AN ASSESSMENT OF THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON THE STRATEGIC INTENT AT STANDARD CHARTERED BANK KENYA LIMITED.

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ABSTRACT
This study specifically assessed the impact of CSR on the strategic intent at Standard Chartered Bank Kenya Limited. The objectives of the study were to establish the nature of CSR programmes that SCB engages in and evaluate their influence on the strategic intent. This study also exposed the challenges experienced by SCB in the conduct of its CSR programmes. The literature review focused on the concepts of CSR and strategic intent and their relationship with corporate performance. It also focused on the practice of CSR. The conceptualization of the study included CSR programmes as the independent variables, CSR policy and approach as the intervening variable and attainment of the strategic intent as the dependent variable. The results of the study showed that the CSR practice at SCB is aligned with the strategic intent and that generally the CSR programmes met the expectations of employees, investors and local communities. However, there was no certainty that the expectations of customers were met due to the fact that customers also doubled up as employees and local community members. The key recommendation of the study was that the current CSR programmes at SCB should be expanded to engage more employees and serve more needy cases in a wider geographical area. Secondly, SCB needs to partner with more co-sponsors in order to benefit from the economies of scale.

Key Words: Corporate Social Responsibility; Strategic intent; Stakeholder; Corporate performance.

INTRODUCTION

Businesses worldwide are faced with the challenge of responding to the needs of their external environment in a manner that adds value to their operations. It is imperative that businesses run their operations within the precepts of the law of the land in which they operate and other regulations prescribed by authorities like business associations and government agencies. The organization is also expected to treat their employees with dignity and within the existing labour laws. The customers expect organizations to produce quality goods and services while the shareholders expect a return on their investment. The communities’ expectations conflict with the shareholders demands because in most cases community investments do not guarantee returns to the organizations. Nonetheless, organizations cannot afford to ignore the communities partly due to government regulations and also due to the long term benefits that accrue from such investments.

The issue of organizations running operations in a responsible manner is no longer disputable due to the common understanding of the inherent benefits. Davis (1967) observes that huge corporations possess power to control and influence the quality of employees, customers, shareholders, and residents of local communities in which they operate. However, according to Porter (2011), Corporate Social Responsibility (CSR), focuses mostly on reputation and has only limited connection to the business, making them hard to justify and maintain over the long run.

The need to align all operations (including CSR programmes) to the strategic objectives of the organization is gaining the attention of practitioners and scholars alike. Moon (2011) argues that the motivation for
engaging in CSR is always driven by some kind of self-interest either commercial or altruistic in nature. It is also not always guaranteed that CSR investments would deliver monetary gains in the short run but it is important that in the long run the investments guarantee some tangible benefits to the organization in order to justify the investment.

Corporate Social Responsibility

Corporate Social Responsibility is about how a business entity gives back to its stakeholders in a sustainable and acceptable manner. Holme & Watts (2000) in their publication "Making Good Business Sense" state that "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". Panayiotou (2009) views corporate social responsibility in three ways: The economic view is concerned with profitability, wages and benefits, resource usage, job offerings and outsourcing. The environmental view is on processes, products and services related to the environment while the social view focuses on health and safety issues, employee relations, ethics, human rights and working conditions.

Baker (2011) also holds that Corporate Social Responsibility is about how companies manage the business processes to produce an overall positive impact on society. In summary therefore, CSR is concerned with delivery of economic, social, environmental, legal and technological gains to internal and external stakeholders of the firm. Management, as representatives of the shareholders, decides the resource allocations to CSR programmes but is guided by the overall strategic footprint as set out by the board of directors and industry trends. It is the task of Management teams to advise shareholders on the right CSR initiatives for their organizations. Most importantly, it is in the interest of all stakeholders that all CSR programmes enable the firm to stay focused on its mission through proper utilization of its resources in the attainment of its strategic objectives.

Strategic Intent

Strategy can be defined as a set of plans, decisions and objectives that the company adopts to achieve its goals. It also refers to a plan of action for allocating resources effectively among the different stakeholders of an organization. Macmillan & Tampoe (2001) hold the view that strategic intent is where an organization wants to get to and how it intends to get there. They also argue that the strategic intent is strongly determined by the directors in view of the response of powerful stakeholders. The shareholder exercises ownership of the firm but does not enjoy absolute control of the resources of the firm. For instance, business-level strategies may range from the planned to the opportunistic, depending on how the company executives interpret the business environment.

Arieu (2007) contends that there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are with the market and the context. Indeed, Pascale (1991) observes that too much planning can lead to inflexibility while too much opportunism may suggest a lack of direction. Therefore, strategy is about being able and ready to adapt to an ever changing external business environment while Strategic Intent is a derivative of Strategy and it denotes being prepared for flexibility when various situations occur and having an obsession of attaining excellence and excelling within an organization, market, and economy. Hamel & Prahalad (2010) conclude that strategic intent is a tendency that remains stable over time and its main goal is to fold the future into the present through personal effort and commitment.

Banking Industry in Kenya

Banking business is the accepting from members of the public of money on deposit repayable on demand or at the expiry of a fixed period or after notice and the accepting from members of the public of money on current account and payment on and acceptance of cheques; and the employing of money held on deposit or on current account, or any part of the money, by lending, investment or in any other manner for the account
and at the risk of the person so employing the money. (Banking Act of Kenya Cap 488). Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. According to the Price Water House Survey of 2008 the growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in the East African community region and automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional ‘off-the-shelf’ banking products.

