (N-1)e^2}$$

Where n= the required sample size, N = is the Target Population

e = accuracy level required. Standard error = 5%

$$= 240 / 1 + (240-1) 0.05^2$$

$$n = 150$$

The sample size was 150 respondents which represents 62.5% of the entire population being targeted. According to Mugenda (2009) a sample size of at least 30% of the population is appropriate for social studies.

**Table 3.2: Sample Size**

<b>Category</b>	<b>Target Population</b>	<b>Proportion</b>	<b>Sample</b>
Senior management	40	62.5%	25
Middle level management	200	62.5%	125
<b>Total</b>	<b>240</b>	<b>62.5%</b>	<b>150</b>

**Source: Author (2020)**

### **3.6 Data Collection Instrument**

The tool for data collection was a questionnaire (Appendix II). The Questionnaire was selected because it allows a research to collect large amount of data within a limited time frame, it easy to administer and also a large sample of the given population can be contacted at relatively low cost. The questionnaire was structured into open ended and close ended questions. The questions were clear and written in such a way that they could be understood easily. The questions were structured from previous literature and they were focused on the study objectives.

Section one of the questionnaire covered the demographic information of the respondents; section two had questions on management support, section three had questions on resource availability; section three had questions on stakeholder involvement and section four had questions on implementation of CSR strategy.

The study obtained the university approval in order to carry out the research. Additionally, approval was sought from the National Commission of Science Technology and Innovation (NACOSTI). The questionnaire was distributed using the drop and pick later method.

### **3.6.1 Validity and Reliability of the Research Instrument**

Piloting is a trial whereby a small scale study is carried out prior the actual study with an objective of determining the validity and reliability of study tool. Piloting assist researchers to determine whether there are weaknesses, flaws and limitations in the interview method. A pilot study is carried out to determine any weaknesses in instrumentation and design and afford substitute data for selecting a probability sample (Kothari, 2013).

Content validity was adopted to determine the validity of the instrument. Content validity is the notion that a test should sample the range of behaviour represented by the theoretical concept being tested. In the validation process of this study, copies of the questionnaire and copies of the research questions were given to experts in this field of research and the supervisors. These experts went through the research questions and the questionnaire carefully to ascertain the appropriateness and adequacy of the instrument. This helped in detecting questions that needed editing and those with ambiguities. The researcher made corrections in the questionnaire ready for data collection.

Research reliability is the level to which research methods produce stable and steady results. The Cronbach's alpha was used in determining the reliability of the research instrument. Cronbach alpha is a correlation coefficient between two sets of data. The results were used to establish the reliability of the questionnaire. A reliability coefficient is a numerical value that can range from zero to one. A reliability coefficient of zero indicates that the test scores are unreliable. On the other hand, the higher the reliability of

coefficient, the more reliable or accurate the test scores. For research purposes, tests with reliability score of 0.7 and above were accepted as reliable.

Reliability was computed using SPSS and the results obtained were as presented in Table 3.3. From the findings, it was observed that senior manager’s support had an alpha value of 0.783, resources availability alpha value was 0.748, stakeholder’s involvement had a value of 0.751, and implementation of CSR strategy had alpha value of 0.757. It is evident that all the variables had alpha values greater than 0.70 and were therefore consider to be reliable.

**Table 3. 3: Reliability Analysis**

Scale	Cronbach's Alpha	Number of Items
Top Management Support	0.783	9
Resources Availability	0.748	8
Stakeholder Involvement	0.751	9

### 3.7 Data Analysis and Presentation

Analysis of quantitative data was by use of descriptive statistics using Statistical Package for the Social Sciences. Descriptive statistics include percentage, mean, standard deviation and frequency. The information was presented using bar charts, graphs and pie charts.

The study conducted a correlation analysis to measure the strength of association between study variables and the direction of the relationship. Regression analysis was done to determine the relationships between a dependent variable and one or more independent variables. This was adopted from the reviewed literature.

The regression equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where

Y is the dependent variable (implementation of CSR strategy),

$\beta_0$  is the regression constant,

$\beta_1$ ,  $\beta_2$  and  $\beta_3$  are the coefficients of independent variables,

$X_1$  is Top Management support,

$X_2$  is Resource Availability and

$X_3$  is Stakeholders Involvement.

ANOVA was used to establish the significance level of the established model.

### **3.8 Ethical Considerations**

The Free, Prior and Informed Consent (FPIC) was employed to make sure the study full disclosure. The respondents were informed of the nature and purpose, methods to be used and how their organizations would benefit and other essential shareholders, foreseen potential risks, stress and dearth of comfort and alternatives of participation in the study.

The researcher provided explanations and respondents were given an opportunity to ask queries and get answers to their comfort and satisfaction. The study sought authority from Strathmore University Graduate to carry out the study and a letter of introduction for each questionnaire. This described the goal and significance of the study. A letter was obtained from NACOSTI, to allow for data collection.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

In this chapter analysis of data, presentation, interpretation, and discussion of results gotten from collection of data collection are discussed. Inferential and descriptive methods were used in data analysis. General information of the respondents is also presented. The analysis was based on the study objectives.

