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**EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE IMAGE  
OF COMMERCIAL GOVERNMENT-OWNED ENTITIES IN KENYA**

**VICTOR WAINAINA KUNG’U**

**068138/2018**



**A RESEARCH DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF  
THE REQUIREMENT FOR THE DEGREE OF MASTER OF COMMERCE OF  
STRATHMORE BUSINESS SCHOOL**

**SEPTEMBER 2021**

## DECLARATION

I declare that this work has not been previously submitted and approved for the award of the degree by this or any other university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made on the thesis itself.

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Approval

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## LIST OF ABBREVIATIONS

<b>ANOVA</b>	Analysis of Variance
<b>CSR</b>	Corporate Social Responsibility
<b>EMS</b>	Environmental Management Systems
<b>SCAC</b>	State Corporations Advisory Committee
<b>SOE</b>	State Owned Entities
<b>SPSS</b>	Statistical Package for Social Science



## DEFINITION OF TERMS

<b>Corporate image</b>	This refers to being the reflection of the organization itself rather than its goods and services. This can be made up of the organization's history, financial success and stability, reputation as an employer and social responsibility.
<b>Corporate social responsibility</b>	This is a situation whereby corporations consider the effects of their actions upon the customers, suppliers, general public, employees, and others who have a stake or interest in the corporation
<b>Economic, social responsibility</b>	This focuses on how a business can grow and generate profits by benefitting the community and our society.
<b>Environmental social responsibility</b>	This focusses on the various strategies pertaining to a number of critical environmental indicators such as the reduction and recycling of resources and utilization of sustainable practices
<b>Ethical social responsibility</b>	This is concerned with ensuring there is fair treatment of all stakeholders, enforcement of code of conduct, pursue of morally correct decisions and adherence to standards.
<b>Legal social responsibility</b>	This requires the business to ensure there is an adherence to the set laws, rules and regulation in the conduct of their operations

## ABSTRACT

Despite corporate social responsibility being a noble objective, it is only secondary to such organisations because there are other pressing concerns, profit-seeking activities that are more closely linked with the core business. As such most organizations have overlooked the role, corporate social responsibility can have on the organization. More so, in the current environment, most state-owned commercial entities in Kenya are engulfed in fraud, loss-making and poor service delivery, as well as endemic corruption, which has negatively affected the public perception of the institution. Thus, it was critical to analyse, if any, the influence corporate social responsibility may have on the corporate image of the organization. Specifically, the study focussed on the effect of economic, environmental, ethical and legal social responsibility on the corporate image. Theoretically, the study relied on Stakeholder Theory and Corporate Social Performance Theory. The research utilized a positivism paradigm in the examination of the study problem. A quantitative approach was predominantly applied in the study. The unit of analysis for the current research was the 50 commercial and financial government-owned entities in Kenya. The study targeted three senior-level managers in each of the institutions leading to a sample frame of 150 respondents. The sample size was calculated using the Yamane formula, which leads to 109 participants being considered in the research. The study used non-probability sampling in the selection of study participants. The study employed a structured research questionnaire that was administered using physical questionnaires and electronic methods as deemed convenient. The research quality was fostered through reliability and validity tests that was conducted in a small sample of 10% (N=11) of the respondents. The collected data was analysed using SPSS 25, with descriptive and inferential tests being employed. The results were presented using bar graphs, charts and tables. The survey obtained a 67% response rate. The correlation tests indicated there was a strong positive effect of economic and environmental social responsibility on the corporate image. The study further affirmed there is a moderate and positive effect of ethical and legal social responsibility and corporate image of state corporations in Kenya. The regression analysis showed that 51% of the changes in the corporate image of state commercial corporations in Kenya are determined by corporate social responsibility in Kenya. The study concluded that economic and ethical social responsibility has a significant positive effect on corporate social responsibility. Also, it was concluded that environmental and legal social responsibility aspects have insignificant influence on the corporate image of firms. The study recommends that the national government should develop guidelines to guide the certification of corporate social responsibility efforts within commercial corporations. Further, it is recommended that commercial corporations should strengthen their implementation of social responsibility activities which will be vital to extending the corporate image of the firms.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Traditionally, firms' major "responsibility" within the business world has been the maximization of profits and increasing shareholder value. Put differently, business profit maximization has been the main measure of success (Sahu & Panigrahy, 2016). With increased globalization, business operation has drifted from being corporate centred to consumer-centred whereby the perceptions of the consumer pertaining to a particular product, service, concept, or firm is most central point of concern (Fleming, 2012). Given that businesses are integral parts of the society influencing and also being influenced by society, those in charge of governance cannot be ignorant about the significance of a society (Tran, 2015). The evolution witnessed in the last few decades led to the growth of corporate social responsibilities (CSR) on issues affecting the environment, the larger society, workplace environment, and ethical values that have gained impetus and are already incorporated (Blowfield & Murray, 2014).

Growing expectations of interested parties and groups from organizations to create a contribution to the society beyond the economic benefits leads to engaging more and more organizations to meet these expectations through their Corporate Social Responsibility (CSR) policies (Bondy & Starkey, 2014). The socially responsible corporate image of an organization creates advantages for its products and services. CSR can influence corporate image when an organization engages not only with its economic development, but also with the support of its staff and their families and with meeting the needs of the society as a whole (Stoyanov, 2017).

Organizations that incorporate CSR activities into their strategies aim at alleviating the suffering of communities, saving the environment and making life more bearable (Areba, 2013). They contribute in various ways, including facilitating access to education through the provision of facilities and learning materials as well as provision of scholarships and mentorship to bright needy students (Bagh et al., 2017).

The increased adoption of CSR by organisations has been strongly manifested by the dedication of resources through the establishment of a CSR function with clear reporting lines and endowing responsible heads with high-level decision-making powers (Zhang et al., 2014). Firms are becoming increasingly aware of the link between improved environmental

performance and enhanced competitiveness through the creation of more efficient processes, improved productivity, reduced costs of compliance and new market opportunities (Lu et al., 2013). External shareholders such as customers, suppliers, governments, unions, local communities and the general public stand to gain the most from CSR initiatives since they are intended to benefit them by addressing concerns that they are unable to (Malik & Nadeem, 2015).

### **1.1.1 Corporate Social Responsibility**

Corporate Social Responsibility (CSR) as a concept is fast becoming an important subject of discussion in a myriad of business and academic corridors as a tool for modern business management, affirms Lindgreen and Swaen (2010), who report that most businesses are making serious attempts to define and integrate CSR concepts into their operations. CSR is often considered the ethical side of corporate accountability and management. Holme and Watts (2000) define CSR as an ongoing effort initiated by businesses to encourage ethical behaviour aimed at promoting quality work-life balances and prosperity of the local community and society within which the organization bases its operations. Amin-Chaudhry (2016) consider it to be the self-regulation of activities. Carrol (1991) argues that for firms to be socially responsible, they must consider the environmental and legal consequences of their activities. These companies take the long-term wellbeing of the public into consideration and implement business activities with the aim of meeting, and even exceeding legal and environmental expectations. Marsden (2001) reports that socially responsible corporations develop profitable businesses by considering both positive and negative impacts on the environment and society.

Rupp et al. (2006) rally around the general description of voluntary actions taken by firms to improve social and environmental conditions; the firm's willingness to respond to issues pertaining to the economic, technological and legal environment to achieve social, environmental benefits in addition to economic benefits which is the premise of traditional businesses. CSR as a commercial strategy began in the United States in the 1960s and progressively has become popular worldwide (Blowfield & Murray, 2014). The European Commission defines CSR as an enterprise's responsibility for its impact on society (Moon, et al., 2012). The above definitions lead to the identification of basic tenets of CSR, which include attention to stakeholders, social dimension, economic dimension, voluntary dimension and

attention to the environment. It pertains to enterprises undertaking responsibilities that are way beyond the scope of basic business relationships (Martinez et al.,2016).

CSR is a self-regulating practise that ensures that the firm is sensitive to its stakeholders. To promote CSR, governments reward or recognize socially responsible firms, through awards and tax reliefs, in order to motivate them and also make them role models for other firms to contribute to social development (Chung & Safdar, 2015). Corporate social responsibility is associated with various benefits such as increase in profitability, greater customer loyalty and trust, improvement of brand image as well as combating any form of negative publicity (Raut et al., 2017). It is on the basis of these widely recorded benefits that a large proportion of enterprises working in the public sector (PSEs) have embraced the adoption of corporate social responsibility over the years (Bondy & Starkey, 2014).

In China for instance, CSR is predominantly an initiative that is led by the government instead of the private industry players and therefore implementing corporate social responsibility activities is majorly conducted by SOEs (State Owned Entities) (Martinez et al., 2016). Stoyanov (2017) investigated CSR and organizational image building in Bulgaria. They concluded that the principal significance of CSR to achieve a positive organizational image is achieved after a number of years. South Africa, like many developing countries, has experienced difficulty in implementing CSR due to the lack of clarity on its definition and a disconnect between the CSR requirements in the business sector and the universal normative requirements (Kloppers & Fourie, 2014). According to Mugisa (2011), the impact of CSR on the financial performance of companies in Uganda has yet to be clearly proven, and any efforts at clearing this quagmire are not helped by the fact that there is a serious scarcity of research done on the impact of CSR on financial performance in Uganda.

Ngari (2016) emphasizes that it is crucial for firms to have an understanding as to whether there is value in adopting corporate social responsibility strategies in an organizations operation and how their profitability was affected in subsequent years. Accordingly, organizations ought to have a framework for incorporation of societal, ethical, environmental, end-user, human and animal rights matters into their operational processes and stratagem for genuine collaboration with the interests of all other stakeholders (Rasche & Esser, 2006).

This study reviews CSR activities as conceptualized by Carroll's (1991) pyramid or model of CSR (Corporate Social Responsibility). Carroll (1991) contends that CSR includes four types

of responsibilities which include philanthropic (charitable), legal (statutory), ethical and economic responsibilities. These classifications are founded on the principles of CSR, whereby the obligation of a firm towards society are maximizing profits, abiding by legal rules, ethical responsibility and also philanthropic initiatives (Amaeshi, et al., 2016). Hence, this research employed this conceptualization in examining CSR activities within government entities and how they impact the organizational corporate image.

According to Giannarakis et al.,(2014), environmental CSR, which is a component of the overarching CSR concept, encompasses strategies pertaining to a number of critical environmental indicators, including the reduction and recycling of resources, biodiversity, reduction of greenhouse gas emissions, reduction of energy demands, waste disposal, amongst many others. Morara (2013) weighs in by stating that the contemplation by organisations of environmental implications of CSR is a more holistic approach to business since it focuses on more than the financial bottom-line. This helps to achieve production efficiency gains, reduced environmental and occupational safety expenses, controlled pollution, and improved corporate image (Arnold & Valentin, 2013). Firms that are less environmentally friendly spend more on social causes to mitigate their environmental impacts (Chung & Safdar, 2015). Morara (2013) noted a strong correlation between environmentally friendly policies and better than average stock market performance for public companies.

Ethical corporate social responsibility is concerned with ensuring there is fair treatment of all stakeholders, enforcement of code of conduct, pursuit of morally correct decisions and adherence to standards (Powell, 2011). Ethical SCR conforms to activities that are not engrained in legal rules or regulations but stem from public expectations. This entails organizations doing activities with the aim of minimizing harm to its associated stakeholders. Ofunya (2015) defines ethical responsibility as the adherence to responsible practices such as accountability, human rights and environmental awareness, ensuring priced products and services to the customers' satisfaction, adherence to ethical marketing, and compliance with disclosure requirements. This is in tandem with legal social responsibility which requires the business to ensure there is an adherence to the set laws, rules and regulation in the conduct of their operations (Liang & Renneboog, 2017).

In pursuit of legal social responsibility, an entity was able to strike a balance in maintaining better organisational practices for the greater good of the society (Hiller, 2013). Carroll et al. (2012) indicate that businesses are required to comply with the laws and regulations as a

prerequisite of operating in the industry, labour laws, environmental laws and market competition laws. Due to this, compliance officers have now become important in the business sector and hold high-level positions in many company organizations charts. Finally, economic responsibility focuses on how a business can grow and generate profits by benefitting the community and society (Kitzmueller & Shimshack, 2012).

Amin-Chaudhry (2016), economic/charitable CSR entails striving to ensure that the business is profitable to create long-term value for its stakeholders and contribute to economic growth. That is, the economic decisions of the company should be reviewed in terms of their effect on society and how they strike a balance on the business, environmental, and philanthropic practices (Epstein & Buhovac, 2014). It also pertains to the responsibility of the firm to provide goods and services to the public at reasonable prices and the provision adequate compensation to employees. These responsibilities are created so that firms can be good corporate citizens that voluntarily meet the expectations of society. Charitable initiatives are designed to increase loyalty levels among employees and customers. Effective implementation of CSR activities promotes human welfare and improves the quality of life of the community (Alam, Hoque, & Hosen, 2010).

### **1.1.2 Corporate Image**

Giovanis, Zondiros and Tomaras (2014) defined corporate image as the mental image conjured up upon mentioning a firm. Stuart (1998) defines corporate image as being the reflection of the organization itself rather than its goods and services. Hatch and Schultz (2003) associated it with employees' feelings, as well as the perspectives of the public, customers, media, shareholders, government and all other parties external to an organization. Pomeroy and Johnson (2009) described the corporate image as the totality of perceptions of the stakeholders about how an organization carries out its operations. Treadwell and Harrison (1994) define corporate image as a set of cognitions, beliefs, attitudes and experiences regarding an organization's behaviour that individuals have about an organization. It can be summed up as all the impressions of an organization to stakeholders and the public in general.

Corporate image stems from the organization's history, its financial success and stability, reputation as an employer and social responsibility. Positive corporate image should, in essence, match the perception that the organization bears internally in terms of what the organization think of itself versus the perception held by the society concerning its activities (Nguyen & Leblanc, 2001). Corporate image can therefore be defined as the impression interest

groups like consumers, employees, creditors and the community have about the company (Furman, 2010). Corporate image can be categorized into organic image (inherited image) and functional image (image in use). Organic image is largely set on historical experiences that the customers have, which grows freely in the customers' mindset. The organization barely has control and influence on organic image. On the converse, the company shapes functional image out of directed actions (Lemmink, Schuijf, & Streukens, 2003). These are formed as a result of the corporations targeted activities (CSR initiatives) that form its management and communication basis to stakeholders (Mostafa, Lages, Shabbir, & Thwaites, 2015). They are constantly updated on the basis of the opinion, beliefs and values of the general public. The ability to change in accordance with public opinions is a key source of competitive advantage (Okoisama et al., 2017).

Giovanis et al. (2014) note that since corporate image can be positive or negative, organizations, just as individuals, have to strive to deliberately build a positive corporate image. The choice of CSR initiative is key in determining stakeholder perceptions about a firm (Tilt, 2016). Positive traits of corporate image are linked or clustered into the idea of brand equity, whose end can be consumers that are more dependable, more effective and efficient employees and better financial performance (Flavián, Guinaliu, & Torres, 2005). Corporate image can contribute to an organization's competitive advantage since a positive image builds the goodwill that grows the image of the product offering to the buyers. Subsequently, positive corporate image can lead to better financial results, improve customer faithfulness and attract or retain investors and employees (Christensen & Askegaard, 2001). Karaosmanoglu et al. (2011) argue for the composition of long-term stakeholder analyses since this yields a stronger corporate image.