The Central Bank of Kenya currently recognises a total of 44 commercial banks in Kenya. The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector’s interests and a forum to address issues affecting members.

Standard Chartered Bank Kenya Limited opened its operations in Kenya in 1911. The bank has operated in Kenya for the past one hundred years and currently has 32 branches. The parent company of Standard Chartered Bank Kenya Limited is Standard Chartered Bank Limited domiciled in London, United Kingdom. The Organizational Structure of the Bank is decentralised in operations management but policy and product standards are centralised and managed by the Group Managers who operate from the bank’s head office in Singapore. The vision of Standard Chartered Bank is to be the World’s best international bank leading the way in Asia, Africa and the Middle East. The core values of the bank include: Responsive, Trustworthy, Creative, International and Courageous.

In 2010, Standard Chartered Bank Kenya Limited launched its new brand promise dubbed “Here for Good.” The promise is anchored under three pillars that summarise the commitment of the Bank to its People through building of long term sustainable relationships, commitment to setting the highest standards in investments and commitment to exist perpetually in its markets. To its communities the bank commits to be trusted and caring, dedicated to making a difference. To its customers the bank commits to be passionate about customers’ success delighting them with quality service. To its employees the bank commits to helping them to grow, enabling individuals to make a difference and teams to win. To its shareholders the bank commits to provide a distinctive investment delivering outstanding performance and superior returns and lastly to regulators the bank commits to practice exemplary governance and ethics in its businesses.

Research problem

Organizations have come to the realization that in today’s competitive market every investment ought to deliver returns either in the short run or in the long run. The allocation of resources to projects that benefit the communities constitute Corporate Social Responsibility. The benefits that accrue from such investment are usually expected to be in line with the overall purpose of existence of the firm (mission) that is expressed in a plan of action for allocating resources effectively (strategy). Organizations operate in a dynamic environment characterized by technological changes, competition, regulatory requirements, economic changes and opportunistic strategic decisions. The turbulent market conditions makes organizations settle on a specific strategic intention that forms the basis of evaluating the performance of the organization. The strategic intent is attained through investments in internal and external stakeholders of the firm. The investments in all stakeholders are majorly guided by the profit motive though not all investments guarantee monetary returns. Carroll (1996) identifies four components that need to be present in order for business to claim it is socially responsible; these are economic, legal, ethical and philanthropic responsibilities.

Standard Chartered Bank Kenya Limited has an elaborate Corporate Social Responsibility policy that guides its operations. The Policy is monitored and executed by the corporate affairs department with some responsibilities delegated to CSR committees at departmental levels. The acceptability of CSR programmes at SCB Kenya Limited is arrived at by hypothesizing the social, employee and business development contributions; but does not go further to measure the actual value gained from investing in the CSR programmes. Conversely, the strategy of SCB Kenya Limited is clearly defined and consistently aligned to the prevailing market conditions. Porter (2010) argues that CSR programs focus mostly on reputation and
have only limited connection to the business, making them hard to justify and maintain over the long run. Therefore, at SCB Kenya Limited there is need to quantify the exact benefits that accrue from every CSR activity in order to justify the investments. It is also increasingly becoming imperative for SCB Kenya Limited to align every CSR investment to its strategic intent so that the CSR resources can contribute to the attainment of the bank’s mission.

Several studies have been conducted to establish the link between CSR and strategy of organizations. Okeyo (2004) conducted a survey of the levels and determinants of CSR among commercial firms in Kenya and found out that CSR is at the periphery of most small and medium enterprises except for NSE (Nairobi Stock Exchange) listed companies who do participate in corporate citizenship religiously but with fluctuating resource allocations. He recommends active involvement of, and good coordination between, government, business, NGOs (Non Governmental Organizations) and civil society to improve the levels of CSR in Kenya. Njoga (2007) studied the role of CSR in enhancing corporate image and found out that CSR is an image booster for corporations but cautions on public relations exercises that adds little or no value to the communities but only serves to assure the corporations of enhanced publicity and media value. He recommends that CSR be regulated at national and international level to come up with a specific model to assure communities of real value and deter corporations from selfish investments.

Muriuki (2008) conducted a study on the CSR link to strategy among mobile telephone service providers in Kenya and found out that most CSR programmes are disjointed from the master strategy plans and only serve to portray a sense of corporate citizenship and philanthropic gestures. He recommends that mobile telephone operators should give greater priority to CSR at board level. Kiko (2008) studied the practice of CSR among foreign multinational corporations in Kenya and found out that there is a big mismatch between the recorded profits and the CSR kitties of the multinationals. She recommends that CSR for multinationals be subjected to tighter corporate regulations and social contracts be introduced to instill a sense of responsibility in the multinationals towards their local communities.

Ominde (2006) studied the link between CSR and Corporate Strategy among listed companies on the Nairobi Stock Exchange. She found out that all the listed companies engaged in CSR but there is no deliberate attempt to align the CSR to the Corporate Strategy though at the end of the day there are tangible gains on Corporate Strategy derived from the CSR. She also found out that CSR is considered seriously by all the listed companies and is actually expressed as a social contract in their annual financial reports. She agrees with Cohen (2002) that businesses need to introduce explicit processes to make sure that social issues and emerging social forces are integrated into corporate strategy and discussed at the highest levels as part of overall strategic planning.