#### 4.2 Response Rate

The selected sample was 150 respondents where all respondents were issued with questionnaires for data collection. Out of the 150 questionnaires, 131 questionnaires were received back having been dully filled. This formed 87.3% response rate of which according to Mugenda is excellent for analysis and reporting. He further explained that a 50% response rate is sufficient; 60% response rate is good and 70% and above response rate is excellent. So, the response rate of 131 was used for further analysis and reporting.

**Table 4.1: Response Rate**

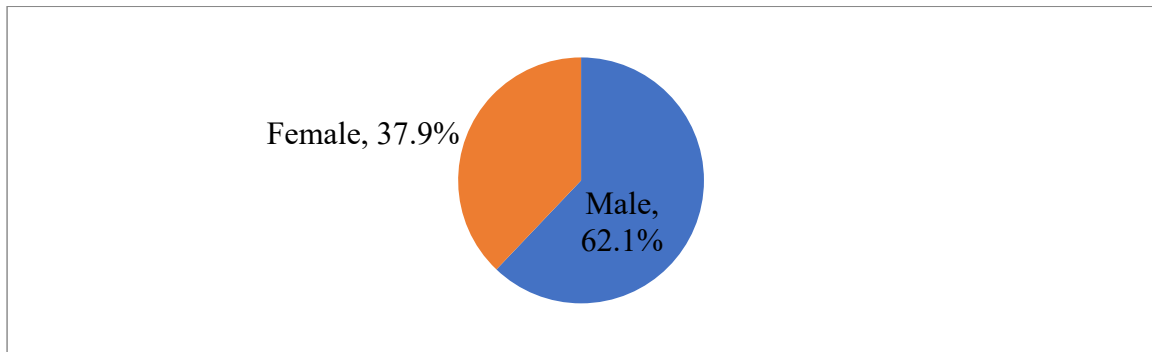
<b>Questionnaires</b>	<b>Frequency</b>	<b>Percent</b>
Returned	131	87.3
Un-returned	19	12.7
<b>Total</b>	<b>150</b>	<b>100.0</b>

### 4.3 Demographic Information

The study aimed to analyse the general information of study participants. The study specifically sought to establish their gender, education, age, and length of service in their organization.

#### 4.3.1 Gender of Respondents

Respondent's gender informed the study on the gender distribution of study participants. Results obtained were as shown in Figure 4.1.

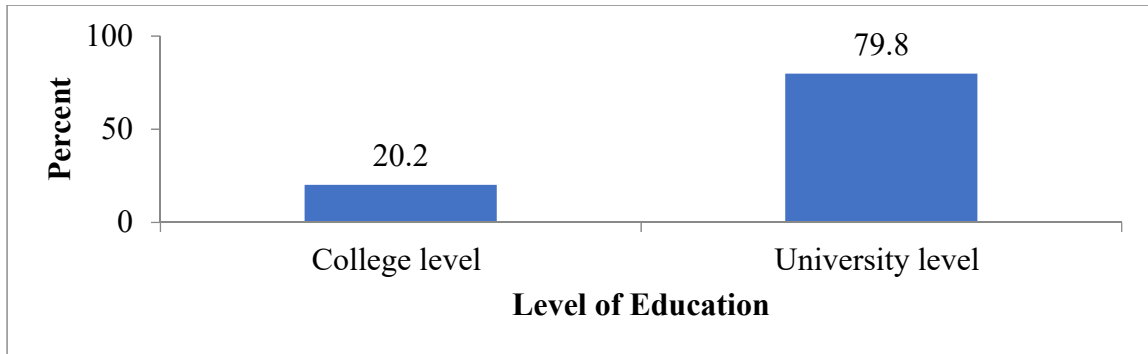


**Figure 4.1: Gender of Respondents**

From the outcomes, 62.1% of the participants were male while 37.9% were female. The findings show that the study was not gender biased in terms of gender since it was inclusive of both genders. The findings could also suggest that majority of senior managers and middle level managers in commercial banks in Kenya are male.

#### 4.3.2 Respondents Level of Education

Determining the participant's education level informed the study on how educated study respondents were. The findings obtained were as presented in Figure 4.2.