Corporate image management (CSR) is concerned with forming a positive attitude among a firm's activities to its current and future consumers, inherently building a brand image in the minds of consumers and employees alike. In doing so, it becomes a source of competitive advantage. Chen et al. (2012) assert that when consumers perceive a company to have socially responsible behaviours, they engage in a positive behaviour with that company, exhibiting positive purchase intentions. Wanyama (2020) associated corporate image management strategies such as building corporate identity, involvement in CSR, meeting customer expectations, maintaining customer feedback mechanisms and maintaining credibility with increased firm performance. (Zhang 2017) analyzed Chinese firms and concluded that

corporate image is complex in nature, resulting in a lack of clear measurement policy. He advocated for corporate image evaluation from the technology image, comprehensive image, appearance image, corporate culture image, operator image, market image and future image. Zheng (2007) sought to assess corporate image from the constructs of insiders, business partners and the public. Yu and Hu (2014), in their study on the role of CSR in shaping the corporate image of Chinese companies, incorporated cognitive image and emotional image, constructs that resonated with Zheng's (2008) definition of corporate image.

This study focused on corporate image as a measure of perception on how government-owned entities support a general worthy cause in the society, addressing societal challenges and maintaining high standards in customer treatment and ethical management.

### **1.1.3 Commercial Government Owned-Entities in Kenya**

In Kenya, commercial government-owned entities that are normally referred to as parastatals are created within the provision of Government-owned entities Act chapter 446 of the laws of Kenya and given the power to run and concentrate on specific mandates with the aim of improving service delivery to the common public. They are a platform in which the government is involved in commercial activities (Somi, 2017). In Kenya, Commercial state corporations cover key areas of the economy such as communications, agriculture, manufacturing, transportation and finance sectors. Kenya has more than 187 state corporations that can be fully or partially owned by the central government (Mutavi, 2020). These firms are commissioned with a mandate to realize both commercial and social objectives and goals. Employees in these entities are subject to specific legal frameworks that bind public entities and public servants. Kangethe (2015) established that these entities have not yet fully embraced social responsibility in undertaking their businesses, hence they have not realized its full potential. As such, a large number of the corporations struggled with maintaining functional corporate relationships with the stakeholders involved in their activities.

These corporations serve to meet goals that are unattractive to the private sector due to a lack of profit-generating capability (Mutavi, 2020). However, some Kenyan state-owned cooperatives have been experiencing poor performance levels, resulting in mega scandals that threaten to tarnish their corporate image. Wagana and Kabare (2015) reported Kenya Pipeline Company losing more than Kshs. 2 billion, the National Cereals and Produce Board losing over Kshs. Nineteen billion due to unscrupulous deals on maize purchases, and Kenya Power and Lighting Company losing Kshs. 200 million. The East African Portland Cement Company also

recently posted a Ksh.3.4 billion loss in 2019 (Waichahi & Machoka, 2019), while recent reports showed significant losses at the Jomo Kenyatta International Airport and potholes were reported on some runways at the Wilson, signifying poor performance by the Kenya Airports Authority (Chacha, 2018).

Corporate social responsibility, being quite a recent notion in Kenya, a large number of government-owned entities faced the dilemma as to whether they needed to create a department or embrace corporate social responsibility functions within an already existing framework (Sasaka, Namusonge, & Sakwa, 2015). Therefore, firms are not only focused on maximizing their profits but also increasing their awareness of the social facet of their businesses, and this transformation emanates from the financial advantages of corporate social responsibility, which often grow into enhanced charity as well as thriving relationships with consumers (Nthini, 2013). The need for CSR initiatives in Kenya is meant to improve the relationship between suppliers, the public and the government.

Corporate social responsibility is, therefore, a model relevant to government-owned entities. Given their commercial activities and increased competition from the private sector in some of the markets that the state parastatals operate in, the parastatals need social legitimacy as well (Sasaka, Namusonge, & Sakwa, 2015). With increasing consumer choices even in developing countries like Kenya, corporate image is paramount in pushing sales. For instance, in 2014, Kenya Power & Lighting, a government entity, established the environmental and social management framework as part of the Last Mile Connectivity strategies to all corners of the country. The framework was an evaluation of the potential environmental and social impacts of the various project parts (Omwenga, 2013). The Report of the Presidential Taskforce on Parastatal Reforms of 2013 defines parastatals as purely commercial government-owned entities and government-owned entities with strategic functions. There are a total of 50 commercial and financial institutions classified by the State Corporations Advisory Committee 2020. This study will focus on these corporations since they are involved in active trade with the citizens and other stakeholders, and promoting their corporate image is key to increasing the faith of the citizens in government initiatives.

## **1.2 Statement of the Problem**

In today's business environment, social and ecological responsiveness is a battleground for competitive success (Abugre & Anlesinya, 2019). CSR heightens the need for organizations to adopt policies that focus on the importance of minimizing or eliminating harmful practices

meted on stakeholders (Karuti, Shano, & Rukangu, 2015). More so, there is growing stakeholder clamour, and bargaining power that put pressure on businesses to balance economic, social and environmental concerns in their operations (Ngari, 2016). This has resulted in most firms affecting CSR activities geared towards promoting business sustainability. Despite this, most of the contextual evidence on the effect of CSR activities on businesses has notably been conducted among multinational firms and in developed countries (Abugre & Anlesinya, 2019). Furthermore, Cheruiyot and Tarus (2016) argued that there appears to be confusion amongst organisations in developing countries such as Kenya regarding the actual value of CSR due to the relative theoretical underdevelopment and inappropriate contextual application. Thus, there was underlying need to examine the various CSR activities adopted by government-owned entities and how they impact the corporate image of the organizations.

Stoyanov P (2017) reports that by applying socially acceptable strategies, businesses can build a positive corporate image and gain a competitive advantage. In the empirical review, the researcher asserts that CSR activities paint firms as good corporate citizens who care about environmental as well as societal wellbeing. Hussain and Attiq (2017) linked CSR efforts with incorporating societal and moral practices into business strategies, thus enhancing consumers' perception about a brand reputation in Indian companies. The researcher hailed CSR initiatives as a competent image-building tool. In an empirical study (Yu & Hu, 2014) noted that CSR was increasingly becoming the concept of practice in China, with the community members expectations playing a key factor in encouraging CSR adoption. The study, however, determined that while community responsibility, economic responsibility, and organization responsibility promoted image building, environmental responsibility did not impact the firm's CSR initiatives.

Hussain and Attiq (2017) showed a significant positive impact of ethical leadership on CSR engagements, which promotes an ethical climate that has a positive resonance among consumers and employees alike. These findings resonate with Alam and Islam (2021), who reported a positive relationship between environmental CSR and building a green corporate image and green competitive advantage. Kariuki and Rotich (2013) established a positive association between involvement in CSR activities, operational performance and competitive advantage. Urandelger, Bae and Lee (2016) established a strong effect of CSR initiatives on the positive corporate image and reputation of Samsung Electronics, LG Electronics, and

Hyundai Motors. Muhumed (2018) established a strong and positive relationship between CSR initiatives and the competitive advantage of banks in Kenya. Kariuki and Rotich (2013) reported the adoption of CSR policies in the health sector to cater for people who lack requisite funds but require medical attention, while Kim, Milliman and Lucas (2020) reported a strong relationship between CSR policies and employee retention or turnover rates.

The above studies show a positive relationship between CSR initiatives and corporate operational and functional performance. However, none of them specifically assess how CSR impacts corporate image among state corporations in Kenya, where commercial state corporations are characterized by corruption and mismanagement. Zhang and Cui (2018) deduced that CSR initiatives are carried out with the aim of promoting the image of the firm and increasing customer purchase behaviours; hailing CSR is the chief factor for customer purchase intentions. Poor management and performance outcomes have led to the closure and rebranding of some commercial state firms such as KCC, Kenya Airways and the Communications Commission of Kenya to improve corporate image and restore trust in the public (Cathrine, 2019). Kenyan corporations are struggling with a negative public image resulting from poor management and intentional malpractice. The Kenya National Youth Service (NYS) recently lost more than Ksh. Eight billion in dubious supply payments, the National Hospital Insurance Fund where about Kshs. One billion was reportedly lost, and most recently, the Kenya Medical Supplies Authority (KEMSA) was involved in a scandal that saw the irregular awarding of contracts and mismanagement of public funds meant to purchase public protective equipment and other medicines meant to fight the Covid-19 pandemic. This scandal has generated a lot of public interest and underpins the need for functional corporate social responsibility measures within state corporations (Inguza, 2020). These failings underscore the importance of CSR initiatives within Kenyan state corporations, not only to manage public perception but also to enhance firm activities.

Mersham and Skinner (2016) noted that conceptualization and implementation of CSR amongst organisations all over the world remains an endeavour beyond their attainment. Abugre and Anlesinya (2019) opined that despite CSR being an honourable objective, it is only secondary to such organisations because there are other pressing concerns, profit-seeking activities that are more closely linked with the core business. In Kenya particularly, the concentration of a large number of studies has been on the banking sector, for example, the studies by Oyaya (2012), Manyange (2013) and Mburia (2018). Given the limited study on

corporate social responsibility and corporate image on commercial government-owned entities, this study sought to add to the emergent knowledge of the topic of whether corporate social responsibility has an effect on the corporate image of commercial state-owned corporations in Kenya.

### **1.3 Objective of the Study**

The main objective of the study is to determine the effect of corporate social responsibility on the corporate image of Commercial government-owned entities in Kenya.

#### **1.3.1 Specific Objectives**

- i. To determine the influence of economic CSR activities on the corporate image of commercial government-owned entities in Kenya.
- ii. To examine the influence of environmental CSR activities corporate image of commercial government-owned entities in Kenya.
- iii. To analyse the influence of ethical CSR activities on the corporate image of commercial government-owned entities in Kenya.
- iv. To establish the influence of legal CSR activities on the corporate image of commercial government-owned entities in Kenya.

#### **1.4 Research Questions**

- i. What is the influence of economic CSR activities on the corporate image of commercial government-owned entities in Kenya?
- ii. How do environmental CSR activities affect the corporate image of commercial government-owned entities in Kenya?
- iii. To what extent do ethical CSR activities affect the corporate image of commercial government-owned entities in Kenya?
- iv. What is the influence of legal CSR activities on the corporate image of commercial government-owned entities in Kenya?

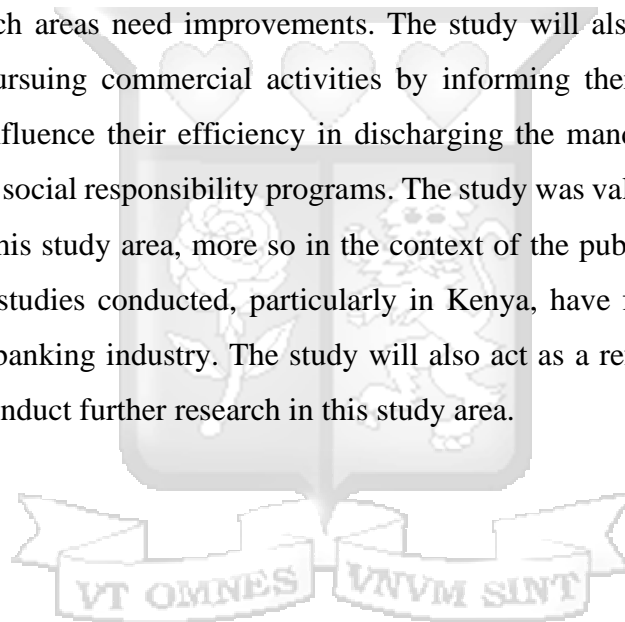
#### **1.5 Scope of the Study**

The study scope was focused on the examination of the corporate image of the commercial entities owned by the Kenyan government. The research contextual scope examines the influence of CSR initiatives; economic social responsibility, environmental social responsibility, ethical social responsibility and legal social responsibility. The theoretical

foundation of the research was anchored on Carroll's pyramid of corporate social responsibility. The methodological scope was quantitative in nature, with positivism applied in the research. The sample scope was the operational 50 commercial and financial entities as classified by the State Corporations Advisory Committee (SCAC).

### **1.6 Significance of the Study**

The study findings are beneficial to the management of the government-owned entities by highlighting how corporate social responsibility programs would impact their corporate image and could trigger the need for reconsidering the corporate social responsibility policies employed in some of the corporations. The findings should also be beneficial in highlighting the kind of strategies and programs that lead to the greatest positive impact on these corporations and which areas need improvements. The study will also benefit government-owned entities not pursuing commercial activities by informing them how the interest of various groups can influence their efficiency in discharging the mandates and the need for undertaking corporate social responsibility programs. The study was valuable in expanding the body of literature in this study area, more so in the context of the public sector since a large number of empirical studies conducted, particularly in Kenya, have focused on the private sector more than the banking industry. The study will also act as a reference point for other scholars wishing to conduct further research in this study area.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter renders a discussion of scholarly works that have been done in relation to CSR and the corporate image of organizations. It highlighted the theories forming the foundation of the studies, empirical studies closely linked with the study topic, as well as the conceptual framework. A critique of the literature is also undertaken so as to establish the knowledge gaps in the existing literature.

#### **2.2 Theoretical Literature**

This section presents a review of the theory and model adopted in the research. It comprises of the Stakeholder Theory which was key in informing the study on corporate social responsibility initiatives, and the stakeholder theory, which informs the study on stakeholder expectations.

##### **2.2.1 Stakeholder Theory**

This theory was introduced by Freeman (1984), and it defines a stakeholder as an individual or group of individuals who are affected by the decisions of business leaders (Friedman & Miles, 2002). This theory is a management tool used in explaining and determining the expectations of stockholders. Donaldson and Preston (1995) present this theory as a key instrument that contributes to management literature base on its value to descriptive and empirical research, its instrumental power, and its validity. The theory has since been expanded in the modern business environment to encompass the notion that through the creation of economic values, managers have the opportunity to build stronger relationships with parties both inside and outside an organization (Tilt, 2016). Wang et al. (2016) acknowledge the use of stakeholder theory in relation to studies on corporate social responsibility initiatives.

Van Limburg, Wentzel, Sanderman, and van Gemert-Pijnen (2015) posit that studies exploring stakeholders first gained widespread attention from organizational managers and business ethics that became the subject of great interest to scholars and business leaders in the 1970s. In advocating for the theory, the main protagonist, Freeman (1984), highlighted the importance of recognizing businesses as entities that serve to create value for stakeholders. Freeman (1984) inferred stakeholders as individuals or groups of individuals whose way of life is directly affected by the actions of an organization, including, but not limited to customers, employees, investors, suppliers, creditors, public interest groups, and government agencies. Wang et al.

(2016) remarked that companies must not adapt CSR initiatives only as a means of managing public relations, instead expound it to ensure societal wellbeing. Ioannou and Serafeim (2015) attested to the need for strong and ethical leadership guidelines to transform companies into socially responsible organizations. Szekely and Knirsch (2005) reported on internal and external drivers of effective CSR adoption and implementation within organizations, noting that internal factors encompass managerial and organizational factors, and external factors encompass stakeholders' demands. This theory will be applied in this study to support the social responsibility aspect of this study.

This theory is applicable in explaining CSR adoption since in determining the stakeholder, it assigns the role played by each stakeholder in ensuring the firm attaining or fails to attain its objectives (Wang et al., 2016). The underlying reasoning behind this theory is that while the company objectives are easy to define, stakeholder objectives and preferences may differ significantly (Mandina, Maravire, & Masere, 2014). While investors may push for strategies aimed at ensuring maximum profit realization (Vallaster, Lindgreen, & Maon, 2012), customers expect to receive quality products and services at reasonable prices (Lindgreen, Xu, Maon, & Wilcock, 2012). Employees, on the other hand, may expect its management to be considerate of its working environment and wages (Metcalf & Benn, 2013).