The above mentioned empirical studies have demonstrated that there is a link between CSR and Strategy of organizations. However, correlation cannot prove causation. SCB Kenya Limited has been investing in CSR programmes due to agitation from government and civil society but no deliberate attempt has been done to establish the exact impact of the CSR investments on the strategic intent of the bank! This constitutes a knowledge gap in the banking industry in Kenya and justifies the need for further research that this study will seek to address by studying the impact of CSR on the strategic intent of Standard Chartered Bank Kenya Limited. This research therefore, will investigate the following questions: What CSR programmes are practiced by SCB Kenya Limited and what influence do the CSR programmes have on the strategic intent at SCB Kenya Limited?

**Research Objectives**

The objectives of the study were as follows:

(i) To establish the CSR programmes practised by SCB Kenya Limited.

(ii) To establish the influence of the CSR programmes on Strategic Intent at Standard Chartered Bank Kenya Limited.
LITERATURE REVIEW

Corporate Social Responsibility Concept
The concept of Corporate Social Responsibility has been defined in various ways by many practitioners and scholars alike. Bowen (1953) holds that social responsibility refers to obligations to pursue those policies to make decisions or to follow those lines of actions that are desirable in terms of objectives and values of society. In the same breath, Davis (1967) observes that huge corporations possess the power to control and influence the quality of life of employees, customers, shareholders, and residents of local communities in which they operate. In a bid to trace the origin of CSR, Cannon (1994) looks at Corporate Social Responsibility as being a result of the internal regulation of the business in compliance with the obligations placed on the firm by legislation, ownership and control. Carroll (1996) identifies four components that need to be present in order for business to claim it is socially responsible: These are economic, legal, ethical and philanthropic responsibilities.

The perception of social responsibility as providing a major means of achieving long-term economic success is favoured by a number of scholars. Sillanpaa (1998) argues that existing methodologies do not assess whether an organization is socially sustainable, or if its actions have contributed to socially sustainable development, because of the absence of agreed criteria defining socially sustainable outcomes. There are several measurement methods for CSR being implemented by different organizations: According to Sethi (1975), a structural framework to facilitate analysis of corporate social activities should have at least the following two properties: First, categories for classifying corporate activities should be stable over time, which makes historical comparisons possible. Second, the definitions of various categories should be applicable across firms, industries, or even social systems, making comparative analysis possible. Nordberg (2008) contends that corporate governance is an ethical debate where directors decide on the allocation of resources to competing demands. This brings to the fore the fact that allocation of resources to pursue CSR programmes is a deliberate decision aimed at propelling an organization in the direction of its strategic intent. Gustavson (2008) considers the management of ecological and social challenges and the widespread adoption of the language of sustainability by the corporate sector to be the genesis of Corporate Social Responsibility.

Panayiotou (2009) views corporate social responsibility in three ways: The economic view is concerned with profitability, wages and benefits, resource usage, job offerings and outsourcing. The environmental view is on processes, products and services related to the environment while the social view focuses on health and safety issues, employee relations, ethics, human rights and working conditions. It could be argued that the motivation for engaging in CSR is always driven by some kind of self-interest (Moon, 2011) regardless of whether the activity is strategically driven for commercial purposes alone, or whether it is also partly driven by what appears, at least superficially, as altruistic concern. As Rollison (2002) observes, “It is always difficult to tell whether behaving ethically towards external stakeholders is prompted by altruism or self-preservation”. Of the corporate motives considered, Hemingway &Maclagan (2004) point out that the strategic theory of the firm perspective, incorporating corporate image management and the need to facilitate the integration of a global workforce, would seem to represent business self-interest and can be contrasted with the possibility of an altruistic impulse among business leaders or managers. They however, note that the relationship between altruism and self-interest is complex.

Strategic Intent Concept
Strategic management discipline was originated in the 1950s and 60s. Selznick (1957) introduced the idea of matching the organization's internal factors with external environmental circumstances. Chandler (1962) showed that a long-term coordinated strategy was necessary to give a company structure, direction, and focus. He coined the concise adage: “structure follows strategy.” Ansoff (1965) developed the gap analysis still used today in which we must understand the gap between where we are currently and where we would
like to be, then develop what he called “gap reducing actions” then Drucker (1965) states that an organization without clear objectives is like a ship without a rudder. As early as 1954, he was developing a theory of management based on objectives which evolved into his theory of Management by Objectives.

Lamb (1984) then defined strategic management as an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly [i.e. regularly] to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment. Chafee (1985) summarized what she thought were the main elements of strategic management theory by the 1970s by stating that strategic management involves adapting the organization to its business environment. In the field of business administration it is useful to talk about strategic alignment between the organization and its environment or strategic consistency. Macmillan & Tampoe (2001) define strategic intent as where an organization wants to get to and how it intends to get there. They also hold that the strategic intent is strongly determined by the directors in view of the response of powerful stakeholders. Arieu (2007) contends that there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are with the market and the context.