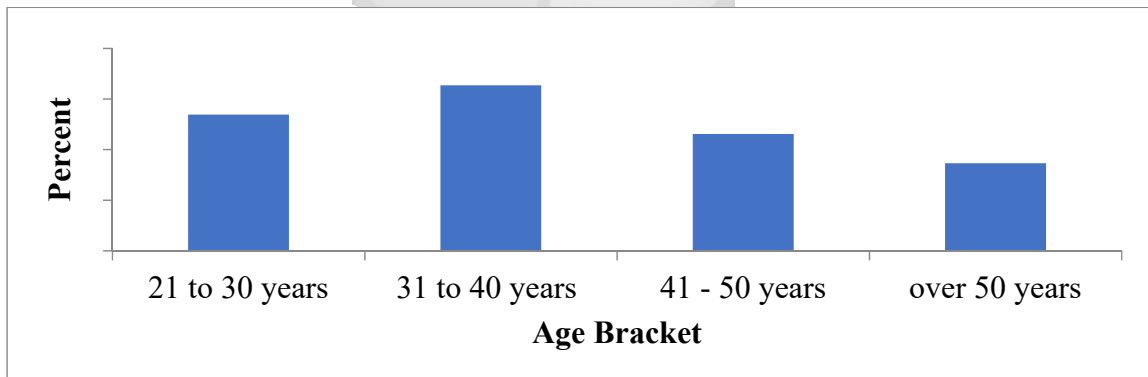


**Figure 4.2: Respondents Level of Education**

Results in Figure 4.2 show that the majority (79.8%) of the respondents had university level as their highest education level while 20.2% had college level. This therefore suggest that the selected respondents had high level of education and could explain the high positions they held in their organization.

#### 4.3.3 Respondents Age Bracket

The study aimed to determine the age distribution of respondents. The findings were as shown in Figure 4.3.



**Figure 4.3: Respondents Age Bracket**

From the results, 32.7% of the respondents indicated that they were aged between 31 and 40 years, 26.9% were aged 21 to 30 years, 23.1% were aged 41 to 50 years, and 17.3%

were aged over 50 years. These findings therefore suggest that there is age diversity among workers of banks in Kenya. Most (32.7%) are aged between 31 and 40 years.

#### 4.4 Descriptive Analysis

Respondents were asked to indicate their level of agreement with some statements on the variables being studied. A 5-point Likert scale where 1- Strongly disagree, 2- Disagree, 3- Neutral, 4- Agree, and 5- Strongly agree was used. The results were as shown in subsections below.

##### 4.4.1 Top Management Support

Respondents stated their agreement or disagreement level with various statements about the influence of top management support on implementation of CSR strategy in registered Commercial Banks in Kenya. Table 4.2 shows the results.

**Table 4.2: Top Management Support on Implementation of CSR**

<b>Statements</b>	<b>Mean</b>	<b>Standard deviation</b>
Organization managers are in the front line in the implementation of CSR	3.982	1.370
Organization managers ensures that employees role and responsibilities are well defined	3.948	1.263
Organization managers ensures that the set budget is approved on time to avoid delayed implementation	3.915	1.343
Organization managers help in problem solving during CSR implementation	3.889	1.381
Organization managers prepare a budget to guide spending in CSR implementation	3.863	1.326
Budgeting plans expenditure and restricts any spending that is not part of the plan	3.836	1.220
Organization managers encourage employee to work together as a big team	3.777	1.275

Organization managers provide procedures to guide CSR implementation	3.738	1.320
Organization managers assign new tasks to employees to enhance CSR implementation	3.698	1.331

**Source: Researcher (2020)**

The respondents were in agreement that organization managers are in the front line in the implementation of CSR (M=3.982, SD=1.370); organization managers ensures that employees role and responsibilities are well defined (M=3.948, SD=1.263); organization managers ensures that the set budget is approved on time to avoid delayed implementation (M=3.915, SD=1.343); organization managers help in problem solving during CSR implementation (M=3.889, SD=1.381); organization managers prepare a budget to guide spending in CSR implementation (M=3.863, SD=1.326); budgeting plans expenditure and restricts any spending that is not part of the plan (M=3.836, SD=1.220); organization managers encourage employee to work together as a big team (M=3.777, SD=1.275); organization managers provide procedures to guide CSR implementation (M=3.738, SD=1.320); and organization managers assign new tasks to employees to enhance CSR implementation (M=3.698, SD=1.331).

Respondents were required to indicate their view on what influence top management support has on execution of CSR strategy in Kenya commercial banks. Respondents indicated that their role in implementation is crucial and is what determines either the success or failure of the project. They further explained that the more committed the management is in implementation of these strategies then they are more likely to be successfully implemented. Other respondents explained that the time top management takes to approval CSR Budget will affect implementation of CSR. It was therefore evident

that respondents consider top management support to affect implementation of CSR strategies.

#### 4.4.2 Resources Availability

Respondents gave the level to which they agreed or disagreed with statements about the influence of resources availability on implementation of CSR strategy in commercial banks in Kenya. Results obtained were as presented in Table 4.3.