In addition to the above stakeholders, creditors, suppliers and government agencies expect firms to comply with regulations and contractual requirements, including commitments to being champions of socially responsible activities Torres and Tribo (2011). It is also in the interest of the community and public interest groups that companies minimize their impact on the environment or society (Kinoti, 2017). To this end, Mason and Simmons (2014) note that while multifaceted stakeholder management may be challenging, effective management of stakeholder expectations promotes continuity, efficiency, and sustainability. Bonnafaus-Boucher and Rendtorff (2016) echo these sentiments by recommending that managements strive to unite the interests of the different stakeholders so as to contribute to the common good of the society and to bring social justice to all parties.

The stakeholder theory is key in examining how various CSR initiatives impact firms' capacity to meet various corporate performance goals (Donaldson & Preston, 1995). The premise of this theory, therefore, is that firms that achieve the status of socially conscious entities will become profitable, stable, and achieve sustainable growth (Gao & Bansal, 2013). This study uses the stakeholder theory to imply that the application of a multifaceted stakeholder management

system has intrinsic value. In recognition, Freeman (1984) divided stakeholder development into a business policy model and the CSR model. The business policy model is concerned with developing and evaluating strategies with a focus on immediate stakeholders whose support and acceptance is necessary for the survival of the business, such as customers, investors and suppliers (Amin-Chaudhry, 2016). The CSR model of stakeholder analysis, on the other hand, incorporates the expectations of external stakeholders who include special interest groups and regulators, whose demands are often centred towards social wellbeing (Freeman, 1984; Vallaster et al., 2012).

Tribó et al. (2013) assert that meeting stakeholder expectations should be the main consideration for all business leaders who aspire to run profitable and socially acceptable organizations. Stakeholder analysis is a crucial component in management as it enables managers to understand how their decisions affect various stakeholders. This equips them with the knowledge that is necessary in structuring their organizations to optimally respond to their changing environment. Yusof and Bahari (2015) note that successful business leaders will only make decisions after consultations and determining how their decisions will reflect the company's image to its stakeholders. Proponents of this theory posit that business leaders who effectively manage the interest of all stakeholders can achieve profitability as opposed to managers who pay little attention to the expectations of all stakeholders (Tribó et al., 2013). burke et al. (2016) affirm that by creating a vision and strategy designed to harmonize all stakeholder expectations, increase competitiveness and add value to investors, managers will achieve social acceptance and establish a positive relationship with their stakeholders. By promoting sustainable practices, businesses may lead to growth in society, leading to wealth maximization (Chian, 2021). This theory will inform the study about stakeholder's perceptions and how organizations structure their strategies to meet them.

### **2.2.2 Corporate Social Performance Theory**

The modern definition of corporate social performance (CSP) is credited to the work of Wartick and Cochran's (1985), although there are significant contributors to the development of the theory, including Davis, 1973; Preston & Post, 1975; Frederick, 1978; Carroll, 1979; Freeman, 1984; Wartick & Cochran, 1985; Miles, 1987; and Wood (1991). Although the CSP concept has been a subject of discussion in academia for several decades, and its concepts adopted in the United States since the 70s, there is no overarching theory of corporate social performance. Instead, key aspects of different conceptual developments have been integrated together to

form a means for assessing the impact of a company's operations on different stakeholders. Davis (1973) and Preston's (1978) offered categories for assessing CSP policy but failed to define it. Eshewing from making a precise definition of the concept, Carroll (1979) favored a four dimensional model consisting of social responsibilities, social issues, and philosophies of social responsiveness. Wartick and Cochran (1985) built on these models and defined CSP as "an organization's assortment of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes in relation to the firm's relationship with the society." This definition showed how stakeholders' competing perspectives could be integrated into a model to enable assessment of their impact.

Davis (1973) noted that firm's corporate responsibilities lie in accomplishing social development goals alongside economic gains. Carroll (1979) defined an organization's social responsibility to encompass the economic, legal, ethical, and discretionary expectations that society has of businesses at a given point in time. Frederick (1986) opined that businesses have the responsibility to improve the welfare of the society. Three ideas can be incorporated from the above conceptualizations: Carroll's (1979) four-part categorization of social responsibility, Preston and Post's (1975) notion of public responsibility, and Sethi's (1979) classification of companies as reactive, defensive, or responsive. Wartick and Cochran (1985) adapted these ideas by showing how public responsibility and organizational responsiveness can be incorporated to create the CSP model. Carroll's four categories represented the main principles of CSR. Wood (1991) placed CSR initiatives into a comprehensive framework that emphasizes how to guide responsible behavior, processes of responsiveness and outcomes of performance.

The basic idea of CSR is that there is a direct relationship between businesses and the society; and that the society has certain expectations for appropriate business behavior and outcomes. In examining the determinants of implementation (or avoidance) of CSR and response to stakeholders, researchers concluded it is paramount to determine why (principles), what and how (processes) and what happened (outcomes) of corporate social performance. Carroll (1979) argued that to effectively engage in CSP, firms have to have a basic definition of CSR, understand the essence of social responsibilities, and have a guiding philosophy for how to respond to these issues. According to Carroll (1979) effective CSP incorporates the core concepts of CSR; economic, legal, ethical, and discretionary judgement. Economic responsibility entails, among other things, providing a sustainable return on investment to owners and shareholders; creating jobs and providing fair wages, leading in resource

exploration, promoting technological advancement, innovation, and creation of new products and services. Legal responsibility entails society's expectation that a business will pursue economic returns in accordance with the regulatory framework and legal requirements.

Legal responsibility was however criticized since in stick to the bounds of the law, firms are limited to being proactive rather than reactive, since laws are normally reactive in nature. Further, laws do not define ethical behavior and don't legislate morality (Solomon, 1994). Therefore, ethical responsibility encompasses activities that may not be written in law, but are expected of business by members of the society such as showing respect to people, avoiding social harm, and addressing social injury or unexpected disasters. This form of responsibility is rooted in humane principles, human rights commitments and religious convictions. The code of ethics defines a company's ethical commitments. The final responsibility defined in Carroll's (1979) work was discretionary judgement which acknowledges that there are multiple ways for firms to give back to the society; and that understanding the context of the beneficiaries as paramount. Philanthropic activities may include instituting health programs, education programs, public sensitization on emerging issues, and others. Philosophical programs have received strong criticism from proponents of firm's economic responsibilities.

Wood (1991) advanced the CSP model by proposing analysis beyond organization's responsibilities and investigating issues that relate to the principles motivating responsible behavior, the processes of responsiveness and performance outcomes. In doing so, CSP was conceptualized as a firm's outcomes as a result of its principles, process of social responsiveness and observable outcomes in relation to the firm's relationships with stakeholders. Using this model requires that researchers first determine the motivators for social responsibility adoption from an institutional, organizational and individual perspective. As such, firms' motivation for social responsibility actions may stem from the principle of legitimacy, sense of public responsibility, and from individual motivation of leading managers. Two motivators may interact to increase corporate social responsibility actions.

Wood (1991) defined responsiveness as actions dimension that complement the normative and motivational component of social responsibility, and comprises environmental assessment, stakeholder management, and issues management. Rigorous scanning of the environment, stakeholder engagement, and social issues management provide knowledge is key to guiding a firm towards effectively adhering to or championing social responsible activities. Wood's model classifies outcomes of social corporate behaviors as its impact on the livelihood of the

society, the programs used in implementation and the policies developed to attend to emerging social issues. The nature of the corporate responsibility programs instituted is considered to be key to achieving sustainability and a long-lasting impact on the society.

These two models complement each other in explaining the internal and external drivers of corporate social responsibility behaviour. Integrating these two models results in an ideal corporation that integrates all the three aspects of CSP (principles, processes, and outcomes) and the domains of firm operations (legal, economic, ethical and discretionary). This model explains the motivations behind several CSR initiatives and the social outcomes of business behavior on the society are visible across the four domains of responsibility. These models are key in explaining determinants and impacts of CSR, and how some motivations can promote successful implementation of certain programs over others, or how some policies can become successful in some industries or markets over others. This model has been used to examine CSP in emerging markets (Crisan-Mitra et al., 2020); CSR impact on customer loyalty (Hsu, 2012); and in generating value for stakeholders Pelozo and Shang (2011).

This model has been criticized for assuming that there is an easy distinction between value generation and fact. Further, the model can only address stakeholders who can voice their dissatisfaction or appreciation with certain programs or policies. The final criticism is that it does not address the needs of stakeholders who are unaware of their current needs. However, this model is among the most inclusive review of business and society. It develops a number of propositions regarding the relationship of strategies and structures for social issues to corporate social performance. Finally, it may aid organizational strategists and designers in the development of appropriate organizational responses to different kinds of social issues and in the diagnosis and resolution of mismatches. This approach allows for mapping of the various dimensions of social performance, enabling a comprehensive assessment of the facets of CSR being investigated. Guided by this approach, the empirical section proceeded to investigate the impact of CSR programs on the image of the firm from the perspectives of stakeholders.

## **2.3 Empirical Review**

### **2.3.1 Economic Corporate Social Responsibility and Corporate Image**

According to Amin-Chaudhry (2016), economic profitability and social responsibility are positively related, and profitable companies are better social players. Economic sustainability is the most important pillar of economic CSR, as managers have a duty to ensure that the

company can offer returns on shareholders' investment and maximize their wealth. As Nwoke (2017) argues, the current control of the "maximizing shareholder value" model of corporate governance has made it difficult to secure too much hope on contemporary CSR as an effective means for development.

Tudway and Pascal (2013) found that the premise of shareholder wealth value maximization is based on directors' pursuit of broader social and economic objectives that led to the enhancement of shareholder value and were in line with CSR. They also argue that there is a lack of clarity on what is expected of directors when it comes to CSR and how it relates to them meeting their fiduciary and overall director's duties as expressed in the shareholder wealth maximization objective.

Igwe and Nwadiolor (2015) examined the effectiveness of corporate social responsibility (CSR) reporting in enhancing corporate image. The study adopted a survey design focusing on public institutions. The study applied a mixed quantitative approach in the analysis, and the findings showed that corporate social responsibility has a significant effect on the organisational image, attract positive media attention with the host community and other stakeholders. The study showed that increased financial sustainability programs for stakeholders and advancing development programs are key to the image of the organization. The study did not consider how the various CSR initiative affects corporate image, which was considered in the current research.

In another study in Nigeria, Oyewumi, Ogunmeru and Oboh (2018) studied the relationship between investment in corporate social responsibility, disclosure practices, and financial performance of banks. The study utilized panel data and adopted random effects model in the analysis. The findings established that increased corporate social responsibility investments had little to no contribution to the financial performance of banks. The study indicated that effective strategic CSR agenda should be enforced within the firm to achieve some financial and non-financial benefits. The study focuses on the financial performance of banks, while this research examines the corporate image of government-owned corporations.

Mutavi (2020) investigated the role of CSR in building the corporate image of Kenya Commercial Bank (KCB). The study adopted a descriptive research design that was anchored on the stakeholder theory and guided by Carroll's Pyramid of Corporate Social Responsibility. The study collected data using triangulation using questionnaires and interview guides. The

study noted a strong positive relationship between CSR initiatives and the corporate image of KCB. KCB, as an institution, had committed to providing education opportunities, humanitarian support, environmental wellbeing, enterprise development and health, which resonated with a positive corporate image. However, this was a case study investigating CSR initiatives in one organization. The current study will assess initiatives by all state-owned corporations.

Mwangangi (2018) analysed the effect of corporate social responsibility on the performance of manufacturing firms in Kenya. The study utilized a descriptive design with the study population consisting of 853 registered manufacturing firms. The study dominantly used primary research data, which was supplemented with secondary data sources. The regression results showed there is an association between CSR and firm performance. The research revealed that customer, community and government relations have a positive and significant effect on performance. The analysis also established that the improvement of employee welfare is key to maximizing their productivity. The study, however, does not examine the corporate image, which is the focus of current research.

### **2.3.2 Environmental Corporate Social Responsibility and Corporate Image**

Ganescu and Dindire (2014) found that environmental responsibility and corporate reputation had a positive correlation because activities like reducing pollution enhanced safety among local communities, consumers of products and employees. Organisations ought to be duty-bound to adhere to their environmental responsibilities since their activities of creating economic value consistently led to many social costs and externalities. The study, however, does not extend to show the implication of the various environmental responsibility practices on the corporate image of the firm. This study was premised on this gap.

Mandina, Maravire and Masere (2014) conducted a review of the effectiveness of corporate social responsibility in enhancing company image. The study explored communities around a mining site using a descriptive exploratory approach. The study data utilized was structured in nature, and quantitative approaches were adopted in the analysis. The findings indicated that environmental and philanthropic activities do enhance company image as well as relations between an organization and the community surrounding it. The study, however, does not consider other CSR initiatives such as economic, legal and ethical that was contextualized in this research.

Mahmud (2020) investigated the impact of corporate social responsibility programs (CSRPs) on perceptions of societal development in Bangladesh. The study used qualitative and quantitative methods of analysis in examining how contributing to community education, community health care, humanitarian and disaster relief, community cultural welfare, environmental sustainability, infrastructure development, and income-generating activities impact societal view of progress. The study established a direct relationship between all the CSR programs and community perception of societal progress. The results also established that corporations and communities are uniquely interrelated and have a significant influence over each other. The study recommends that, especially in developing countries, businesses should strive to understand community needs through actively engaging local authorities, collaboration and partners to ensure that suitable CSRPs that are based on community needs are implemented for maximum benefit. This, according to the stakeholder theory, results in a positive corporate image.

Okwemba et al. (2014) studied the effect of CSR on the organizational performance of commercial banks in Kakamega Town. A descriptive research design was used. The study found that the outcome of environmental activities on the financial success of the banks was positive but weak where the study noted that such activities were salient and there was a lack of awareness about their existence among the customers and that most banks preferred investing in CSR programs that were considered conspicuous to customers that the salient programs. The study was only limited to CSR initiatives within commercial banks, while this examination reviewed CSR and the corporate image of government-owned corporations.

Karuti, Shano, and Rukangu (2015) did a study on how CSR activities affected the financial performance of commercial banks in Meru Town, Kenya. A correlational research design was utilized. The research discovered that the banks understudy needed to indulge more on environmental CSR activities since they influenced and contributed to improvement in the profitability of the banks. A large number of customers who participated in the study expressed attraction to the banks on the fact that the banks had environmental CSR programs and that in all the banks, such practices were voluntary. The study found that environmental CSR activities conducted by the banks significantly improved the financial performance of the banks. The research did not examine how other CSR initiatives such as legal and ethical social responsibility impact corporate image.

Kinoti (2017) sought to determine the influence of green marketing practices and corporate image on the Performance of ISO 9000 and 14000 Series Certified Firms in Kenya. The study conducted a census survey of 120 firms with research data collected using questionnaires. The research further applied descriptive and inferential analysis. The study showed that green marketing practices, innovativeness, effectiveness, and competitive advantage had a significant effect on corporate image. Findings further noted that corporate image had a statistically significant direct effect on communication-related indicators and not on sales-oriented measures of firm performance. The study did not in detail examine how environmental, social responsibility activities impact corporate image within the firms. This was addressed in the current study.

### **2.3.3 Ethical Corporate Social Responsibility and Corporate Image**

Hussein and Attiq (2017) carried out an empirical study with the aim of developing a model that would establish the relationship between CSR outcomes and determinants. The study sought data from 210 employees of banks and cement factories in Islamabad and Rawalpindi using convenient sampling. Structural equation modelling was adopted in analyzing the collected data. The study established a direct link between ethical leadership and positive CSR outcomes among employees. Further, the ethical climate was noted to significantly impact the relationship between ethical leadership and CSR, resulting in trust, which was established as a key factor determining the outcomes of CSR initiatives. The study established a direct relationship between CSR and organizational citizenship behaviour, task performance behaviour and reduced counter-work behaviour.