The Classical Theory by Friedman (1970) holds that the primary motivating force for a business is profit and therefore it suggests that business activities, Corporate Social Responsibility included have a profit undertone even if in most cases it is realized in the long term. Freeman (1994) came up with the Stakeholder Theory that holds that corporations not only serve the interest of shareholders but also strive to serve the interests of other stakeholders including employees, customers, suppliers and the local community. This depicts that activities like Corporate Social Responsibility are founded in this theory because they are mainly for the interest of communities of the corporations. Donaldson & Davis (1994) in their Stewardship Theory suggest that managers pursue interests that are isomorphic with those of stakeholders since serving the stakeholders interests also serves their own interests. This theory suggests that Corporate Social Responsibility is supported by managers due to existence of some vested interests.

Markowitz (1995) in his Portfolio Theory suggests that investors should reduce risk through diversification (investing in a portfolio of uncorrelated assets whose returns move in different directions). The fact that Corporate Social Responsibility involves a cost to the corporation leads us to expect that the value for money be attained. In their social report entitled “ Corporate Social Responsibility Audit: From Theory to Practice”, Morimoto & Hope (1998) prescribe that enhancing corporate image resides in the creation of social transparency as well as in institutionalizing responsible decision-making and creative thinking in management. To further this theory, Hess (1999) argues that there is a need to establish an audit system that includes all aspects of a firm’s social performance. This is further supported by Panayiotou (2009) who views corporate social responsibility in three ways: The economic view is concerned with profitability, wages and benefits, resource usage, job offerings and outsourcing; the environmental view is on processes, products and services related to the environment while the social view focuses on health and safety issues, employee relations, ethics, human rights and working conditions.

**Strategic Intent and Corporate Performance**

Business strategy is defined as strategies adopted to ensure successful performance of the entire organization. The business strategy is also referred to as corporate strategy. Similarly, strategic intent is about how an organization can attain superior performance and is usually a factor of the combination of strategic factors that enhance the attainment of the business strategy. In most cases, firms would be able to record high performing levels due to the unique insights and abilities they controlled when their strategies were selected and executed. This could be misconstrued to mean that organizations that attain high performance levels are simply lucky! (Nadezhda 2007).
However, corporate performance is the deliberate strategic and integrated approach to delivering sustained success to the organization by improving the contribution of the people who work in it and developing the capabilities of teams and individuals. The strategic part of corporate performance is concerned with broader issues facing the business and achievement of short term and long-term goals while the integrated approach to delivering sustained success would entail vertical integration, functional integration, vertical integration, human resource integration and integration of corporate and individual objectives. Vertical integration entails alignment of the business, team and individual objectives with the business strategy while functional integration involves linking functional strategies and activities with the business strategy. Likewise, human resource integration would entail the building of capacity among the people through reward systems in a bid to increase productivity levels and attain the business strategy. Lastly, integration of corporate and individual objectives would involve mechanisms that create a sense of pride in the individuals as they seek to deliver the business strategy (Nordberg 2008).

Moon (2011) argues that, in order to attain the strategic intent an organization should ensure that the outcomes, outputs, processes and inputs of the organization delivers the expected results, has the right impact on the delivery of goods and services, and that the existing competencies and resources needed to perform the production processes are readily and adequately available. It will also involve proper planning by defining expectations through business plans expressed as objectives at unit and individual employee levels. Thirdly, there should be in existence a robust measurement and review system that should be able to assess results and review progress. The fourth concern of the organization seeking to attain corporate performance would be to institute a continuous learning and development mechanism and adopt a continuous improvement culture. In addition, corporate performance should involve adequate communication more especially establishment of a culture of dialogue between employees and their supervisors. Lastly, the needs of owners, employees, management, customers, suppliers and other interest groups should be satisfied.

Corporate Social Responsibility and Corporate Performance

Corporate Social Responsibility is part and parcel of the operations of the organization. However, its impact on the organization performance is slightly different from that of other main functions like production, finance, selling and distribution. This is due to the fact that CSR is multifunctional and hence its execution involves a simultaneous management of other functions of the organization. Therefore, the link between CSR and corporate performance can only be clear if the components of the CSR programmes in an organization are clearly identified before the relationship of the joint and several functions can be established (Gerry and Scholes 2005).

Idowu (2008) observes that in the global arena it is increasingly being clear that CSR is slowly moving away from the margins to the business mainstream and there is hope of establishing a measurement criterion of CSR through the establishment of CSR management standards, labeling schemes, and reporting systems which would then make it easier to assess the impact of CSR on corporate performance. For instance, the current global practice where organizations disclose information on social and environmental practices in their audited financial reports is evidence that CSR reporting systems can be harnessed to form a basis upon which the overall performance of an organization can be measured.

The disclosure of the CSR activities is also used as a measurement tool of performance in the sense that the amount of funds invested in CSR activities is an indication of the level of available resources and more especially the value that the organization has ascribed to the beneficiaries of the programmes. Therefore, if it would not be possible to establish a clear relationship between CSR and corporate performance, the social and environmental responsibility of the organization is likely to remain at the level of empty mission statements and isolated add-on activities which in turn will affect the performance of the organization (Rionda 2002).
Corporate Social Responsibility Practice
The practice of Corporate Social Responsibility is not uniform among all business entities but its objective of giving back to society is resonated across the various models employed by organizations. Idowu (2008) holds that Corporate Social Responsibility practice is about how corporate entities in different political settings, economic contexts and cultural circumstances around the world understand, perceive and are indeed practicing the field of social responsibility. He adds that “committed” companies experience only low levels of outside pressure as their sector of activity is less exposed. He also observes that the attitude of these companies to environmental and social issues is based more on an extension of the historical values and is a matter of creating a strategic opportunity from this history. He concludes that most companies will tend to use a more systemic approach to corporate, social, and environmental responsibility by combining exemplary human relations policies with rigorous management in terms of the environment, citizen’s actions via sponsorship, and adapting what they offer in terms of products and services.