**Table 4.3: Resources Availability on Implementation of CSR Strategy**

<b>Statements</b>	<b>Mean</b>	<b>Standard Deviation</b>
The management ensures that enough funds are allocated in all activities in CSR implementation	3.994	1.476
The organization outsources human resources to undertake certain tasks in CSR implementation	3.994	1.343
Providing feedback helps to improve employees performance	3.988	1.475
Feedback helps to identify problems in the implementation process as soon as they occur	3.961	1.674
The management ensures the firm has talented employees in the organization to help in CSR implementation	3.955	1.546
The organization makes use of different sources of income to finance CSR implementation	3.856	1.525
Human resources are allocated tasks which suit their skills and knowledge	3.836	1.426
Employees are provided with performance feedback	3.830	1.441

**Source: Researcher (2020)**

The respondents were in agreement that the management ensures that enough funds are allocated in all activities in CSR implementation (M=3.994, SD=1.476); the organization outsources human resources to undertake certain tasks in CSR implementation (M=3.994, SD=1.343); providing feedback helps to improve employees performance (M=3.988, SD=1.475); the management ensures that there is enough funds for CSR implementation

(M=3.961, SD=1.476); feedback helps to identify problems in the implementation process as soon as they occur (M=3.961, SD=1.674); the management ensures the firm has talented employees in the organization to help in CSR implementation (M=3.955, SD=1.546); the organization makes use of different sources of income to finance CSR implementation (M=3.856, SD=1.525); human resources are allocated tasks which suit their skills and knowledge (M=3.836, SD=1.426; and employees are provided with performance feedback (M=3.83, SD=1.441).

#### 4.4.3 Stakeholder Involvement

Respondents gave the level to which they agreed or disagreed with statements about the influence of stakeholder involvement on implementation of CSR strategy. The findings obtained were as presented in Table 4.4.

**Table 4.4: Stakeholder Involvement Of On Implementation of CSR**

<b>Statements</b>	<b>Mean</b>	<b>Standard Deviation</b>
Stakeholders are involved in making decisions about CSR projects	3.975	1.169
Stakeholders provide their expertise during CSR implementation	3.955	1.199
Stakeholders are involved in identification of suitable CSR projects	3.902	1.235
Stakeholder involvement promotes collaborative problem solving	3.902	1.235
Stakeholders assist in problem solving in CSR projects	3.902	1.345
Stakeholders assist in risk management in CSR projects	3.836	1.207
Stakeholder involvement fosters strategic development of partnerships	3.830	1.300
Stakeholders are involved in planning of CSR projects	3.817	1.142
Stakeholders are involved in selection of CSR projects	3.764	1.168

**Source: Researcher (2020)**

The respondents were in agreement that stakeholders are involved in making decisions about CSR projects (M=3.975, SD=1.169); stakeholders provide their expertise during

CSR implementation (M=3.955, SD=1.199); stakeholders are involved in identification of suitable CSR projects (M=3.902, SD=1.235); stakeholder involvement promotes collaborative problem solving (M=3.902, SD=1.235); stakeholders assist in problem solving in CSR projects (M=3.902, SD=1.345); stakeholders assist in risk management in CSR projects (M=3.836, SD=1.207); stakeholder involvement fosters strategic development of partnerships (M=3.830, SD=1.300); stakeholders are involved in planning of CSR projects (M=3.817, SD=1.142); and stakeholders are involved in selection of CSR projects (M=3.764, SD=1.168).

#### 4.4.4 Implementation of CSR Strategy

Respondents indicated the extent to which they agreed or disagreed with various statements about the implementation of CSR strategy. Table 4.5 presents the findings obtained.

**Table 4.5: Implementation of CSR Strategy**

<b>Statements</b>	<b>Mean</b>	<b>Standard Deviation</b>
CSR projects has enhanced the bank's competitiveness	4.021	1.265
CSR projects are implemented at the set budget	3.961	1.149
CSR projects helps to improve the organization relationship with the community	3.896	1.210
CSR projects are implemented at the set time	3.836	1.234
CSR projects helps to build the company image	3.836	1.313
CSR projects are able to meet the needs of the targeted persons	3.803	1.248

The respondents were in agreement that CSR projects has enhanced the bank's competitiveness (M=4.021, SD=1.265); CSR projects are implemented at the set budget (M=3.961, SD=1.149); CSR projects helps to improve the organization relationship with the community (M=3.896, SD=1.210); CSR projects are implemented at the set time (M=3.836, SD=1.234); CSR projects helps to build the company image (M=3.836,

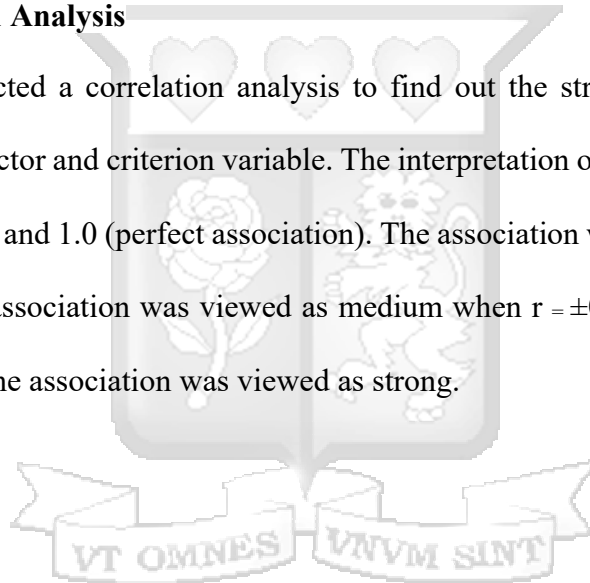
SD=1.313); and CSR projects are able to meet the needs of the targeted persons (M=3.803, SD=1.248).