Al Mubarak, BenHamed and Al Mubarak (2019) study focused on the impact of corporate social responsibility on a bank's corporate image. The survey considered 240 bank customers and utilized questionnaires in the data collection. Further, factor analysis and regression were considered for the collected research data. The results indicated that customers perceived banks that engaged in CSR activities highly. Regression results showed a statistically significant relationship between corporate social responsibility and the corporate image of commercial banks. The research revealed that banks should undertake more morally justified CSR initiatives that helped strengthen community welfare and their corporate image. The study was conducted across Bahrain banks while this research examined the corporate image of state-owned commercial entities in Kenya.

Tian et al. (2015) reviewed the effects of external stakeholder pressure and ethical leadership on corporate social responsibility in China. The study relied on a quantitative approach and collected research data from 292 employees and 224 middle-level managers. The study utilized regression analysis, and the findings showed that external pressure had a significant positive effect on CSR when there was low level of ethical leadership. The study also showed that with higher ethical leadership, the effect of external stakeholders had a low effect on CSR initiatives within the firm. The research, however, does not explicitly review how ethical CSR influences corporate image, which was examined in this research study.

Choongo (2017) conducted a longitudinal study of the impact of corporate social responsibility on firm performance in SMEs in Zambia. The study focussed on 153 entrepreneurs who formed the unit of observation. The collected data were analysed using structural equation modelling, and findings indicated that corporate social responsibility had a positive and significant effect on firm performance. The study indicated that improving CSR led to better corporate reputation and employee commitment within the firm. The current examination is, however, focused on government-owned entities in Kenya and reviews CSR practices such as environmental and ethical social responsibility.

Sasaka (2016) sought to determine how strategic management practices impact the CSR performance of corporate firms in Kenya. The study specifically examined the impact of strategic Total Quality Management (TQM) practice, strategic corporate governance practice, strategic competitive practice and strategic planning practice impact CSR performance. The study adopted a qualitative research design that sampled respondents from 85 state firms. The variables were determined to significantly impact CSR performance, which resulted in improved firm goal realization. However, strategic TQM practices (customer focus, continuous improvement and supplier relationship management) and strategic competitive practice (cost leadership, focus and differentiation) had strong positive impacts, while strategic corporate governance practice (transparency, accountability and disclosure) and strategic planning practice (internal orientation, external orientation, functional integration) had moderate negative impacts on CSR performance, recommending that state firms consider the performance of CSR initiatives as a new approach to governance. The study focussed on all state firms in Kenya. The current will focus on those in Nairobi, where awareness of CSR is highest in the country and where most CSR activities are undertaken.

Marika et al. (2017) studied the relationship between corporate social responsibility and employer attractiveness among business students at the University of Nairobi, Kenya. The research adopted a survey research approach with final-year students being considered in the review. The study utilized questionnaires in the data collection, and the analysis showed that economic responsibility, legal responsibility, ethical responsibility, philanthropic responsibility and environmental responsibility were key to organizational attractiveness. The results revealed that employees were attracted to an organization that implements CSR initiatives that employees resonate with. The study, however, does not review how the CSR initiatives impact the corporate image of government-owned entities in Kenya.

#### **2.3.4 Legal Corporate Social Responsibility and Corporate Image**

He and Lai (2014) explored the effect of corporate social responsibility on brand loyalty: the mediating role of brand image. The study specifically reviewed the legal and ethical responsibilities implemented within the firms. The review adopted descriptive and inferential analysis, and findings indicated that brand loyalty was improved by the customer perceived legal and ethical social responsibility. The study revealed that corporate legal responsible behaviours were instrumental in creating a functional brand image and enhancing marketing programmes. The study was only limited to brand image and ethical and legal social responsibilities. This research focussed on this knowledge gap by reviewing how various CSR practices impact the corporate image of firms.

Cha and Jo (2019) studied the effect of the corporate social responsibility of franchise coffee shops on corporate image and behavioural intention. The study focussed on franchise shops in South Korea and utilized survey questionnaires to collect research data from 300 sample participants. The study results showed that economic, discretionary, and legal responsibilities had significant effects on corporate image. The research indicated that observing legal standards, adherence to mandated social welfare laws, fulfilling contract requirements and improving compliance to regulations was vital to the firm's corporate image. The study focuses on small businesses, while this research examined corporate image in large government entities in Kenya.

Mohammed and Rashid (2018) research focusing on a conceptual model of corporate social responsibility dimensions, brand image, and customer satisfaction in the Malaysian hotel industry. The study was quantitative in nature, and the results suggested that CSR dimensions economic, philanthropic, legal, and ethical indirectly influence customer satisfaction. The

findings further showed that CSR dimensions were positively related to the brand image of the hotel firms. The study is only limited to a theoretical perspective; hence there is a need for a more articulate empirical study that evaluated the relationship between CSR and corporate image, which this study addresses.

Esen (2013) examined the influence of corporate social responsibility (CSR) activities on building corporate reputation. The study applied a quantitative approach in proposing a theoretical framework for determining the variable relationship. The study indicated that CSR activities were central to improving the firm reputation with customers, employees, suppliers and other stakeholders. The study showed that the dimensions of economic, environmental and legal responsibility were vital to strengthening the attractiveness of the organization, emotional appeal and image in public. The study, however, does not test the interaction between CSR dimensions and corporate image, which was considered in the current research.

Ofunya (2015) study findings showed that that out of the 24 banks that participated in the study, 23 of them were influenced to participate in CSR by the fact that it facilitates adherence to responsible practices such as accountability, human rights and environmental awareness. This study investigated the drivers of CSR participation among Kenyan banks. The study adopted a descriptive survey. 22 of the banks were influenced to participate in corporate social responsibility because of its ability to ensure that products and are priced to the customers' satisfaction. The findings further show that 23 of the banks were influenced by CSR's ability to ensure adherence to ethical marketing, and another 23 banks were influenced by CSR's ability to ensure compliance with disclosure requirements. The research, however, does not indicate the effect of legal CSR on corporate image; hence a knowledge gap for this study.

Kingoto and Ismail (2021) investigated the impact of effective contract management strategies of the performance of corporate state corporations in Kenya. The study adopted a descriptive research design in investigating the impact of contract structuring and monitoring on firm performance. The study used stratified random sampling in selecting 112 managers from the 28 state firms in Nairobi County. The study hailed contract management systems as key drivers of efficiency, effectiveness and contractual relationship. The study reported contract management as one of the key strategies that state firms have to implement to maintain healthy relationships with suppliers and procurement parties. An improvement in procurement management was associated with increased corporate functional (profit generation) and

operational efficiency (customer satisfaction), satisfying both internal and external stakeholders in the long term.

## 2.4 Research Gaps

The above studies have identified how different dimensions of CSR impact corporate image among different businesses. However, in the divulge, it was determined that some gaps were determined, and they are discussed below; The study by Cha and Jo (2019) was based on CSR management in franchise coffee shops across America, while the current study sought to address CSR adoption among state corporations in Kenya. Kinoti (2017) specifically investigated the impact of green marketing as CSR practices and how they impact the corporate image and failed to examine how economic and ethical, and environmental CSR impact corporate image within firms. Okwemba et al. (2014) limited their scope by focussing on CSR adoption among commercial banks in Kakamega town, while the current study explores CSR adoption among Nairobi-based commercial state firms. Oyewumi et al. (2018), in their study, investigated the impact of compliance reporting on financial performance. The current study will not investigate performance from a financial perspective. Tian, Liu and Fan (2015) investigated external stakeholder pressure and ethical leadership as drivers of CSR adoption among Chinese firms. This study failed to review how ethical CSR influences corporate image, which this study sought to explore. Kingoto and Ismail (2021) investigated the impact of ethical contract management on state firms' performance but failed to investigate how other dimensions of CSR impact the performance of state corporations. The table below presents a summary of the identified research gaps.

**Table 2.1 Summary of Literature Gaps**

Author	Title	Findings	Research Gap
Cha and Jo (2019)	Effect of the corporate social responsibility of franchise coffee shops on corporate image and	The study results showed that economic, discretionary, and legal responsibilities had significant	The study focuses on small businesses, while this research examined corporate image in large government entities in Kenya.

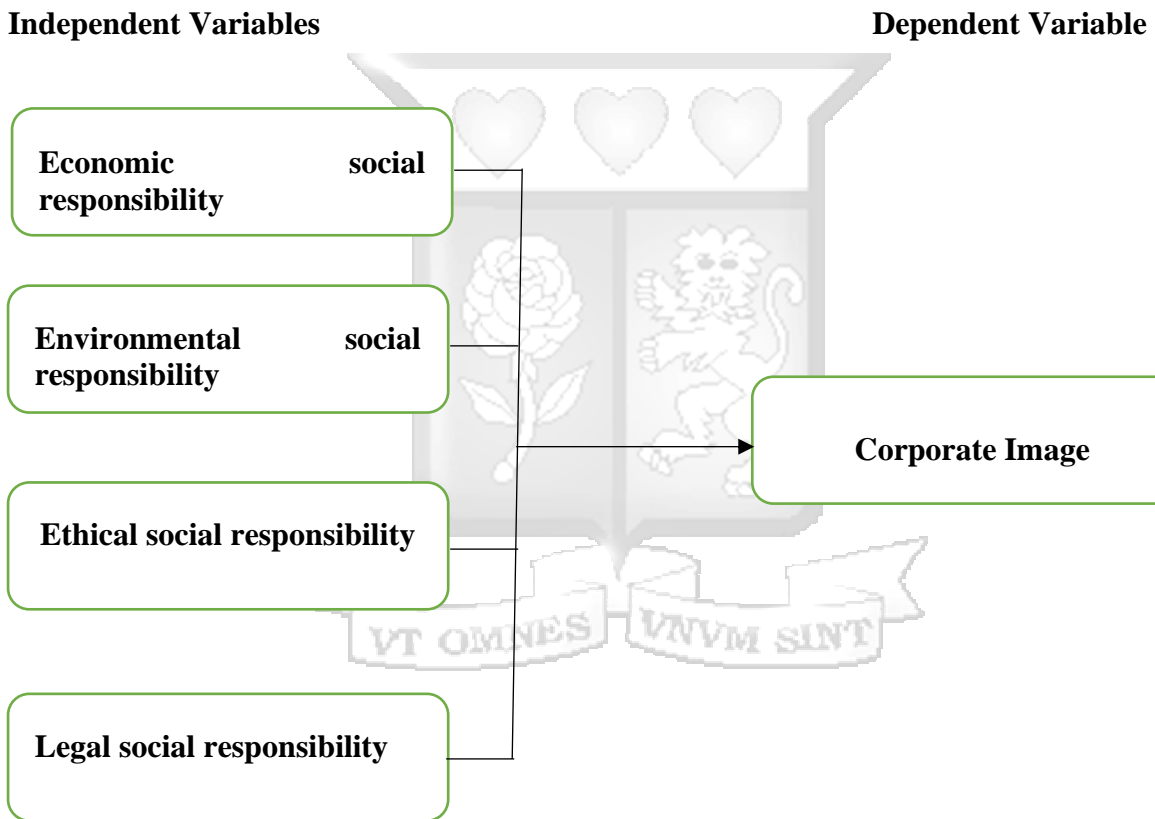
	behavioural intention	effects on corporate image.	
Kinoti (2017)	Green marketing practices and corporate image on Performance of ISO 9000 and 14000 Series Certified Firms in Kenya	Findings showed that corporate image had a statistically significant direct effect on communication-related indicators.	The study did not in detail examine how environmental, social responsibility activities impact corporate image within the firms. This was addressed in the current study
Okwemba et al. (2014)	Effect of CSR on the organizational performance of commercial banks in Kakamega Town	The study found that the outcome of environmental activities on the financial success of the banks was positive but weak.	The study is only limited to CSR initiatives within commercial banks while this examination reviews CSR and the corporate image of government-owned corporations
Oyewumi, Ogunmeru and Oboh (2018)	Investment in corporate social responsibility, disclosure practices, and financial performance of banks	The findings established that increased corporate social responsibility investments had little to no contribution on the financial performance of banks.	The study focuses on the financial performance of banks, while this research examines the corporate image of government-owned corporations
Tian, Liu and Fan (2015)	Effects of external stakeholder pressure and ethical leadership on corporate social	The study showed that with higher ethical leadership, the effect of external stakeholders had a	The research, however, does not explicitly review how ethical CSR influences corporate image, which was

	responsibility in China	low effect on CSR initiatives within the firm	examined in this research study.
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Source: Researcher (2021)

### 2.5 Conceptual Framework

This is a diagrammatic presentation of the relationship between dependent and independent variables. The below conceptual framework identified the hypothesized association between corporate social responsibility and corporate image.



Source: Researcher (2021)

**Figure 2.1 Conceptual Framework**

The above framework points to the relationship that is expected between corporate social responsibility measured by environmental, economic, ethical and legal and the corporate image

of government-owned entities. The study variables are operationalized and measured as shown in Table 2.2 below.

**Table 2.2 Operationalization and Measurement of Variables**

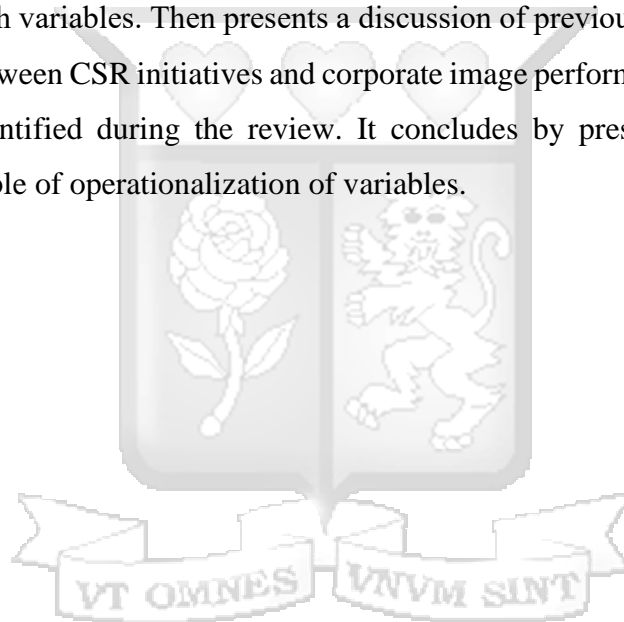
Variable	Indicators	Measurement	Data analysis	Supporting Literature
Economic CSR	<ul style="list-style-type: none"> <li>• Philanthropy</li> <li>• Profit maximization</li> <li>• Charity programs</li> <li>• Cost efficiency</li> <li>• Employee benefits</li> </ul>	Ordinal Scale 5-point Likert scale	Descriptive, rank correlation and regression analysis	Mutavi (2020), Mwangangi (2018)
Environmental CSR	<ul style="list-style-type: none"> <li>• Sustainability practices</li> <li>• Pollution reduction</li> <li>• Waste recycling and reduction</li> <li>• Environmental awareness</li> </ul>	Ordinal Scale 5-point Likert scale	Descriptive, rank correlation and regression analysis	Mandina, Maravire and Masere (2014), Karuti, Shano, and Rukangu (2015)
Ethical CSR	<ul style="list-style-type: none"> <li>• Norms and values</li> <li>• Code of conduct</li> <li>• Fair treatment</li> <li>• Advocacy for human rights</li> <li>• Ethical practices</li> </ul>	Ordinal Scale 5-point Likert scale	Descriptive, rank correlation and regression analysis	Hussein and Attiq (2017), Tian et al., (2015)
Legal CSR	<ul style="list-style-type: none"> <li>• Compliance to regulations</li> <li>• Adherence to statutory requirements</li> <li>• Enforcement of legal principles</li> <li>• Reporting standards and procedures</li> </ul>	Ordinal Scale 5-point Likert scale	Descriptive, rank correlation and regression analysis	Cha and Jo (2019), Esen (2013)

Corporate Image	<ul style="list-style-type: none"> <li>• Customer focus</li> <li>• Innovativeness</li> <li>• Good corporate citizenship</li> <li>• Good reputation and publicity</li> <li>• Shareholder confidence</li> </ul>	Ordinal Scale 5-point Likert scale	Descriptive, rank correlation and regression analysis	Tilt (2016), Wang et al., (2016)
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Source: Researcher (2021)

## 2.6 Chapter Summary

This chapter presented an introduction to the theoretical review and the models adopted in explaining the research variables. Then presents a discussion of previous researcher’s findings on the relationship between CSR initiatives and corporate image performance. The section then presents the gaps identified during the review. It concludes by presenting the conceptual framework and the table of operationalization of variables.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the methodology that was used in the procedures for conducting the research, data collection and the methods that were adopted for data presentations and analysis. It details the research philosophy, design, population, data collection, data analysis, research quality and ethical considerations of this study.