Nadezhda (2007) holds that many companies do not yet make a clear distinction between giving, sponsorship and socially-responsible activities. He cites the most widespread forms of socially-responsible activities to include the direct provision of funds and support targeting health, qualification and other social needs of staff, non-financial support in the form of free products or services and investment in energy efficiency and environmental protection. The three approaches to CSR that emanate from these activities include caring for company staff and their families, social activities benefiting the local community and activities with a long-term social impact, such as social investment.

Rionda (2002) holds that the advent of globalization has brought about unprecedented changes in the pace and the nature of business practices in the community workplace and the marketplace. He observes that in the last decade, the development challenge has increasingly become one of addressing complex ethical, financial, and environmental issues to ensure the sustainability of defined development objectives. He holds that this has created opportunities for multi-sector initiatives that can effectively address a host of issues and that can optimize the use of human and material resources.

Porter (2011) observes that businesses recognize the imperative for the private sector to ensure long-term markets for their services and products hence presents the business community the right vehicle for promoting its commercial interests, while at the same time giving back to the community. He confirms that CSR is a rapidly growing field, and corporations, organizations, stakeholders, and advocates are engaging in CSR activities in increasing numbers. He concludes that there is tremendous variety and innovation in CSR activities, and new approaches and alliances are continually evolving but each CSR adherent’s approach is guided by its own mission, vision, or position in the marketplace hence the general consensus is that CSR adds strategic business value and enables companies to integrate with society and maintain their integrity while pursuing profits.

Porter (2011) recommends a new approach to CSR that he terms Creating Shared Value (CSV). The shared value model is based on the idea that corporate success and social welfare are interdependent. He suggests that a business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. He also holds that for society to thrive, profitable and competitive businesses must be developed and supported to create income, wealth, tax revenues, and opportunities for philanthropy.

This study shall assess the various CSR programmes practised by Standard Chartered Bank Kenya Limited. The CSR programmes that shall be investigated include sporting events like Standard Chartered Nairobi Marathon, health facilities like Kikuyu Eye Hospital, community projects like Neema Children Home; education facilities like Starehe Girls Centre Nairobi, and one-off donations like the “Kenyans for Kenya 2011”. These CSR programmes shall be evaluated to identify their joint and several influences on the strategic intent at SCB Kenya Limited.
Conceptual Framework
The CSR programmes are aimed at satisfying the joint and several needs of the various stakeholders of the organization. The stakeholders range from employees, customers, suppliers, investors, regulators and the surrounding communities. The CSR programmes ought to be conducted in a manner that delivers the unique and specific needs of the stakeholders within the financial constraints of the organization. Publicization of CSR programmes is partly influenced by the regulatory requirements on reporting CSR programmes and the need for the organization to demonstrate its commitment to meeting the needs of its stakeholders. In the long run, management of CSR programmes has similar effects on the performance of the organization as does other organizational functions like selling, distribution, operations and human resource management. Therefore, the nature and effectiveness of CSR programmes determines the extent to which an organization delivers on its promises to its stakeholders (performance) and the eventual attainment of its strategic intent.

Figure 2.1 Conceptual Model
RESEARCH METHODOLOGY

Research design
The research was conducted through a case study. This design was adopted because there was only one unit of study: Standard Chartered Bank Kenya Limited. The design was appropriate for carrying out a holistic, in depth and comprehensive investigation where much emphasis was placed on the full analysis of the impact of Corporate Social Responsibility on Strategic Intent at Standard Chartered Bank Kenya Limited. It provided a very focused and valuable insight on the impact of CSR on the strategic intent of SCB was hitherto vaguely understood.

Data collection
In this study, both primary and secondary data were collected. The data was obtained in both oral and written form. Oral data was obtained from structured interview talks based on an interview guide. The sample was made of seven interviewees who were senior managers at SCB namely: the Chief Executive Officer, the Head of Corporate Affairs, The Head of Consumer Banking Division, Head of Wholesale Banking, Head of Marketing, Head of Legal and Compliance and the Head of Treasury. The interviewees were selected because they are in positions of authority and possess key strategic and operational experience on matters related to Corporate Strategy and Corporate Social Responsibility practice at Standard Chartered Bank Kenya Limited. Written data was collected from content analysis of documents and preserved official records like audited annual financial reports and internal magazines of Standard Chartered Bank Kenya Limited. The data collection tools enabled a trade-off between cost, speed, accuracy, detail, comprehensiveness, response rate, clarity and anonymity which were useful for validity and reliability. The likert scale was used to gather the attitudes and perceptions of the respondents. The likert scale was given values 1 to 5; where 1 was ‘strongly disagree’, 2 was ‘disagree’, 3 was ‘not sure’, 4 was ‘agree’ and 5 was ‘strongly agree’. Permission to conduct interviews was sought through an introduction letter.