#### **4.5 Inferential Statistics**

The study computed correlation and regression analysis. Correlation analysis is a statistical measure used to find out the extent of relationship of two variables. Multiple regressions helped to find out the amount of variations in criterion variable than can be explained by predictor variable.

##### **4.5.1 Correlation Analysis**

The study conducted a correlation analysis to find out the strength of the associations between the predictor and criterion variable. The interpretation of the values were between 0 (no association) and 1.0 (perfect association). The association was small when  $r = \pm 0.1$  to  $\pm 0.29$ , while the association was viewed as medium when  $r = \pm 0.3$  to  $\pm 0.49$ , and when  $r = \pm 0.5$  and above, the association was viewed as strong.



**Table 4.6: Correlations**

		<b>Implementation</b>	<b>Top Management Support</b>	<b>Resource Availability</b>	<b>Stakeholders Involvement</b>
<b>Implementation</b>	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	131			
<b>Top Management Support</b>	Pearson Correlation	.830**	1		
	Sig. (2-tailed)	.000			
	N	131	131		
<b>Resource Availability</b>	Pearson Correlation	.935**	.109	1	
	Sig. (2-tailed)	.000	.000		
	N	131	131	131	
<b>Stakeholders Involvement</b>	Pearson Correlation	.938**	.269	.168	1
	Sig. (2-tailed)	.000	.000	.000	
	N	131	131	131	131

\*\* . Correlation is significant at the 0.01 level (2-tailed).

From the findings in table 4.6, it can be observed that support by top management has a strong positive link with implementation of \ CSR strategy ( $r=0.830$ ,  $P=0.000$ ); Resource availability is seen to be strongly and positively correlated with implementation of CSR strategy, their relationship is also seen to be significant ( $r=0.935$ ,  $p=0.000$ ). The results also show that stakeholders involvement has a significant positive relationship with implementation of CSR strategy ( $r=0.938$ ,  $p=0.000$ ). From the results, it is evident that the support of top management, resources availability, and stakeholder participation relates with implementation of CSR strategy.

## 4.5.2 Regression Analysis

Multiple regressions were done to determine the role of top managers, availability of resource and stakeholder engagement in execution of CSR in commercial banks in Kenya.

Regression findings were presented in three tables.

### 4.5.2.1 Model Summary

Model summary analyses the variations of criterion variable as a result of variations of predictor variables. This study analyzed the variation in implementation of CSR strategy due to variations in top management support, resources availability, and stakeholder involvement. This is shown in Table 4.7

**Table 4.7: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945 <sup>a</sup>	.892	.890	.07123

a. Predictors: (Constant), Stakeholders Involvement , Top Management Support , Resource Availability

From the results, the adjusted R<sup>2</sup> value was 0.890, suggesting that 89.0% variations in implementation of CSR strategy can be explained by changes in top management support, resources availability, and stakeholder involvement. The remaining 11% suggest that other than top management support, resources availability, and stakeholder involvement, there are other elements that affect implementation of CSR strategy that were not discussed in this study. The findings further show that the variables being considered in the study are strongly and positively correlated as shown by correlation coefficient (R) value of 0.745.

#### 4.5.2.2 Analysis of Variance

ANOVA was used to establish the level of significance of the established model.

Significance of the model was tested at 95% confidence interval.

**Table 4.8: Analysis of Variance**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5.347	3	1.782	351.301	.000 <sup>b</sup>
1 Residual	.644	127	.005		
Total	5.991	130			

a. DV: Implementation  
b. Predictors: (Constant), Stakeholders Involvement, Top Management Support, Resource Availability

From the ANOVA table 4.8, the p-value obtained was 0.000 which is less than the selected level of significance (0.05) an indication that the model was significant. The findings also show that the f-calculated value from the ANOVA table (351.301) was more than the level f-critical value from the f-distribution tables ( $F_{3, 127}=2.676$ ). This shows that stakeholder's involvement, top management support, and resource availability can be used to determine implementation of CSR strategy.

#### 4.5.2.3 Beta Coefficients of the Study Variables

**Table 4.9: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.062	0.118		9.000	0.000
Top Management Support	0.351	0.045	0.248	7.800	0.000
1 Resource Availability	0.445	0.102	0.497	4.363	0.003
Stakeholders Involvement	0.547	0.098	0.524	5.582	0.001

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a. DV: Implementation

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The regression equation was

$$Y = 1.062 + 0.351X_1 + 0.445X_2 + 0.547X_3 + \varepsilon$$

The study aimed to determine the influence of support by top management on implementation of CSR strategy. From the findings, support by top management and implementation of CSR strategy are statistically significant ( $\beta = 0.351$ ,  $P = 0.000$ ). This means that at 95% level of confidence, top management support with implementation of CSR had a significant positive link. This infers that a positive rise in support by top management will lead to rise in execution of CSR strategy in commercial banks in Kenya.