#### **3.2 Research Philosophy**

Research philosophy outlines the way data of certain phenomena should be gathered and analysed (Saunders, Lewis, & Thornbill, Research methods for business students, (6th ed.);, 2012). Bhattacharjee (2012) contends that positivism holds that science or knowledge creation should be restricted to what can be directly tested. Positivism paradigms usually explain and predict what happens in the social world by examining the extent of a relationship between the variables. This philosophy is ideal for the current study since the aim of this examination is to review the relationship between corporate social responsibility and corporate image. Thus, adopting a positivism philosophy was suitable for the study and supported accomplishing the aims of the proposed investigation in government-owned entities in Kenya.

#### **3.3 Research Design**

According to Saunders, Lewis and Thornhill (2009), research design refers to the overall plan of how the researcher intends to answer the research questions. Zikmund, Babin, Carr and Griffin (2010) refer to research design as an approach that details the methods and procedures for the collection and analysis of required information. There are three principal types of research design: exploratory research design, descriptive and diagnostic research design, and hypothesis-testing research design. This study used a descriptive research design. This approach was selected since the current study was social research concerned with a description of the traits of a particular group and used on quantitative approaches, which are more suitable in a descriptive research approach.

#### **3.4 Target Population**

The target population refers to all the elements that enable the researcher to make inferences (Cooper & Schindler, 2014). Trobia and Lavrakas (2008) define a target population as finite or

infinite collection of individual elements. The research population was the operational government-owned commercial entities in Kenya. According to the State Corporations Advisory Committee, there are a total of 50 entities classified under commercial, financial and manufacturing categories. These entities formed the unit of analysis of the current research. To obtain relevant information to solve the study problem, the research targeted the corporate communications/relations manager, compliance/operations/customer service managers and human resource managers. The total population for this research was 150 employees, as shown below.

**Table 3.1 Target Population**

<b>Category</b>	<b>Number of Organizations</b>	<b>Population</b>
Corporate Communications/Relations Manager	50	50
Compliance/Customer/Service/Operational Managers	50	50
Human Resource Managers	50	50
<b>Total</b>		<b>150</b>

Source: Researcher (2021)

### 3.5 Sampling Design and Sample Size

Cooper and Schindler (2014) refer to a sampling frame as an unbiased list from which the researcher can make a selection. It is also referred to as a listed portion of the population that is accessible to the researcher (Bhattacharjee, 2012). The sampling frame for this research was drawn from the senior employees selected from the 50 commercial government entities in Kenya. According to Kothari (2004), the sampling design refers to an approach used by the researcher to select items from a population. The researcher first adopted stratified sampling as basis of the grouping the respondent in a particular set of strata. The study utilized judgemental sampling (non-probability method) to choose from the strata since the participants conformed to a certain criterion. The rationale behind the selection of the senior managers for this study was based on the assumption that the respondents have some knowledge of the CSR initiatives within the organizations and the corporate image of their entity.

The sample size refers to the number of units selected from which data is gathered (Trobia & Lavrakas, 2008). Cooper and Schindler (2014) posit that the process of determining the sample size is dependent on the design of the study. This research thus utilized the sample size determination criterion advanced by Yamane (1970) in coming up with a suitable sample for this study.

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

Where:  $n$  is the sample size,  $e$  is the error term, and  $N$  is the total target population

$$N = 150$$

$$nf = \frac{150}{1 + 150 (.05 * .05)} = 109 \text{ respondents}$$

Thus, the sample size for this study was 109 respondents selected using judgemental sampling from the government entities.

### 3.6 Data Collection Instruments

Research data comprised primary data, which was collected for the very first time, and secondary data, which has already been collected by someone else (Bell, Bryman, & Harley, 2018). The study employed self-administered questionnaires in keeping with the choice of descriptive research design and survey, with close-ended questions for better control of the results. The research questionnaire was developed guided by the conceptualization of the research variables and supported by prior empirical literature in the subject area. The questionnaire was divided into six main sections, which was the demographic section and five other sections, each representing each specific research objective and the dependent variable. The constructed research instrument employed a 5-point Likert scale with values ranging from  $1 = \text{neither agree nor disagree} - 5 = \text{strongly agree}$ .

### 3.7 Data Collection Procedure

The research procedures are a collection of the various steps and techniques adopted prior to and during the administration of the study instrument (Bell, Bryman, & Harley, 2018). The research presented the participants with a consent form they were required to sign before involvement in the filling of the questionnaires. Secondly, the participants were presented with two options; one, fill in the questionnaire physically, or option two, have an electronic

questionnaire presented for filling through google forms. The study further made sure that necessary research approvals and permits are obtained prior to engaging the study participants. According to Cooper and Schindler (2014), research instruments need to satisfy two major criteria for good measurement – reliability and validity. To this end, this research conducted a pre-test to help in assessing if the instruments satisfy the above requirements.

### 3.7.1 Reliability Tests

The most widespread method of assessing internal consistency is through the Cronbach’s  $\alpha$  coefficient, which computes the relationship between average co-inconsistency between items and average discrepancy of items. Similarly, a Cronbach’s  $\alpha$  value greater than 0.70 is regarded as appropriate (Johnston, 2014). Nunnally's (1978) recommendation, only constructs with a cut-off of 0.7 and greater were considered for further analysis in the study. Hence, this study employed this approach in estimating the internal consistency of the questionnaire.

**Table 3.2 Reliability Results**

<b>Reliability Statistics</b>		
<i>Variable</i>	<i>Cronbach's Alpha</i>	<i>N of Items</i>
Corporate Image	.759	6
Economic corporate social responsibility	.848	7
Environmental corporate social responsibility	.810	7
Ethical corporate social responsibility	.740	7
Legal corporate social responsibility	.797	6

Source: Researcher (2021)

The findings showed that all the variables of the study had attained a Cronbach alpha of above 0.7, thus meeting the criteria for inclusion in the research. Thus, the research instrument was

accepted for the study without further modifications being considered in the research tool items.

### 3.7.2 Validity Tests

Validity is the level to which a certain construct measures what it was set to (Bell, Bryman, & Harley, 2018). There are three ways to measure validity; face or content validity, construct and criterion validity (Johnston, 2014). In this study, both construct and content validity was applied. The instrument's content validity was ascertained through discussion with experts in CSR initiatives in Kenya. Construct validity was conducted with the supervisor's assistance in ensuring that all the elements of the conceptual framework are captured in the instrument in the most suitable way.

### 3.8 Data Analysis and Presentation

Data analysis refers to the study of tabulated information in order to make factual and meaningful inferences and involves the breakdown of complex facts into simpler components and amalgamating them into meaningful arrangements (Kothari, 2004). This study performed descriptive data analysis in order to arrange it into the systematic form, which included measures of central tendency such as mean, and standard deviation, frequency distribution tables. Further, inferential analysis was conducted using the Pearson-correlation coefficient to determine the direction of the effect of the independent variables on the dependent variable of the study. Before conducting regression testing the study conducted normality tests, autocorrelation tests and collinearity tests to estimate the adherence to regression assumptions examination. In addition, the researcher employed inferential statistics such as Analysis of Variance (ANOVA). Lastly, the magnitude of the relationship between CSR and the corporate image was analysed using multiple linear regression, which was estimated using the equation below;

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where;

Y = Dependent variable (corporate image)

$\alpha$  = the model intercept

$\beta_{1-4}$  = Coefficient of independent variables

**X<sub>1</sub>** – environmental social responsibility

**X<sub>2</sub>** – economic social responsibility

**X<sub>3</sub>** – ethical social responsibility

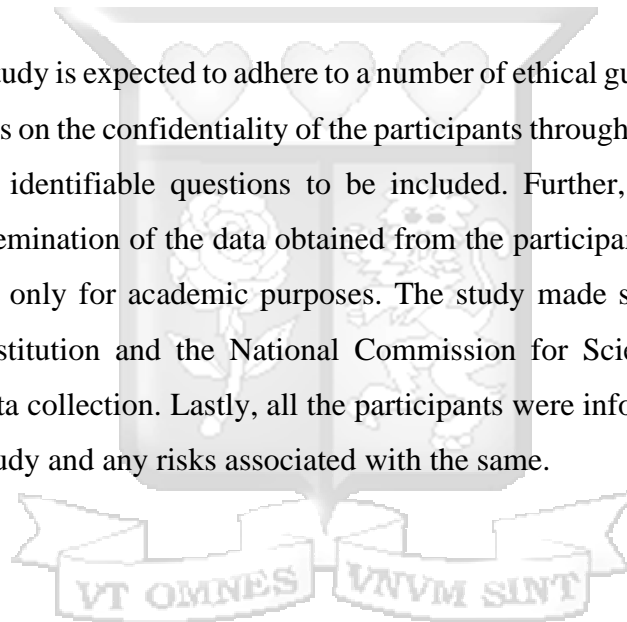
**X<sub>4</sub>** – legal social responsibility

$\epsilon$  = Error Term

The analysed research data was presented using various infographics such as bar graphs, charts and tables.

### **3.9 Ethical Issues**

A scientific research study is expected to adhere to a number of ethical guidelines. This research followed the guidelines on the confidentiality of the participants through the course of the study by not requiring any identifiable questions to be included. Further, the study adhered to anonymity in the dissemination of the data obtained from the participants by making sure the information was used only for academic purposes. The study made sure that approvals are obtained from the institution and the National Commission for Science, Technology and Innovation prior to data collection. Lastly, all the participants were informed of their free will to participate in the study and any risks associated with the same.



## CHAPTER FOUR

### PRESENTATION OF RESEARCH FINDINGS

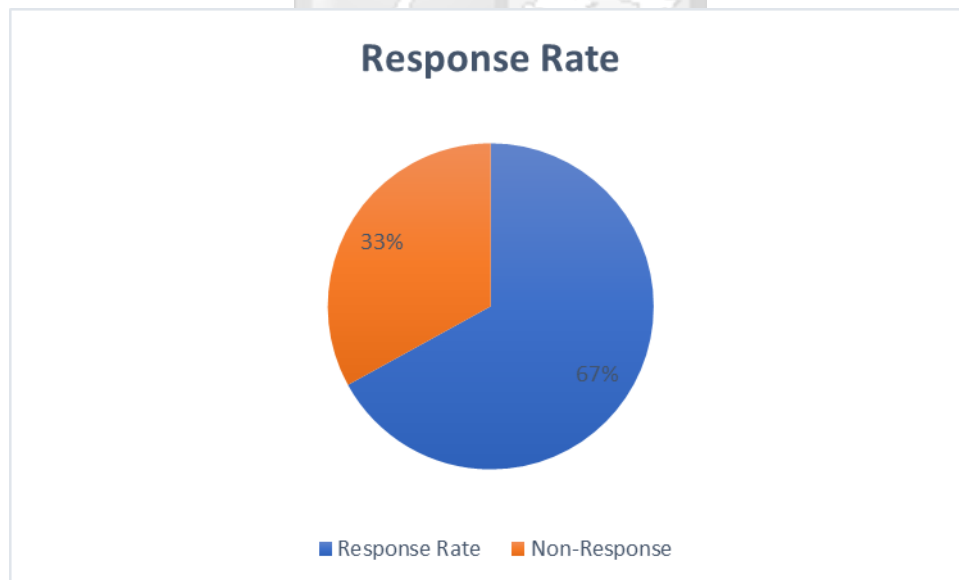
#### 4.1 Introduction

The fourth chapter of the dissertation was vital in the presentation of the findings of the analysis of the collected study data. The chapter was divided into the response rate, the demographic analysis, descriptive results and the correlation analysis. Lastly, the topic presented the regression results on the relationship between the independent and dependent variables.

#### 4.2 Response Rate

The research was conducted between February and April 2021. The study faced difficulties in utilizing the drop and picked method due to the closure of many state-owned corporations as a result of government health recommendations due to COVID-19 pandemic. The study thus utilized Google forms and Microsoft teams in data collection where the physical collection was not possible. The survey was able to obtain a 67% (n=73) response rate, with only 33% of the sample respondents not being able to respond within the time frame of the research.

**Figure 4.1 Response Rate**



Source: Researcher (2021)

#### 4.2 Demographic Profile of Respondents

The study participants were presented with various demographic profile questions, and a summary of their responses was presented in this section.

#### 4.2.1 Age of Respondents

The research reviewed the age distribution of the personnel who responded in the study, and the analysis is presented in table 4.1.

**Table 4.1 Age of Respondents**

	Frequency	Percent
Below 25 Years	3	4.2
25-36 Years	33	45.2
36 and above	37	50.6
Total	73	100.0

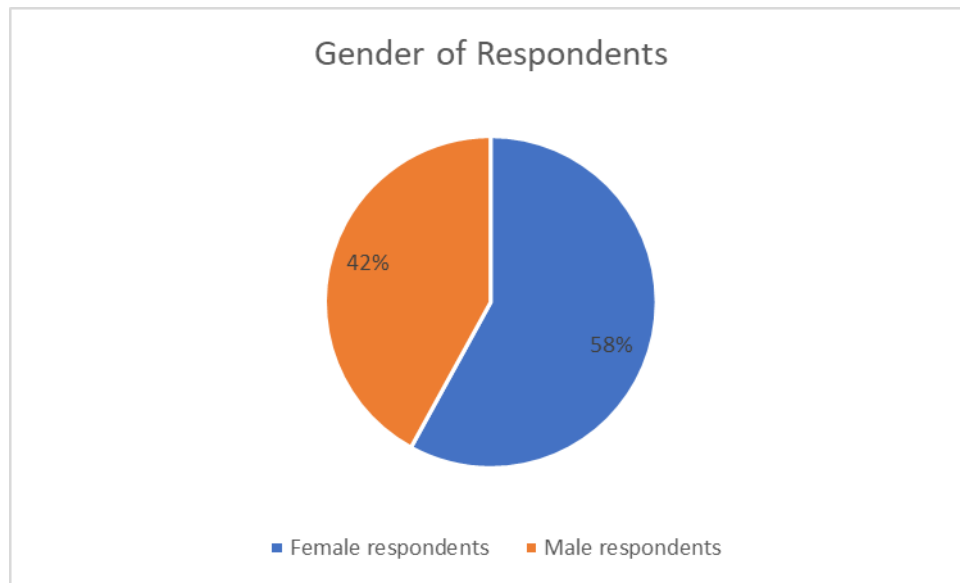
Source: Researcher (2021)

The analysis showed that most of the participants 51% were aged between 36 years and above, 45% were of the age 25-36 years and above while only 4% were less than 25 years. The results noted a distribution of older personnel within leadership position in commercial state corporations.

#### 4.2.2 Gender of Respondents

The study indicated that majority of the research participants 58% were female officials while 42% were identified as male personnel within the commercial state corporations. The results demonstrated that there was gender diversity within the senior positions in the commercial state corporations in the country.