Data analysis
This being a descriptive study the data collected was qualitative in nature. Content analysis technique was used to analyse the cleaned data through a systematic analysis which involved grouping and interpretation of key issues being investigated to come up with findings. The content analysis technique allowed for objective, systematic and qualitative description of the content of the collected data and generalization of the detailed information. The findings were presented in a pie-chart and frequency distribution tables. Descriptive statistics such as the mean and the standard deviation were used to make inferential conclusions.

DATA ANALYSIS, RESULTS AND DISCUSSION

General Information
This focused on the response rate, designation of the respondents, work experience and gender of the respondents. Five out of the seven targeted respondents (or their business planning managers) provided feedback. There were two respondents who were not reached due to their tight schedules and frequent meetings, efforts to reach their business planning managers or their assistant managers were also not successful. The respondents were able to provide reliable and credible information on CSR and Strategic Intent at SCB due to their positions within the bank and their regular participation in strategic meetings and interaction with top ranking managers within the banking industry. The respondents had a total working experience of more than five years with at least three years at the top management level within the commercial banking sector. This characteristic ensured that they were conversant with the variables under study.
Figure 4.1 Response Rate

Awareness of CSR programmes at SCB Kenya Limited
All the respondents appreciated the fact that SCB engages in CSR and identified ‘Seeing is Believing’ as the most prominent theme in all the CSR activities at the organization. The respondents also observed that the most publicised CSR activity is SCB Nairobi Marathon while the other activities like Community Projects, Tree Planting, Wild Life Conservation and Food Donations were inadequately publicised.

Other CSR programmes that SCB sponsors include Starehe Girls Centre in Nairobi, Sponsorship of Children Homes in Nairobi and its environs like Kikuyu, Limuru and Ruiru towns and Mater Heart Run where SCB staff participate in walks to raise funds for children with heart ailments. The respondents also observed that all the CSR programmes at SCB are sustainable in the long run.

Table 4.1 Adequacy of CSR Awareness efforts

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<th>Score</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Min.</th>
<th>Max.</th>
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<th>Std. Deviation</th>
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<tr>
<td>Disagree</td>
<td>1</td>
<td>20</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>1.225</td>
</tr>
<tr>
<td>Agree</td>
<td>2</td>
<td>40</td>
<td></td>
<td></td>
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<tr>
<td>Strongly Agree</td>
<td>2</td>
<td>40</td>
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<tr>
<td>Total</td>
<td>5</td>
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The findings indicated that 20% of the respondents disagreed, 40% agreed while 40% strongly agreed that CSR awareness efforts at SCB were adequate. The standard deviation from the mean score (4) was at 1.255 implying that the respondents held varied views on the subject but generally agreed that the communications, advertisements, and promotions of CSR programmes at SCB was adequate.

Influence of CSR programmes on Strategic Intent at SCB

The respondents observed that the nature and resource allocations to the CSR activities at SCB were in line with its mission, strategic objectives, brand promise and vision (strategic intent).
Table 4.2 Alignment of CSR programmes with the Strategic Intent

The researcher sought to establish “If the CSR programmes at SCB were aligned with the Strategic Intent”

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<th>Score</th>
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<td>4</td>
<td>5</td>
<td>4.6</td>
<td>0.548</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>3</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The findings indicated that 40% of the respondents agreed while 60% strongly agreed that the CSR programmes at SCB were aligned with the strategic intent of the bank. The mean score was 4.6 while the standard deviation was 0.548. This implied that the respondents held highly similar views and generally strongly agreed that CSR programmes were aligned with the strategic intent.

Impact of CSR on Expectations of Employees

The respondents observed that employees of SCB are more of participants than beneficiaries in the implementation of CSR programmes at SCB. The strategic value that the CSR impact on Employees of SCB is a sense of ownership and belonging in the attainment of the overall Strategic Intent. This influence was mainly described as remote and coincidental rather than deliberate.

Table 4.3: Impact of CSR programmes on the Expectations of Employees

The researcher sought to establish “If the CSR programmes at SCB met the Expectations of Employees”

<table>
<thead>
<tr>
<th>Score</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not sure</td>
<td>2</td>
<td>40</td>
<td>3</td>
<td>5</td>
<td>4.2</td>
<td>1.095</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>3</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The findings indicated that 40% of the respondents were not sure while 60% strongly agreed that the CSR programmes at SCB met the expectations of employees. The mean score was 4.2 and the standard deviation 1.095. Therefore, the respondents held a considerably similar view on the subject and generally agreed that the CSR programmes practised by SCB had factored in and therefore delivered on the expectations of the employees.

Impact of CSR on Expectations of Customers

The respondents indicated that the customers of SCB included employees, investors and community members. However, the respondents also appreciated the fact that there were a significant number of customers who did not double up as employees, investors or community members.

Table 4.4: Impact of CSR programmes on the Expectations of Customers

The researcher sought to establish “If the CSR programmes at SCB met the Expectations of Customers”
The findings indicated that 40% of the respondents disagreed, 20% of the respondents were not sure while 40% of the respondents strongly disagreed with the contention that CSR programmes at SCB met the expectations of customers. The mean score was 3.4 and the standard deviation was 1.517. Therefore, the findings indicated that the respondents held varied views on the subject but generally they tended not to be sure if the CSR programmes at SCB met the expectations of customers. The content analysis of the commentary by the respondents indicated that the respondents held the view that there was no clear distinction between the benefits accrued to SCB customers and those that specifically accrued to employees, investors and community members.