The study sought to investigate the influence of resources availability on execution of CSR strategy. The study revealed that resources availability is statistically significant to implementation of CSR strategy ( $\beta = 0.445$ ,  $P = 0.003$ ). This indicates that resources availability with implementation of CSR strategy had significant positive association. This means that a unit upsurge in resources availability would lead to rise in implementation of CSR strategy in commercial banks in Kenya.

The study finally sought to find out the influence of stakeholder involvement of on execution of CSR strategy in commercial banks in Kenya. The study revealed that stakeholder involvement is statistically significant to implementation of CSR strategy ( $\beta = 0.209$ ,  $P = 0.005$ ). This demonstrates that stakeholder involvement had significant positive association with implementation of CSR strategy. This also means that a unit rise in stakeholder involvement would lead to rise in execution of CSR strategy in commercial banks in Kenya.

#### 4.7 Chapter Summary

From the analysis, the study found that top management support influences implementation of CSR strategy. Further, support by top management had a strong positive link with implementation of CSR strategy. The study also revealed that resources availability was statistically significant to implementation of CSR strategy. And stakeholder involvement was statistically significant to implementation of CSR strategy.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter is a presentation of study findings summary, conclusion from the findings highlighted and recommendations made there-to. The conclusions and recommendations drawn were focused on addressing the objectives of the study.

#### 5.2 Summary of Findings

##### 5.2.1 Top Management Support

The study established that organization managers are in the front line in the implementation of CSR and ensures that employees role and responsibilities are well defined. The study also found that they ensure that the set budget is approved on time to avoid delayed implementation, they help in problem solving during CSR implementation and they prepare a budget to guide spending in CSR implementation. In addition, it was established that budgeting plans expenditure, restricts any spending that is not part of the plan. Also, organization managers encourage employee to work together as a big team, they provide procedures to guide CSR implementation and they assign new tasks to employees to enhance CSR implementation. It was also established that the more committed the management is in implementation of these strategies then they are more likely to be successfully implemented. The time top management takes to approval CSR Budget will affect implementation of CSR. The study findings concur with Kum and Jun (2016) who in his study on challenges of execution of strategic CSR found that influences related to lack of top management support, lack of resources, lack of strategic vision, lack of systems

of measurement, high regulatory systems, and unwillingness to pay for CSR are the obstacles in the implementation of CSR strategy. It also agrees with Joanna (2014) who conducted a study on the role of managers in effective implementation of CSR Strategy and established that in implementation of CSR strategy, important actions by the management are important than their capabilities.

### **5.2.2 Resources Availability**

The study found that management ensures that enough funds are allocated in all activities in CSR implementation; the organization outsources human resources to undertake certain tasks in CSR implementation. The study also found that providing feedback helps to improve employees performance and that feedback helps to identify problems in the implementation process as soon as they occur. In addition, it was found that; the management ensures that there is enough funds for CSR implementation, the firm has talented employees in the organization to help in CSR implementation and also makes use of different sources of income to finance CSR implementation. Also, it was established that human resources are allocated tasks which suit their skills and knowledge and employees are provided with performance feedback.

The study findings relate with the results of Zhang (2019) who researched on the impacts, drives, and hurdles to CSR practices implementation by construction companies and revealed that factors can be in three categories; development of innovation and technology, policy and market pressure. Motivations comprise; financial welfare, branding, image and reputation, building relationship, firm culture and strategic firm direction. The study also agrees with Mbogoh (2018) that industry related barriers on CSR implementation by banks

include: bargaining power customers and suppliers in CSR activities and the challenges from the macro environment factor affecting CSR strategy implementation in banks include high levels of poverty, community culture and high taxation.

### **5.2.3 Stakeholder Involvement**

The study established that stakeholders are involved in making decisions about CSR projects; stakeholders provide their expertise during CSR implementation; stakeholders are involved in identification of suitable CSR projects; stakeholder involvement promotes collaborative problem solving; stakeholders assist in problem solving in CSR projects; stakeholders assist in risk management in CSR projects; stakeholder involvement fosters strategic development of partnerships; stakeholders are involved in planning of CSR projects; and stakeholders are involved in selection of CSR projects.

The study findings concurs with the findings of Tangamani (2017) who did a study on stakeholders involvement in firm's CSR strategies for firm growth and found that the disclosure of firms of CSR is an essential tool to determine the association between collaboration at work with stakeholders ensuring mutual benefits and continued existence of the firm. The findings also agree with Helmig, Spraul and Ingenhoff (2016) that group of competitors and stakeholders pressure firms to execute CSR, which may result to positive market performance.

### **5.3 Conclusions**

The first goal of the study was to determine the influence of top management support on implementation of CSR strategy in commercial banks in Kenya. It was found that support by top management and implementation of CSR strategy are statistically significant.