**Figure 4.2 Gender of Respondents**



Source: Researcher (2021)

#### **4.2.3 Education Level of Respondents**

The research asked the participants to indicate their education qualification, and the responses captured are analysed and presented below.

**Table 4.2 Education of Respondents**

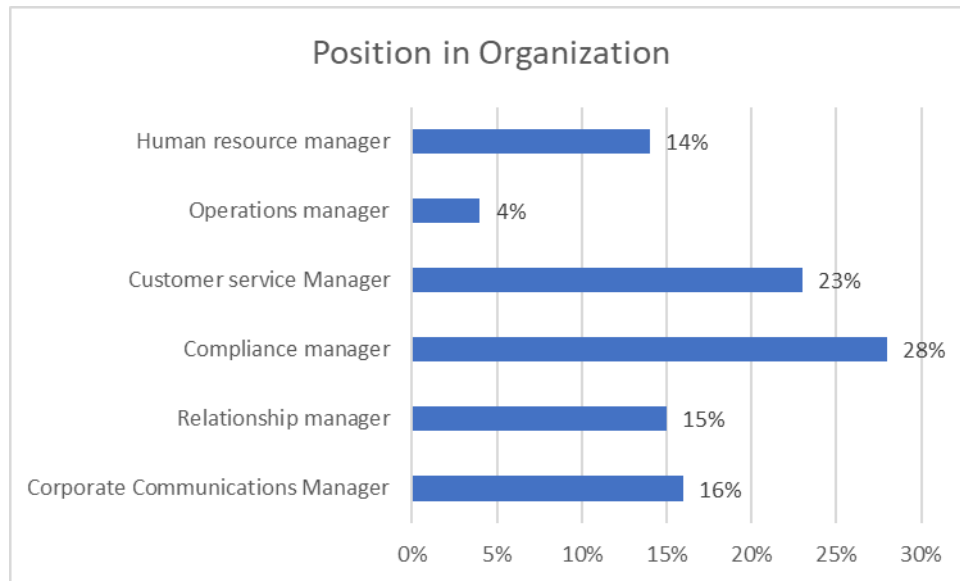
	Frequency	Percent
Diploma	10	5.5
Graduate	40	54.8
Post Graduate	29	39.7
Total	73	100.0

Source: Researcher (2021)

The majority of the study participants, 55% (n=40), indicated they had a graduate degree, 40% (n=29) had a postgraduate degree, while 5% (n=4) had a diploma degree indicating varying education attainment among senior staff at the commercial state corporations. This indicated that most of the senior personnel within the state corporations have achieved some higher education and this diversity in the education attainment which can be key to the competency of the executives.

#### 4.2.4 Position in the Organization

The study showed that most of the participants, 28% were compliance managers, 23% were customer service managers, 16% were corporate communications managers, while only 4% were operational managers. This indicated the study was able to obtain information from a distinct pool of personnel which improves the quality and reliability of research data obtained.



Source: Researcher (2021)

**Figure 4.3 Position in Organization**

#### 4.2.5 Number of Years in Organization

The examination further focussed on reviewing the number of years the personnel had worked within the commercial state corporations, and the analysis is presented in Table 4.3 below.

**Table 4.3 Number of Years in Organization**

	Frequency	Percent
Less than 5	17	23.3
5-9 years	39	53.4
10-15 years	13	17.8

Over 15 years	4	5.5
Total	73	100.0

Source: Researcher (2021)

Findings indicated that the majority of the participants, 53% (n=39), have worked for at least 5-9 years, 18% had worked for 10-15 years, while 5% had worked for over 15 years, indicating diversity in the professional experience of the participants.

### 4.3 Descriptive Analysis of Variables

The survey had relied on a structured questionnaire in the collection of participants views on various statements relating to corporate social responsibility and corporate image in state corporations. The research used frequencies, means and standard deviation in the analysis and the results are presented in line with conceptualized variables of the study.

#### 4.3.1 Corporate Image

The study assessed the participants' opinions on various statements in relation to the corporate image of their institutions, and the results are presented below.

**Table 4.4 Analysis of Corporate Image**

	N	SDA	DA	MA	A	SA	Mean	Std. Deviation
The corporation ensures customer focus in its operations	73	38%	36%	7%	13%	6%	2.1233	1.22412
The corporation has maintained a record of good corporate citizenship	73	41%	36%	6%	13%	4%	2.0411	1.18367
The corporation has put in place elaborate policies to ensure its well-managed	73	33%	36%	10%	17%	4%	2.2466	1.21084

The corporation has maintained positive publicity and reputation with the public	73	27%	43%	11%	15%	4%	2.2603	1.14294
The corporation has ensured it maintains a positive shareholder confidence	73	32%	40%	9%	19%	0	2.1644	1.08030
The corporation has put in place practice to foster innovativeness	73	27%	37%	10%	20%	6%	2.3973	1.24432

Source: Researcher (2021)

The results on corporation ensure customer focus in its operations showed 38% of respondents strongly disagree, 13% agreed, and 6% strongly agreed. The analysis showed 41% of respondents agreed the corporation had maintained a record of good corporate citizenship, with 13% showing agreement. The study also showed that 43% of respondents disagreed that the corporation has maintained positive publicity and reputation with the public, with 11% moderately agreeing and 15% agreeing. The analysis showed in regard to the corporation has put in place practice to foster innovativeness, 37% of the respondents disagreed, 20% agreed, while 6% strongly agreed.

#### 4.3.2 Economic Social Responsibility

The research asked participants to indicate their opinion on various statements in relation to the economic, social responsibility of their institutions, and the results are shown below.

**Table 4.5 Analysis of Economic Social Responsibility**

	N	SDA	DA	MA	A	SA	Mean	Std. Deviation
The corporation tries to maximize returns for future growth and stability	73	29%	52%	11%	7%	1%	2.0000	.89753

The corporation undertakes philanthropy work to support the vulnerable in society	73	22%	43%	8%	22%	6%	2.4658	1.21429
The corporation continuously improves their costing policy and margins	73	12%	25%	29%	15%	19%	3.0411	1.29570
The corporation constantly advances the quality of products delivered	73	25%	36%	12%	19%	8%	2.5068	1.28153
The corporation works towards better financial outlook in its operations	73	25%	34%	8%	23%	9%	2.5890	1.34201
The corporation always seeks to be more effective and efficient in the utilization of economic resources	73	25%	41%	6%	22%	6%	2.4247	1.23511
The corporation tries to assist in improving the economic well-being of employees, stakeholders and people in the society	73	15%	49%	10%	22%	4%	2.5068	1.11956

Source: Researcher (2021)

Analysis showed 52% of the disagreed that the corporation tries to maximize returns for future growth and stability, with only 7% agreeing. The study showed that 29% of the respondents moderately agreed that the corporation continuously improves their costing policy and margins, with 19% strongly agreeing. The responses showed that 36% moderately agreed, 25% strongly disagreed, and 19% agreed that the corporation constantly advances the quality of products delivered. The findings noted 49% disagreement among respondents that the corporation tries to assist in improving the economic wellbeing of employees, stakeholders and people in the society, with only 4% strongly agreeing to the statement.

### 4.3.3 Environmental Social Responsibility

The research asked participants to indicate their opinion on various statements in relation to the environmental, social responsibility of their institutions, and the results are shown below.

**Table 4.6 Analysis of Environmental Social Responsibility**

	<b>N</b>	<b>SDA</b>	<b>DA</b>	<b>MA</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std. Deviation</b>
The corporation tries to sponsor pro-environmental programmes	73	25%	36%	16%	19%	4%	2.42466	1.177542
The corporation invests in environmentally sustainable operations	73	37%	26%	17%	17%	3%	2.2466	1.21084
The corporation ensures there is adherence to standard sustainable practices in the day-to-day operations	73	19%	38%	15%	24%	4%	2.5479	1.16716
The corporation tries to recycle its waste materials properly	73	16%	49%	11%	21%	3%	2.4384	1.07995
The corporation tries to carry out programmes that facilitate reduction of pollution in society	73	15%	38%	15%	26%	6%	2.6849	1.17706
The corporation has put in place supportive mechanisms to monitor the potential negative impact on the environment due to firms' operations	73	18%	44%	16%	18%	4%	2.4658	1.10657

The company continuously evaluates and implements new ways to protect the environment that are socially responsible	73	22%	40%	10%	23%	6%	2.5068	1.22614
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Source: Researcher (2021)

The findings showed that 37% of respondents strongly disagreed, and 26% disagreed that the corporation invests in environmentally sustainable operations. Further analysis indicated that 38% of respondents disagreed, 24% agreed that the corporation ensures there is adherence to standard sustainable practices in the day-to-day operations. The survey results pointed to 44% disagreement and 16% moderate agreement that the corporation has put in place supportive mechanisms to monitor the potential negative impact on the environment due to firms' operations. Findings demonstrated that 40% of respondents disagreed with 23% agreement that the company continuously evaluates and implements new ways to protect the environment that are socially responsible.

#### 4.3.4 Ethical Social Responsibility

The study sought the participants' opinion on various statements in relation to the ethical social responsibility of their institutions and the results are shown below.

**Table 4.7 Analysis of Ethical Social Responsibility**

	N	SDA	DA	MA	A	SA	Mean	Std. Deviation
The corporation ensures there is adherence to applicable ethical values and norms	73	36%	49%	7%	4%	4%	1.9178	.98253
The corporation has put in place guidelines to ensure customers and supplier are treated with respect	73	26%	47%	7%	16%	4%	2.2603	1.14294

The corporation ensures that good and services availed meet quality standards	73	29%	47%	8%	14%	3%	2.1507	1.07589
The corporation ensures that all employees are treated fairly	73	22%	45%	8%	22%	3%	2.3836	1.13810
The corporation has implemented programs to advance advocacy for human rights and rule of law	73	19%	52%	10%	14%	5%	2.3425	1.10829
The corporation has developed a charters and code of conducts to improve ethical behaviour	73	25%	34%	16%	19%	6%	2.4658	1.21429
The corporation ensures that all activities undertaken abide by the relevant legal requirements	73	23%	49%	10%	18%	0	2.2192	1.00342

Source: Researcher (2021)

The findings noted that 49% of respondents disagreed, with 36% strongly disagreeing that the corporation ensures there is adherence to applicable ethical values and norms. The analysis indicated that 45% of respondents disagreed with 22% agreement that the corporation ensures that all employees are treated fairly. In regard to the corporation has developed a charter and code of conduct to improve ethical behaviour, 34% of respondents disagreed, 25% strongly disagreed, and 19% agreed. Further, concerning the corporation ensures that all activities undertaken abide by the relevant legal requirements, 23% of respondents strongly disagreed, 49% disagreed and 18% agreed.

#### **4.3.5 Legal Social Responsibility**

The research focussed on the participant's opinion on various statements in relation to the legal social responsibility of their institutions and the results are shown below.

**Table 4.8 Analysis of Legal Social Responsibility**

	<b>N</b>	<b>SDA</b>	<b>DA</b>	<b>MA</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std. Deviation</b>
The corporation tries to adhere strictly with legal principles	73	38%	40%	10%	12%	0	1.9589	.99217
The corporation complies with all reporting standards and statutory requirements	73	29%	38%	8%	23%	2%	2.3014	1.16291
The corporation tries to adhere to local and international laws that guide business practices	73	33%	44%	11%	8%	4%	2.0685	1.07146
The corporation is compliant in tax and licenses payment on a timely manner	73	34%	38%	11%	17%	0	2.0959	1.05626
The corporation has put in place a compliance department to ensure there is strict enforcement of rules and governance measures	73	38%	33%	11%	15%	3%	2.1096	1.16144
The corporation routinely reviews its internal operations to ensure conformity to changes in regulatory environment	73	27%	43%	10%	21%	0	2.2329	1.07394

Source: Researcher (2021)

The responses showed that 40% of respondents disagreed, 38% strongly disagreed that the corporation tries to adhere strictly to legal principles. Concerning the corporation complies with all reporting standards and statutory requirements, 38% of the respondents disagreed, 29% strongly disagreed, and 23% agreed. The analysis also showed that 38% of respondents were in disagreement, and 34% strongly disagreed that the corporation is compliant in tax and licenses payment on a timely manner. The findings pointed to 33% disagreement and 38%

strong disagreement that the corporation has put in place a compliance department to ensure there is strict enforcement of rules and governance measures. Regarding the corporation routinely reviews its internal operations to ensure conformity to changes in the regulatory environment, 43% of the respondents disagreed, 27% strongly disagreed, and 21% were in agreement.

#### 4.4 Correlation Analysis

The research employed Pearson correlation analysis to estimate the direction of the effect of corporate social responsibility on the corporate image. The results of the analysis are presented below.

**Table 4.9 Correlation Matrix**

		Corporate Image	Economic Social Responsibility	Environmental Social Responsibility	Ethical Social Responsibility	Legal Social Responsibility
Corporate Image	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	73				
Economic Social Responsibility	Pearson Correlation	.665**	1			
	Sig. (2-tailed)	.000				
	N	73	73			
Environmental Social Responsibility	Pearson Correlation	.492**	.614**	1		
	Sig. (2-tailed)	.000	.000			
	N	73	73	73		

Ethical Social Responsibility	Pearson Correlation	.644**	.685**	.585**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	73	73	73	73	
Legal Social Responsibility	Pearson Correlation	.484**	.682**	.458**	.577**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	73	73	73	73	73

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

Source: Researcher (2021)

The first objective focused on the effect of economic social responsibility on the corporate image. The correlation tests established the presence of a strong positive and significant effect of economic social responsibility on the corporate image of commercial state corporations in Kenya ( $P = .665$ ,  $Sig = .000 < .05$ ). The second objective focused on the effect of environmental social responsibility on the corporate image. The correlation tests established the presence of a moderate positive and significant effect of environmental social responsibility on the corporate image of commercial state corporations in Kenya ( $P = .492$ ,  $Sig = .000 < .05$ ).

The third objective focused on the effect of ethical social responsibility on the corporate image. The correlation tests established the presence of a strong positive and significant effect of ethical social responsibility on the corporate image of commercial state corporations in Kenya ( $P = .644$ ,  $Sig = .000 < .05$ ). The fourth objective focused on the effect of legal social responsibility on the corporate image. The correlation tests established the presence of a moderate positive and significant effect of legal social responsibility on the corporate image of commercial state corporations in Kenya ( $P = .484$ ,  $Sig = .000 < .05$ ).

#### 4.5 Diagnostic Analysis

The study further adopted tests for linear regression assumptions which were meant to evaluate the fitness of the study data for utilization of multiple linear regression. The study adopted autocorrelation, collinearity and normality tests.

##### 4.5.1 Autocorrelation Test

The study employed autocorrelation tests to determine if there was any serial correlation violations in the research data. The study adopted the Durbin-Watson statistics in the tests.