Impact of CSR on Expectations of Regulators

The Respondents identified CBK, NSE and KBA as the regulators of SCB. They also observed that the regulators’ key interest is compliance to existing laws and conventional business practice hence CSR programmes at SCB were a manifestation of compliance to corporate governance requirements. Therefore, they agreed that regulators derive a sense of assurance and comfort that SCB is a law abiding citizen due to its investment in CSR and this then creates a conducive environment for SCB to deliver on its Strategic Intent.

Table 4.5: Impact of CSR programmes on the Expectations of Regulators

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>2</td>
<td>40</td>
<td>2</td>
<td>5</td>
<td>3.4</td>
<td>1.517</td>
</tr>
<tr>
<td>Not sure</td>
<td>1</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>2</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
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</tr>
</tbody>
</table>

The findings indicated that 100% of the respondents strongly agreed that CSR programmes at SCB were conducted in line with the expectations of the regulators. Therefore, the average score was 5 (strongly agree) and the standard deviation was zero (0) implying that all the respondents held the same view on the subject.

Impact of CSR on Expectations of Communities

The beneficiaries of CSR programmes at SCB were identified as children and the elderly with eye and heart ailments, school going children, persons affected by drought and famine, athletes, customers, employees and government. The benefits that accrue to the communities include financial sponsorship of medical costs, food donations, wild life conservation, forests conservation, cash rewards on Marathon winners, volunteering experience, positive media coverage, marketing of SCB products and services, creation of networks with co-sponsors and hope that someone cares and is willing to sort the specific problems of the needy society. The common argument from the respondents was that for SCB to the best international bank in Kenya it ought to have a strong presence and acceptability in the communities in which it operates.
The researcher sought to find out if: “The CSR programmes at SCB met the expectations of the local communities”

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>1</td>
<td>20</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>1.414</td>
</tr>
<tr>
<td>Not sure</td>
<td>1</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>3</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>100</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The findings indicated that 20% of the respondents disagreed, 20% were not sure while 60% strongly agreed that the CSR programmes at SCB met the expectations of the local communities. The mean score was 4 (agree) and the standard deviation was 1.414. Therefore, the respondents held varied views on the subject but they generally tended to agree that the CSR programmes at SCB were conducted in such a manner as to satisfy the needs of the targeted communities.

**Impact of CSR on Expectations of Investors**

The respondents identified Standard Chartered Bank London, Corporate Bodies and Individuals as investors in Standard Chartered Bank Kenya Limited. The respondents observed that CSR investments are intended to boost the confidence of interested investors. The respondents also suggested that CSR programmes created a pool of loyal investors who held on to the shares of SCB in a bid to earn dividends and in the process assisted in boosting the share value of the company stock.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>1</td>
<td>20</td>
<td>4</td>
<td>5</td>
<td>4.8</td>
<td>0.447</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>4</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>100</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

The findings indicated that 20% of the respondents agreed while 80% strongly agreed that the CSR programmes at SCB met the expectations of the investors. The mean score was 4.8 and the standard deviation was 0.447. Therefore, the respondents held fairly similar views on the subject and generally strongly agreed that the investments in CSR programmes were sanctioned by the investors and were focused on meeting their long run expectation of wealth maximization and profitability.

**Challenges faced by SCB in the practice of CSR**

The respondents noted that delivering the strategic intent at SCB through CSR programmes was hindered by the nature of the CSR programmes and resource constraints. They observed that the CSR programmes were limited to the ‘Seeing is Believing’ theme while the financial resources allocated to the various programmes were inadequate. They also observed that the CSR programmes lacked in diversity and wide geographical reach. They agreed that the CSR model at SCB did not deliver adequate value to all stakeholders. High
poverty levels were also identified as the reason behind little impact of CSR investments on targeted communities.

**Relationship to Empirical Studies**

This study was similar to several studies that have been conducted in the past. Okeyo (2004) conducted a survey of the levels and determinants of CSR among commercial firms in Kenya and found out that CSR is at the periphery of most small and medium enterprises except for NSE (Nairobi Stock Exchange) listed companies who do participate in corporate citizenship religiously but with fluctuating resource allocations. However, in this study it was established that SCB has a constant budget dedicated to CSR. Njoga (2007) studied the role of CSR in enhancing corporate image and found out that CSR is an image booster for corporations. This study also established that SCB gains a lot of media coverage on its CSR programmes and this resulted in its positive image as a corporate citizen. Muriuki (2008) conducted a study on the CSR link to strategy among mobile telephone service providers in Kenya and found out that most CSR programmes are disjointed from the master strategy plans and only serve to portray a sense of corporate citizenship and philanthropic gestures. However, this study suggested that SCB lays much emphasis on aligning its CSR investments to the Strategic Intent though it lacks a model that can deliver adequate results to that effect. Kiko (2008) studied the practice of CSR among foreign multinational corporations in Kenya and found out that there is a big mismatch between the recorded profits and the CSR kitties of the multinationals. This study found out that SCB is one of the multinational companies who have not allocated sufficient funds to their CSR programmes.