This indicates that an upsurge in support by top management would lead to upsurge in execution of CSR strategy in commercial banks in Kenya. It is therefore concluded that top management support has a direct influence on implementation of CSR strategy in commercial banks in Kenya.

The second goal was to investigate the influence of resources availability on implementation of CSR strategy. It was established that resources availability is statistically significant to implementation of CSR strategy. The study also found that resources availability with implementation of CSR strategy had significant positive association. The study therefore concludes that a unit increase in resources availability will result to an increase in implementation of CSR strategy in commercial banks in Kenya.

The final goal was to establish the influence of stakeholder involvement of on implementation of CSR strategy in commercial banks in Kenya. It was found that stakeholder involvement is statistically significant to implementation of CSR strategy. Further, the study found that stakeholder involvement with implementation of CSR strategy had significant positive association. From the study findings, the study concluded that a unit rise in stakeholder involvement will result to rise in implementation of CSR strategy in commercial banks in Kenya.

#### **5.4 Recommendations**

The study concluded that an upsurge in top management support would improve implementation of CSR strategy. The study therefore recommends management of commercial banks to ensure that it provides best management support to CSR by ensuring they are more committed to the business and its goals and objectives. It is also important

for banks to take strategic directions in dealing with implementation of strategies. Banks management should also ensure that they approve CSR Budget fast to avoid any delays.

The study concluded that increase in resources availability increases implementation of CSR strategy. The study therefore recommends commercial banks to ensure they provide resources to facilitate CSR implementation. They should ensure they provide sufficient Financial Resource; ensure that the Human Capital Resource available is sufficient and equipped with the relevant skills. It is also important to ensure that the institution has effective and efficient communication channels to ensure communication is efficient and therefore enhance implementation of CSR.

The study also established that increase in stakeholder involvement increases implementation of CSR strategy. The study therefore recommends banks to ensure they involve all stakeholders in the implementation process of CSR right from the start. Stakeholders should be involved in the selection of CSR projects and in decision making. Banks should also ensure that before commencing implementation of CSR, they should ensure that they get stakeholders support.

### **5.5 Suggestion for Further Studies**

This study sought to investigate role of top management, resource availability and stakeholder engagement in implementing CSR strategy in Kenyan commercial banks. The study was conducted among commercial banks; the study therefore recommends replication of the research study in public institutions. This study focus was on only three factors affecting CSR implementation, the study therefore recommends a study to be conducted on other factors affecting CSR implementation such as Company's Policy

guidelines and regulations, profitability and Ethical Practices. From the model summary, the reviewed variable cover 90%, therefore other factors like those mentioned should be reviewed.



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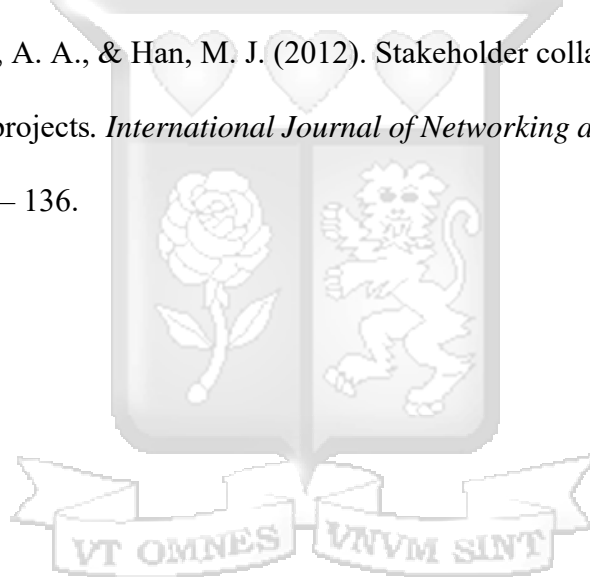
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## APPENDICES

### Appendix I: Letter of Introduction

Susan Mbula

P.O Box .....

Nairobi

Dear Respondent,

**RE: THE ROLE OF TOP MANAGEMENT, RESOURCE AVAILABILITY AND  
STAKEHOLDER ENGAGEMENT IN IMPLEMENTATION OF CORPORATE  
SOCIAL RESPONSIBILITY STRATEGY IN COMMERCIAL BANKS IN KENYA**

I am a Masters student pursuing business administration in commerce at Strathmore University. I am doing a thesis on the **‘The Role of Top Management, Resource Availability and Stakeholder Engagement in Implementing Corporate Social Responsibility Strategy in Commercial Banks in Kenya’**. I seek to gather data as per the study goal with the attached questionnaire from your organization. The data provided will strictly be used for study purposes and confidentiality and integrity will be assured. Thank you for your participation and cooperation.

Yours faithfully,

Susan Mbula

## Appendix II: Questionnaire

Kindly tick appropriately

### Section A: General Information

1. Gender

Male

Female

2. Highest level of education

Secondary level

College level

University level

Others specify .....