**Table 4.10 Autocorrelation Results**

Model	Std. Error of the Estimate	Durbin-Watson
1	3.44196	2.035

a. Predictors: (Constant), LegalSocialResponsibility, EnvironmentalSocialResponsibility, EthicalSocialResponsibility, EconomicSocialResponsibility

b. Dependent Variable: CorporateImage

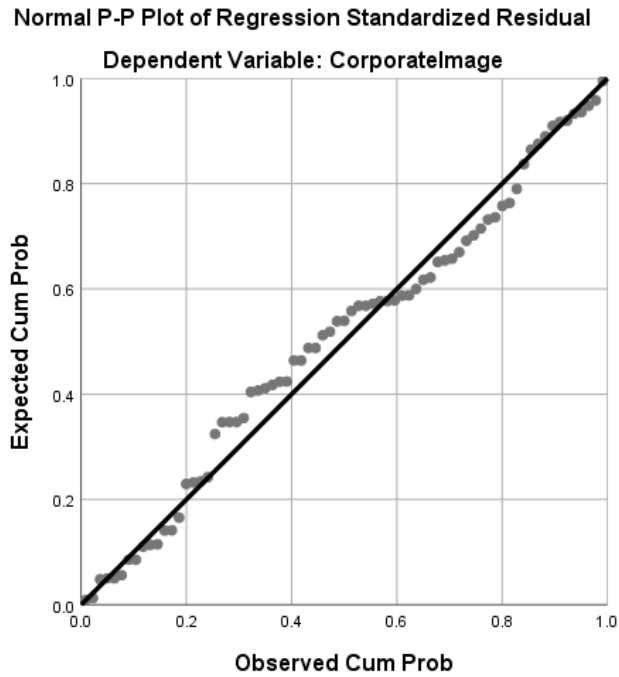
Source: Researcher (2021)



The study results showed that there was no serial correlation problems in the research model since the Durbin-Watson statistic was 2.035 which was within the range of 1.5-2.5 which meets the threshold of the study.

##### 4.5.2 Normality Tests

The study adopted the normality tests to examine if the observations included in the regression modelling met the assumptions of normality testing. The study adopted the Normal p-p plot in the tests. As a threshold, the observations of the study should fall within the normality curve which was ascertained in the figure below.



**Figure 4.4 Normality P-P Plot for Regression Model**

Source: Researcher (2021)

### 4.5.3 Collinearity Tests

The study lastly conducted collinearity tests to determine whether the independent variables were a linear combination of each other. The study relied on the variance inflation factor in interpreting the collinearity tests.

**Table 4.11 Collinearity Results**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Economic Social Responsibility	.366	2.732
	Environmental Social Responsibility	.572	1.749
	Ethical Social Responsibility	.469	2.134

Legal Social Responsibility	.512	1.954
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a. Dependent Variable: CorporateImage

Source: Researcher (2021)

The basic rule of thumb for the variance inflation factor is that the values should be less than 10. The findings above show that all the independent variables had VIF values of less than 10 indicating there was no collinearity problems within the research model fitted.

#### 4.5 Regression Analysis

The research applied a multiple linear regression model to estimate the magnitude of the relationship between corporate social responsibility and the corporate image in commercial state corporations in Kenya. The regression summary is presented below, also the ANOVA summary and regression coefficients are interpreted in this section.

**Table 4.12 Regression Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.714 <sup>a</sup>	.510	.481	3.44196	2.035

a. Predictors: (Constant), Legal Social Responsibility, Environmental Social Responsibility, Ethical Social Responsibility, Economic Social Responsibility

b. Dependent Variable: Corporate Image

Source: Researcher (2021)

The study adopted a linear regression analysis and the results showed a coefficient of determination ( $R^2 = .510$ ). The coefficient is an indication that holding other factors constants corporate social responsibility determines at least 51% of the changes in the corporate image of state commercial corporations in Kenya.

**Table 4.13 ANOVA Summary**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	839.441	4	209.860	17.714	.000 <sup>b</sup>
	Residual	805.600	68	11.847		
	Total	1645.041	72			

a. Dependent Variable: Corporate Image

b. Predictors: (Constant), Legal Social Responsibility, Environmental Social Responsibility, Ethical Social Responsibility, Economic Social Responsibility

Source: Researcher (2021)

The ANOVA summary resulted in an F-calculated = 17.714, Sig = .000<.05, which implied there was statistical significance in the regression model. Thus, the study established the existence of a positive and significant relationship between corporate social responsibility and the corporate image of state commercial corporations in Kenya. This showed that the four social responsibility aspects considered do jointly have a positive influence on the corporate image of the firms.

**Table 4.14 Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.274	1.644		.167	.868
Economic Social Responsibility	.409	.139	.414	2.952	.004
Environmental Social Responsibility	.037	.096	.043	.386	.700
Ethical Social Responsibility	.342	.123	.344	2.776	.007

Legal Social Responsibility	-.019	.138	-.017	-.140	.889
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a. Dependent Variable: Corporate Image

Source: Researcher (2021)

The study thus states the final regression equation as follows;

$$Y = .274 + .409X_1 + .037X_2 + .342X_3 + -.019X_4 + 1.644$$

The findings showed a coefficient for economic social responsibility that was statistically significant  $\beta_1 = .409$ ,  $\text{Sig} = .004 < .05$ . This implied a significant influence of economic social responsibility on the corporate image; thus, the survey established that changes in the variable would result in a .409 change in the corporate image of state commercial corporations in Kenya.

The analysis resulted in a coefficient for environmental social responsibility that was not statistically significant  $\beta_2 = .037$ ,  $\text{Sig} = .700 > .05$ . This implied there is no significant influence of environmental social responsibility on the corporate image.

The findings showed a coefficient for ethical social responsibility that was statistically significant  $\beta_3 = .342$ ,  $\text{Sig} = .007 < .05$ . This implied a significant influence of ethical social responsibility on the corporate image; therefore, the research established that changes in the ethical responsibility would result in a .342 change in the corporate image of state commercial corporations in Kenya.

The regression results indicated coefficient for legal social responsibility that was not statistically significant  $\beta_4 = -.019$ ,  $\text{Sig} = .889 > .05$ . This implied there is no significant influence of legal social responsibility on the corporate image.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The fifth chapter of the research presented the summary of the study and the discussion of the results in relation to the empirical literature. The chapter also presented the conclusions of the study, the recommendations drawn and the suggestions for further research work.

#### 5.2 Summary

Most businesses have been undertaking various social responsibility activities focussed on improving their competitiveness and image in the market. Within the realm of state-controlled firms, the implementation of corporate social responsibility practices has not been widely successful as compared to the private sector. Further, despite this most of the contextual evidence on the effect of CSR activities on businesses has notably been conducted among multinational firms and in developed countries. This has created an empirical gap in understanding how corporate social responsibilities influence the corporate image of the firms. This research was anchored on this gap and focussed on all commercial state corporations in Kenya.

The study specifically reviewed the effect of economic social responsibility, environmental social responsibility, ethical social responsibility and legal social responsibility on the corporate image. The study was informed by the corporate social performance theory, which is premised on the tenet that organizations need to be strategic and focus on their social responsibility. The theory was critical to understanding the key pillars of social responsibility within corporations, which underpinned the conceptualization of the research. Based on the theory, CSR includes four types of responsibilities which include philanthropic, legal, ethical and economic responsibilities. This abstraction of the concept was adopted in the examination of the study constructs. The research was descriptive in nature, with structured research questionnaires adopted in the data collection. The study sample senior-level managers within the 50 commercial corporations in operation in Kenya.

The survey was able to obtain a 67% (n=73) response rate, with most of the respondents being 28% were compliance managers, and 23% were customer service managers. The study employed correlation analysis, and the results showed there existed a strong positive and

significant effect of economic, social responsibility on the corporate image of commercial state corporations in Kenya. Findings indicated a moderate positive and significant effect of environmental social responsibility on the corporate image. The results indicated a strong positive and significant effect of ethical, social responsibility on the corporate image of commercial state corporations in Kenya. The study also established a moderate positive and significant effect of legal social responsibility on the corporate image of commercial state corporations in Kenya. The regression indicated there was a positive and significant relationship between corporate social responsibility and the corporate image of state commercial corporations in Kenya.

### **5.3 Discussion**

#### **5.3.1 Economic Social Responsibility and Corporate Image**

The above results established that economic, social responsibility had a positive and significant influence on the corporate image of commercial state corporations in Kenya. This was supported by Amin-Chaudhry (2016), who indicated that economic profitability and social responsibility are positively related, and profitable companies are better social players. This was further supported by Tudway and Pascal (2013), who found that the premise of shareholder wealth value maximization is based on directors' pursuit of broader social and economic objectives that led to the enhancement of shareholder value and were in line with CSR.

The study showed that a majority of the respondents disagreed that the corporation tries to maximize returns for future growth and stability. This is, however different from the findings of Igwe and Nwadiolor (2015), who showed that increased financial sustainability programs for stakeholders and advancing development programs is key to the image of the organization. The findings noted that a high percentage of respondents disagreed that their corporation tries to assist in improving the economic wellbeing of employees, stakeholders and people in the society. This is contrary to findings by Mwangangi (2018), whose analysis established that improvement of employee welfare is key to maximizing their productivity. This research further revealed that customer, community and government relations have a positive and significant effects on performance which is in line with the current findings.

### **5.3.2 Environmental Social Responsibility and Corporate Image**

This objective focused on the effect of environmental social responsibility on the corporate image. The findings of the study established that environmental social responsibility had a positive but insignificant influence on the corporate image of commercial state corporations in Kenya. This was in line with studies by Okwemba, Chitiavi, Egessa, Douglas and Musiega (2014), who found that the effect of environmental activities on the financial success of the banks was positive but insignificant effect where the study noted that such activities were salient and there was lack of awareness about their existence among the customers. This was, however contrary to studies by Ganescu and Dindire (2014), who found that environmental responsibility and corporate reputation had a positive correlation because activities like reducing pollution enhanced safety among local communities, consumers of products and employees. This was also supported by Kinoti (2017), whose study showed that green marketing practices, innovativeness, effectiveness, and competitive advantage had a significant effect on corporate image.

The findings showed that most of the respondents disagreed that the corporation invests in environmentally sustainable operations. Further analysis indicated that a high percentage of respondents disagreed that the corporation ensures there is adherence to standard sustainable practices in the day-to-day operations. The survey results pointed to disagreement that the corporation has put in place supportive mechanisms to monitor the potential negative impact on the environment due to firms' operations and that the company continuously evaluates and implements new ways to protect the environment that are socially responsible. This generally shows that corporations do not engage in environmental social responsibility. This was contrary to Mandina, Maravire and Masere (2014), who conducted a review of the effectiveness of corporate social responsibility in enhancing company image and found out that environmental and philanthropic activities do enhance company image as well as relations between an organization and the community surrounding it.

### **5.3.3 Ethical Social Responsibility and Corporate Image**

This objective focused on the effect of ethical social responsibility on the corporate image. The study established the presence of a positive and significant influence of ethical social responsibility on the corporate image of commercial state corporations in Kenya. This was in

line with studies by Al Mubarak, BenHamed and Al Mubarak (2019), whose results showed a statistically significant relationship between corporate social responsibility and the corporate image of firms. This was further supported by Choongo (2017) findings which indicated that ethical corporate social responsibility had a positive and significant effect on firm performance. These findings were further in line with findings by Tian, Liu and Fan (2015), which indicated that with higher ethical leadership, there was increased satisfaction of external stakeholders, which had a significant positive effect on the firm's CSR.

The findings noted that a majority of respondents disagreed that the corporation ensures there is adherence to applicable ethical values and norms. The analysis indicated that a high percentage of respondents disagreed that the corporation ensures that all employees are treated fairly. Further, most of the respondents disagreed that the corporation ensures that all activities undertaken abide by the relevant legal requirements. The findings bring out a lack of ethical social responsibility in the corporations. This was, however not in accordance with studies by Canli and Fries (2015) and Duzgun and Uyuger (2017), who argued that a company that adheres to the prescribed codes of ethics and engages in socially responsible activities gains customer trust. This, therefore, shows that ethical CSR practices led to improved corporate image as a result of an increase in customer loyalty.

#### **5.3.4 Legal Social Responsibility and Corporate Image**

This objective focused on the effect of legal social responsibility on the corporate image. The findings of this study established that legal social responsibility had an insignificant effect on the corporate image of commercial state corporations in Kenya. This study was contrary to findings by He and Lai (2014), who explored the effect of corporate social responsibility on brand loyalty and found that that brand loyalty was improved by the customer perceived legal and ethical social responsibility. This study was further disputed by Mohammed and Rashid (2018), who suggested that CSR dimensions economic, philanthropic, legal, and ethical indirectly influence customer satisfaction. The findings further showed that CSR dimensions were positively related to the brand image of the firms.

The responses showed that a high percentage of respondents disagreed that the corporation tries to adhere strictly with legal principles and that the corporation complies with all reporting standards and statutory requirements. The analysis also showed that most of the respondents

were in disagreement that the corporation is compliant in tax and licenses payment on a timely manner. The findings pointed to a disagreement that the corporation routinely reviews its internal operations to ensure conformity to changes in regulatory environment. This analysis shows the low level of adherence to the legal social responsibility by corporations. This was contrary to previous studies by Cha and Jo (2019), whose research indicated that observing legal standards, adherence to mandated social welfare laws, fulfilling contract requirements and improving compliance to regulations was vital to the firm's corporate image.

#### **5.4 Conclusions**

The study findings established the existence of a positive and significant relationship between corporate social responsibility and the corporate image and indicated that corporate social responsibility in state commercial corporations in Kenya. The study concluded that Economic, Environmental, Ethical and Legal social responsibility aspects considered do jointly have a positive influence on the corporate image of the firms. The findings showed that economic, social responsibility had a significant influence on the corporate image of the state corporations in Kenya. The results revealed that the corporation ability to maximize their returns, improve costing policy, better financial outlook in their operations and assisting the communal wellbeing is critical to improving the corporate image.

The study further concluded that ethical social responsibility had a positive and significant effect on the corporate image of state corporations in Kenya. The findings revealed that treating customers with respect, adherence to code of conduct, improving ethical behaviour and abiding by relevant ethical and legal requirements is core to the better corporate image of the firms. The research concluded that environmental and legal social responsibility did not have a significant influence on the corporate image. The findings indicated that state corporations have failed in undertaking sustainable environmental practices and meeting their legal obligations, which has been detrimental to their corporate image.

## **5.5 Recommendations**

### **5.5.1 Policy Recommendations**

Findings from this study will assist the National Government in regulating, formulation and strengthening of policies around parastatals in the country to enhance their corporate image. This study recommends that the National Government develop a level of certification similar to the international B-Corp certification to keep the firms' CSR in check. The purpose of the certification will be to ensure that the parastatals create value for society as well as revenue. They will be required to meet high standards of transparency and accountability and create a positive social and environmental benefit. The study further recommends that the National government be integral in the development of universal CSR practices that all the government-owned commercial entities can adopt in enhancing their corporate image.

### **5.5.2 Economic Social Responsibility and Corporate Image**

The study recommends that parastatals develop various initiatives and programs that benefit society. When a business is making profits, it is the business responsibility that it gives back to society. Engaging in these initiatives will enhance a company's image leading to an increased customer base and finally increased profitability. The study also recommends that the parastatals find a way to innovate their economic social responsibility practices. These practices should be tailored to be effective even with the current economic downturn around the world.

### **5.5.3 Environmental Social Responsibility and Corporate Image**

The study revealed a lack of Environmental social responsibility among the government-owned commercial entities. Environmental social responsibility is very important since it aims to eliminate the negative environment effects brought about by the business process. The study recommends the development of environmental protection programs in these parastatals. These programs can include recycling, procuring environment-friendly materials for use, engaging distributors and suppliers who are known to be environment friendly and creating products that do not pollute the environment. These actions will go a long way in improving the companies' corporate image and double up as an opportunity for cost savings.

#### **5.5.4 Ethical Social Responsibility and Corporate Image**

The study findings indicated a non-existent Ethical social responsibility among the government-owned commercial entities. The research recommends that parastatals should undertake more morally justified CSR initiatives which helped strengthen community welfare and their corporate image. The customers will appreciate a firm which does not involve in unethical behaviour, especially in the view of making quick profits.

#### **5.5.5 Legal Social Responsibility and Corporate Image**

The study findings indicated a non-existent legal, social responsibility among the government-owned commercial entities. The study recommends that parastatals, in conjunction with various lawmakers in the government, come up with initiatives that ensure the law is followed at all times. Each business in the country has a responsibility to follow the rules and regulations set by various commissions in the government to maintain balance in the society. A corporation which is law abiding is considered to be socially responsible and acceptable. This organization will attract a greater corporate image compared to one which does not follow the set laws and guidelines.