Ominde (2006) studied the link between CSR and Corporate Strategy among listed companies on the Nairobi Stock Exchange. She found out that all the listed companies engaged in CSR but there is no deliberate attempt to align the CSR to the Corporate Strategy though at the end of the day there are tangible gains on Corporate Strategy derived from the CSR. She also found out that CSR is considered seriously by all the listed companies and is actually expressed as a social contract in their annual financial reports. This study however, observed that SCB has a deliberate attempt to align its CSR to its strategic intent but also found out that SCB has elaborate commitments to all its stakeholders expressed in its strategic footprint. Cohen (2002) observes that businesses need to introduce explicit processes to make sure that social issues and emerging social forces are integrated into corporate strategy and discussed at the highest levels as part of overall strategic planning. This study also found out that the emerging social issues like high inflation, high poverty levels, youth unemployment and weakening purchasing powers informed the nature and choice of CSR programmes at SCB.

**Linkage of the Findings to Theory**

Established theories in Strategic Management have been fronted by scholars and practitioners alike. Panayiotou (2009) views corporate social responsibility in three ways: The economic view is concerned with profitability, wages and benefits, resource usage, job offerings and outsourcing; the environmental view is on processes, products and services related to the environment while the social view focuses on health and safety issues, employee relations, ethics, human rights and working conditions. This study sought to establish the influence of CSR programmes on the Strategic Intent at SCB through the identification of specific value that each stakeholder expected to derive from the company. The study established that different stakeholders have different needs and expectations which range from social, economic, environmental and regulatory needs. Therefore, this study contributed to the established theory that CSR has a multi-dimensional approach to business.

Porter (2011) also recommends a new approach to CSR that he calls Creating Shared Value (CSV). The shared value model is based on the idea that corporate success and social welfare are interdependent. He suggests that a business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. He also holds that for society to thrive, profitable and competitive businesses must be
developed and supported to create income, wealth, tax revenues, and opportunities for philanthropy. Indeed, this study found out that the Strategic Intent at SCB sought to deliver value to all the stakeholders of the company. However, the existing CSR programmes fell short of the expectations of some stakeholders especially employees, customers and investors due to lack of a CSR model that addresses the needs and expectations of all the stakeholders. Therefore, this study exposed the need to have the CSV theory applied in organizations like SCB through creation of a CSR model that can guarantee delivery of tangible benefits to all stakeholders of the organization.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of the findings

This study established that SCB engages in deliberate practice of CSR with its main focus being on the ‘Seeing is Believing’ theme where the organization sponsors various hospitals in a bid to contain treatable eye ailments in children and the elderly. Other CSR activities at the organization include sponsorship of community projects like drilling of bore holes, support of children homes, conservation of wildlife, tree planting, food donations and charitable activities like Mater Heart run that seeks to raise funds in aid of children with heart ailments. The study found out the above mentioned CSR programmes are fairly publicised and are fully sustainable.

The study found out that all the CSR programmes are aligned with the Strategic Intent at SCB. It also established that all the CSR programmes do contribute to attainment of the Strategic Intent at SCB through their joint and several contributions to the expectations of the various stakeholders of the organization. To the employees the CSR programmes allows their participation as volunteers and instils a sense of responsibility and belonging to the overall mission of the organization. To the customers the study established that they specifically derived prestige from the socially responsible brand and also shared in the increased share value created for the investors and the economic, social and environmental benefits enjoyed by the communities. The study established that the regulators were interested in corporate citizenship of the players through the practice of CSR as embodied by SCB.

The main challenges that SCB faced in its practice of CSR was resource constraints and deteriorating macro-economic environment characterised by inflation, increased poverty levels and youth unemployment. The other main challenge was lack of free will and passion in the employees and customers. Lastly, SCB like many other organizations lacked a model of CSR that could have ensured delivery of value to all the stakeholders of the organization.

Conclusions

The study concludes that SCB has managed to embrace CSR practices that align with the strategic intent of the organization. The study also acknowledges that the CSR programmes are sustainable but also notes that the same programmes are not adequately funded. The study goes further to contend that the CSR programmes have a localised reach and are overly specialised on the ‘Seeing is Believing’ theme while ignoring other equally deserving needs like the curbing of unemployment among the vast majority of the youth. The study also concludes that communities, investors and regulators are the stakeholders who derive tangible benefits from the CSR investments at SCB, while the employees and customers are more of spectators than beneficiaries. The weaknesses mentioned above, impose a significant shortcoming in the CSR programmes’ ability to deliver the strategic intent of SCB through the delivery of some or all of the expectations of all some or all of the stakeholders of the organization. Therefore, the study concludes that the CSR programmes have not adequately enhanced the attainment of the strategic intent at SCB due to
inadequate funding, inefficient CSR models, localised geographical reach and externalities like high inflation, poverty levels and unemployment levels.

**Recommendations**

1. The board of directors should allocate more financial resources to the CSR kitty of SCB to cater for publicity and elaborate organization of the events.
2. The current CSR programmes should be expanded to engage more employees and serve more needy cases in a wider geographical area.
3. There is urgent need to come up with a CSR model that delivers tangible benefits to all stakeholders from each CSR investment by SCB.
4. The policy makers like NSE, KBA and the National Assembly should come with laws and regulations that stipulate the minimum ratio of CSR kitty to Profits after tax to guard against insignificant allocations to CSR investments.
5. SCB should strive to attract more co-sponsors in order to benefit from the economies of scale.

**REFERENCES**