3. Kindly indicate your age bracket

21 to 30 years

31 to 40 years

41 - 50 years

Over 50 years

### Section B: Top Management Support

4. Kindly indicate your agreement level on the given statements about the influence of top management support on implementation of CSR strategy in registered

Commercial Banks in Kenya. Rate where 1= Strongly Disagree, 2 Disagree, 3 Moderately, 4 = Agree and 5 = Strongly Agree

Statements	1	2	3	4	5
Organization managers are in the front line in the implementation of CSR					
Organization managers encourage employee to work together as a big team					
Organization managers help in problem solving during CSR implementation					
Organization managers provide procedures to guide CSR implementation					
Organization managers assign new tasks to employees to enhance CSR implementation					
Organization managers ensures that employees' role and responsibilities are well defined					
Organization managers prepare a budget to guide spending in CSR implementation					
Budgeting plans expenditure restricts any spending that is not part of the plan					
Organization managers ensures that the set budget is approved on time to avoid delayed implementation					

5. In your own view, how does top management support influence implementation of CSR strategy in commercial banks in Kenya?

.....

.....

.....

**Section C: Resources Availability**

6. Kindly indicate your agreement level with the given statements about the influence of resources availability on implementation of CSR strategy in commercial banks in Kenya. Rate where 1= Strongly Disagree, 2 Disagree, 3 Moderately, 4 = Agree and 5 = Strongly Agree

Statements	1	2	3	4	5
The management ensures that there is enough funds for CSR implementation					
The organization makes use of different sources of income to finance CSR implementation					
The management ensures that enough funds are allocated in all activities in CSR implementation					
The management ensures the firm has talented employees in the organization to help in CSR implementation					
Human resources are allocated tasks which suit their skills and knowledge					
The organization outsources human resources to undertake certain tasks in CSR implementation					
Employees are provided with performance feedback					
Providing feedback helps to improve employees performance					

Feedback helps to identify problems in the implementation process as soon as they occur					
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7. In your own view, how does resources availability influence implementation of CSR strategy in commercial banks in Kenya?

**Section D: Stakeholder Involvement**

8. Kindly indicate your agreement level with the given statements about stakeholder involvement influence on implementation of CSR strategy in commercial banks in Kenya. Rate where 1= Strongly Disagree, 2 Disagree, 3 Moderately, 4 = Agree and 5 = Strongly Agree

Statements	1	2	3	4	5
Stakeholders partake in planning of CSR projects					
Stakeholders are involved in identification of suitable CSR projects					
Stakeholders take part in selection of CSR projects					
Stakeholders are involved in making decisions about CSR projects					
Stakeholder involvement promotes collaborative problem solving					
Stakeholder involvement fosters strategic development of partnerships					
Stakeholders assist in risk management in CSR projects					
Stakeholders assist in problem solving in CSR projects					
Stakeholders provide their expertise during CSR implementation					

9. In your view, what is the influence of stakeholder involvement of on implementation of CSR strategy?

.....

.....

.....

**Section E: Implementation of CSR Strategy**

10. Kindly indicate your agreement level with the given statements about the implementation of CSR strategy. Rate where 1= Strongly Disagree, 2 Disagree, 3 Moderately, 4 = Agree and 5 = Strongly Agree

Statements	1	2	3	4	5
CSR projects are executed at the set budget					
CSR projects are executed at the set time					
CSR projects are able to meet the needs of the targeted persons					
CSR projects helps to build the company image					
CSR projects helps to improve the organization relationship with the community					
CSR projects has enhanced the bank's competitiveness					

**THANK YOU**

### Appendix III: Approval of Research from Graduate School



**Appendix IV: NACOSTI Permit Letter**



## Appendix 11: List of Commercial Banks in Kenya

1. ABC Bank (Kenya)
2. Absa Bank Kenya Plc
3. Bank of Africa
4. Bank of Baroda
5. Bank of India
6. Citibank
7. Consolidated Bank of Kenya
8. Cooperative Bank of Kenya
9. Credit Bank
10. Development Bank of Kenya
11. Diamond Trust Bank
12. Dubai Islamic Bank
13. Eco bank Kenya
14. Equity Bank
15. Family Bank
16. First Community Bank
17. Guaranty Trust Bank Kenya
18. Guardian Bank
19. Gulf African Bank
20. Habib Bank AG Zurich
21. Housing Finance
22. Housing Finance Company of Kenya
23. I&M Bank
24. Jamii Bora Bank
25. Kenya Commercial Bank
26. M Oriental Bank
27. Mayfair Bank
28. Middle East Bank Kenya
29. National Bank of Kenya
30. NCBA Bank Kenya
31. Paramount Universal Bank
32. Prime Bank (Kenya)
33. SBM Bank Kenya Limited
34. Sidian Bank
35. Spire Bank
36. Stanbic Bank Kenya
37. Standard Chartered Kenya
38. Transnational Bank
39. United Bank for Africa
40. Victoria Commercial Bank

Source Central Bank of Kenya (2020)