#### **5.6 Limitations of the Study**

The research was limited in the data collection process by closure of a number of commercial corporations which affected the accessibility of the study participants due to COVID-19 pandemic. This was remedied by the research implementing an electronic data collection approach. The study was only limited to commercial state corporations and did not involve other government parastatals which may affect the ability of the findings to be adopted across the entities. Lastly, the study only focussed on the corporate image, further studies can be conducted examining how social responsibility activities impact the performance of government owned entities.

#### **5.7 Suggestions for Further Research**

This study sought to find out the effect of corporate social responsibility on corporate image of Commercial government-owned entities in Kenya. The study suggests a review of the effect of corporate social responsibility on the performance of parastatals in Kenya. The study also recommends an in-depth review of the challenges that are faced by the parastatals in Kenya in developing and implementing the CSR initiatives.

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## APPENDICES

### Appendix I: Informed Participant Consent Form

Participant Information and Consent Form

Title of the Proposed Study:

**The Main Objective of the Study Is to Determine the Effect of Corporate Social Responsibility On Corporate Image of Commercial Government Owned Entities in Kenya.**

Section I:

Investigator: **Victor Kungu**

Institutional Affiliation: **Strathmore Business School (SBS)**

Section II: Information Sheet–The Study

#### **2.1: Why is this study being carried out?**

The research is being undertaken as a partial requirement for the academic award of Masters of Business Administration Degree.

#### **2.2: Do I have to take part?**

No. Taking part in the study was a voluntary and only willing participant was asked to fill in the attached questionnaire. Even upon consent to take part in the study, the respondent can decline to take part in the study at any point within the course of the exercise.

#### **2.3: Who is eligible to take part in this study?**

The study is open to select senior-level managers within government-owned entities in Kenya. The research was open to the following; corporate communications/relations manager, compliance/operations/customer service managers and human resource managers.

#### **2.4: Who is not eligible to take part in this study?**

This research study is not open to respondents not working within government owned entities and those deemed not to possess adequate knowledge on the research parameters.

**2.5: What will taking part in this study involve for me?**

The researcher will only seek your opinion in filling up selected items on Corporate Social Responsibility On Corporate Image of Commercial Government Owned Entities in Kenya.

**2.6: Are there any risks or dangers in taking part in this study?**

The study poses no risk whatsoever to the respondents.

**2.7: Are there any benefits of taking part in this study?**

The results of the study are expected to be of significance in the advancement of the CSR initiatives and policy making within government owned entities with a view of improving corporate image.

**2.8: What will happen to me if I refuse to take part in this study?**

Nothing. Participation in the study is entirely voluntary.

**2.9: Who will have access to my information during this research?**

All the accessed research data was treated with utmost confidentiality and will not be disclosed to any person who is not party to the research process.

**2.10: Who can I contact in case I have further questions?**

Any query can be directed to me Victor Kungu on 254713494957. *Any further information can be sought from my Research Supervisor Dr. .... on .....*

***If you want to ask someone independent anything about this research, please contact:***

*The Secretary–Strathmore University Institutional Ethics Review Board, P. O. BOX 59857, 00200, Nairobi, email [ethicsreview@strathmore.edu](mailto:ethicsreview@strathmore.edu) Tel number: +254 703 034 375*

I, \_\_\_\_\_, have had the study explained to me. I have understood all that I have read and have had explained to me and had my questions answered satisfactorily. I understand that I can change my mind at any stage.

Please tick the boxes that apply to you;

**Participation in the research study**

I AGREE to be part of the research (     )

I DO NOT AGREE to be part of the research (     )

**Storage of information on the completed questionnaire**

I AGREE to have my completed questionnaire stored for future data analysis (     )

I DON'T AGREE to have my completed questionnaire stored for future data analysis (     )

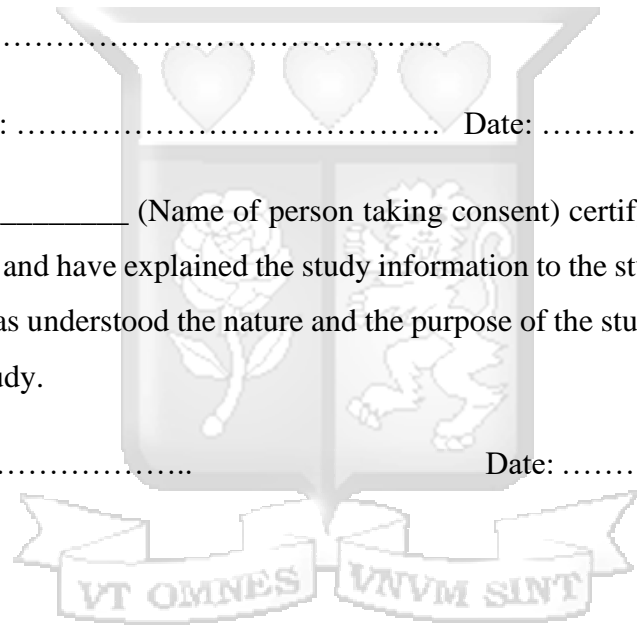
Participants Name: .....

Participants Signature: ..... Date: .....

I, \_\_\_\_\_ (Name of person taking consent) certify that I have followed the SOP for this study and have explained the study information to the study participant named above, and that s/he has understood the nature and the purpose of the study and consents to the participation in the study.

Signature: ..... Date: .....

Name: Victor Kungu



## Appendix II: Research Questionnaire

### PART A: GENERAL INFORMATION

1) Age Bracket

Below 25 years [ ]

25 – 35 years [ ]

36 and above [ ]

2) Gender

Male [ ]

Female [ ]

3) Education Level

O- Level [ ]

Diploma [ ]

Graduate [ ]

Post graduate [ ]

Others (Specify).....

4) Your position in the organization (Specify)

Corporate Communications Manager [ ]

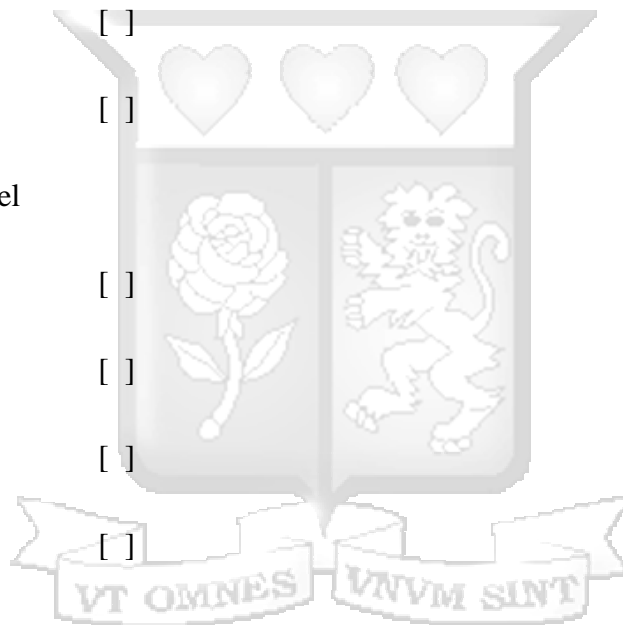
Relations Manager [ ]

Compliance Manager [ ]

Customer Service Manager [ ]

Operations Manager [ ]

Human Resource Manager [ ]



5) Number of years in this department/position

Less than 5 [ ]

5-9 years [ ]

10-15 years [ ]

Over 15 years [ ]

**PART B: Corporate Image of Government Owned Entities**

Please tick the level of agreement of the following statements.

Please indicate in the table with a tick (√) or a cross (×) with a scale of

*5 Strongly agree; 4 Agree; 3 Moderately agree; 2 Disagree; 1 Strongly disagree*

No	Corporate Image	1	2	3	4	5
1.	The corporation ensures customer focus in its operations					
2.	The corporation has maintained a record of good corporate citizenship					
3.	The corporation has put in place elaborate policies to ensure its' well-managed					
4.	The corporation has maintained positive publicity and reputation with the public					
5.	The corporation has ensured it maintains a positive shareholder confidence					
6.	The corporation has put in place practice to foster innovativeness					

**PART C: Economic Social Responsibility of Government Owned Entities**

Please tick the level of agreement of the following statements.

Please indicate in the table with a tick (√) or a cross (×) with a scale of

*5= strongly agree    4= Agree    3= Disagree    2= Strongly Disagree    1= Neither agree nor Disagree*

No	Economic Social Responsibility	1	2	3	4	5
1.	The corporation tries to maximize returns for future growth and stability					
2.	The corporation undertakes philanthropy work to support the vulnerable in society					
3.	The corporation continuously improves their costing policy and margins					
4.	The corporation constantly advances the quality of products delivered					
5.	The corporation works towards better financial outlook in its operations					
6.	The corporation always seeks to be more effective and efficient in utilization of economic resources					
7.	The corporation tries to assist improving the economic wellbeing of employees, stakeholders and people in the society					

**PART D: Environmental Social Responsibility of Government Owned Entities**

Please tick the level of agreement of the following statements.

Please indicate in the table with a tick (√) or a cross (×) with a scale of

5= strongly agree    4= Agree    3= Disagree    2= Strongly Disagree    1= Neither agree nor Disagree

No	Environmental Social Responsibility	1	2	3	4	5
1.	The corporation tries to sponsor pro-environmental programmes					
2.	The corporation invests environmentally sustainable operations					
3.	The corporation ensures there is adherence to standard sustainable practices in the day-to-day operations					
4.	The corporation tries to recycle its waste materials properly					
5.	The corporation tries to carry out programmes that facilitate reduction of pollution in society					
6.	The corporation has put in place supportive mechanisms to monitor the potential negative impact on the environment due to firms' operations					
7.	The company continuously evaluates and implements new ways to protect the environment that are socially responsible					

#### **PART E: Ethical Social Responsibility of Government Owned Entities**

Please tick the level of agreement of the following statements.

Please indicate in the table with a tick (√) or a cross (×) with a scale of

5= strongly agree    4= Agree    3= Disagree    2= Strongly Disagree    1= Neither agree nor Disagree

No	Ethical Social Responsibility	1	2	3	4	5
1.	The corporation ensures there is adherence to applicable ethical values and norms					
2.	The corporation has put in place guidelines to ensure customers and supplier are treated with respect					
3.	The corporation ensures that good and services availed meet quality standards					
4.	The corporation ensures that all employees are treated fairly					
5.	The corporation has implemented programs to advance advocacy for human rights and rule of law					
6.	The corporation has developed a charters and code of conducts to improve ethical behavior					
7.	The corporation ensures that all activities undertaken abide by the relevant legal requirements					

**PART F: Legal Social Responsibility of Government Owned Entities**

Please tick the level of agreement of the following statements.

Please indicate in the table with a tick (√) or a cross (×) with a scale of

5= strongly agree    4= Agree    3= Disagree    2= Strongly Disagree    1= Neither agree nor Disagree

No	Legal Social Responsibility	1	2	3	4	5
1.	The corporation tries to adhere strictly with legal principles					
2.	The corporation complies with all reporting standards and statutory requirements					
3.	The corporation tries to adhere to local and international laws that guide business practices					
4.	The corporation is compliant in tax and licenses payment on a timely manner					
5.	The corporation has put in place a compliance department to ensure there is strict enforcement of rules and governance measures					
6.	The corporation routinely reviews its' internal operations to ensure conformity to changes in regulatory environment					

*Thank you for your Time*

### Appendix III: Commercial Government Entities

1.	<u>Agro-Chemicals and Food Company</u>
2.	<u>Chemelil Sugar Company</u>
3.	<u>East African Portland Cement Company</u>
4.	<u>Gilgil Telecommunications Industries</u>
5.	<u>Jomo Kenyatta Foundation</u>
6.	<u>Kenya Airports Authority</u>
7.	<u>Kenya Broadcasting Corporation</u>
8.	<u>Kenya Electricity Generating Company</u>
9.	<u>Kenya Literature Bureau</u>
10.	<u>Kenya Ordinance Factories Corporation</u>
11.	<u>Kenya Pipeline Company</u>
12.	<u>Kenya Ports Authority</u>
13.	<u>Kenya Power and Lighting Company</u>
14.	<u>Kenya Railways Corporation</u>
15.	<u>Kenya Civil Aviation Authority</u>
16.	<u>Kenya Safari Lodges and Hotels</u>
17.	<u>Kenya Seed Company Limited</u>
18.	<u>Kenya Wine Agencies</u>

19.	<u>Kenyatta International Convention Center</u>
20.	<u>National Cereals and Produce Board</u>
21.	<u>National Housing Corporation</u>
22.	<u>National Oil Corporation of Kenya</u>
23.	<u>National Water Conservation and Pipeline Corporation</u>
24.	<u>Numerical Machining Complex</u>
25.	<u>Nzoia Sugar Company</u>
26.	<u>Postal Corporation of Kenya</u>
27.	<u>Pyrethrum Board of Kenya</u>
28.	<u>School Equipment Production Unit</u>
29.	<u>South Nyanza Sugar Company</u>
30.	<u>Telkom Kenya Limited</u>
31.	<u>University of Nairobi Enterprises and Services Limited</u>
32.	<u>New Kenya Co-operative Creameries Ltd</u>
33.	<u>Kenya Electricity Transmission Company</u>
34.	<u>Kenya Investment Authority</u>
35.	<u>IDB capital</u>
36.	<u>Agricultural Finance Corporation</u>
37.	<u>Consolidated Bank</u>

38.	<u>Deposit Protection Fund Board</u>
39.	<u>Industrial and Commercial Development Corporation</u>
40.	<u>Industrial Development Bank</u>
41.	<u>Kenya Industrial Estates</u>
42.	<u>Kenya National Assurance Co.</u>
43.	<u>Kenya Post Office Savings Bank</u>
44.	<u>Kenya Re-Insurance Corporation</u>
45.	<u>Kenya Revenue Authority</u>
46.	<u>Kenya Roads Board</u>
47.	<u>Kenya Tourist Development Corporation</u>
48.	<u>National Bank of Kenya</u>
49.	<u>National Hospital Insurance Fund</u>
50.	<u>National Social Security Fund</u>

## Appendix IV: Ethical Review Letter



26<sup>th</sup> February 2021

Victor Kung'u  
victorkungu@outlook.com

Dear Mr Kung'u,

**RE: The Effect of Corporate Social Responsibility on Corporate Image of Commercial State Corporations in Kenya**


This is to inform you that SU-IERC has reviewed and **approved** your above **masters** research proposal. Your application reference number is **SU-IERC0485/19**. The approval period is **26<sup>th</sup> February 2021 to 25<sup>th</sup> February 2022**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 48 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 48 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and also obtain other clearances needed.

Yours sincerely,


  
For: Dr Virginia Gichuru,  
Secretary; SU-IERC



Cc: Prof Fred Were, Chairperson; SU-IERC

Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000  
Email admissions@strathmore.edu www.strathmore.edu

## Appendix V: NACOSTI Research Licence

 <b>REPUBLIC OF KENYA</b>	 <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
Ref No: <b>704664</b>	Date of Issue: <b>19/January/2021</b>
<b>RESEARCH LICENSE</b>	
	
<b>This is to Certify that Mr.. Victor Wainaina of Strathmore University, has been licensed to conduct research in Kiambu, Kisumu, Machakos, Mombasa, Nairobi on the topic: EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE IMAGE OF COMMERCIAL GOVERNMENT OWNED ENTITIES IN KENYA for the period ending : 19/January/2022.</b>	
License No: <b>NACOSTI/P/21/8600</b>	
<b>704664</b> Applicant Identification Number	 Director General <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
	Verification QR Code 
<b>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</b>	