FACTORS AFFECTING IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN THE OPERATIONS OF KENYA AIRWAYS

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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Research Report Submitted to The Chandaria School of Business in Partial Fulfillment of The Requirements for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SPRING 2018
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States University in Nairobi for academic credit.

Signed: _________________________ Date: _________________________

Eliah Karago (633551)

This project report has been presented for examination with my approval as the appointed supervisor.

Signed: _________________________ Date: _________________________

Professor Peter Lewa

Signed: _________________________ Date: _________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of the study was to examine the factors affecting impact of implementing Corporate Social Responsibility (CSR) in management at Kenya Airways. The research was guided by the following research questions: How does implementation of Corporate Social Responsibility programs impact the financial performance of Kenya Airways? How does implementation of Corporate Social Responsibility programs impact the company reputation of Kenya Airways? How does implementation of Corporate Social Responsibility programs impact corporate governance in Kenya Airways?

The study utilized a descriptive research design as it aimed to describe, explain and also validate the research findings. Data was collected via questionnaires from top level managers, middle level managers and subordinate staff. The target population for this study was 112 respondents from Kenya Airways. From the initial target population of 112, this being more than 100 but less than 500, and guided by the rule of thumb, the study used stratified random sampling and a quota of 50% was drawn from each strata resulting in a sample size of 56 respondents. The data was analysed using descriptive statistics by employing Statistical Package for Social Scientists and presented using tables and figures. Correlation and regression analysis was utilised in establishing the determine relationship between the dependent and independent variable.

It was established that majority (98.5%) strongly agreed that the company has adopted its own Code of Corporate Governance. Kenya Airways has issued a "mission statement" that explicitly places a priority on good corporate governance and the Company has a policy/culture that prohibits the employment of the under-aged.

Majority of the respondents (81%) strongly agreed that the company supports good causes that benefit the society and environment. It was noted that Kenya Airways contributes actively and voluntarily to the social improvement, economic and the environmental of society, a law abiding company, upholds transparency and upmost respect for people and the environment, the company widely contributes and volunteers to the social improvement, economic and the environmental of society, the company treats customers courteously, communicates with them.

It was established that majority of the respondents (85%) strongly agreed that Kenya Airways has the resources needed to measure performance, activities for measuring performance are listed down or known in the company, the balance scorecard is an
effective system for performance measurement, performance appraisal is done at least twice a year, financial performance always reflect profitability, market position, customer relationships, productivity and flexibility.

The study concluded that Kenya Airways has a mission statement that emphasizes on good corporate governance, adopted code of corporate governance to monitor compliance. The company also has policy and culture that prohibits employment of underage. It was also concluded that Kenya Airways is a company of value. It obeys laws, it is transparent and respects people and the environment hence, and contributing to good causes that benefits society and environment. The study also concluded Kenya Airways financial performance reflects their market position and customer relationship.

It was recommended that Kenya Airways should have a well written policy in regard to Corporate Social Responsibility. Through this, the company will be able to share with its shareholders and customers information regarding their financial and non-financial activities hence gaining the trust of their shareholders and customers. Kenya Airways needs to develop strategies that will help them to continue treating customers with courtesy and communicate with them. It is recommended that Kenya Airways should develop strategies that will help them continue to improve on their financial performance hence increase profitability and performance. For Further Studies this research recommends that similar study should be done on other organizations to find out other impact of implementing Corporate Social Responsibility (CSR) into management.
ACKNOWLEDGMENT

I would like to express my special acknowledgement to Professor Peter Lewa for his continued guidance and support. Also to the staff of Kenya airways who took part in this study.
DEDICATION

This proposal is dedicated to my friends and family for their continued effort towards my achievement of my master’s degree.
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ABBREVIATIONS AND ACRONYMS

CEO – Chief Executive Officer
CG – Corporate Governance
CSR – Corporate Social Responsibility
KQ – Kenya Airways
ROA – Return on Assets
ROE – Return on Equity
ROI – Return on Investment
CHAPTER ONE

1.0 INTRODUCTION
1.1 Background of the problem

It is becoming increasingly difficult for corporations to function effectively without weaving in elements of social responsibility in the day-to-day running of their businesses. Whereas, in the past, investors’ decisions were guided primarily by the health of a company’s balance sheet, in present times an assessment of how a company reacts and responds to the society in which it exists is now fast becoming a major criteria in guiding investors’ decisions the world over.

Corporate Social Responsibility is seen as the commitment of businesses to sustainable economic development, such that development improves the quality of life of an assortment of people, including employees, their families, and the local community (Alafi & Hasoneh, 2012). Moreover, CSR is also defined as a behavior that is connected with business ethics, meaning the obligation of the operations of a firm to social, as well as environmental concerns (Wang, Chen, Yu, & Hsiao, 2015). According to Alafi & Hasoneh (2012), CSR practices push firms to conduct more social responsibilities than they are obligated to under the law. Companies have started to realize that a strategic performance in Corporate Social Responsibility (CSR) have also notable implications on the company’s financial performance (Becchetti et al. 2012).

Previous studies that have put focus on the effects of firms’ CSR activities, revealing that CSR can affect corporate reputation (Alafi & Hasoneh 2012), corporate political activity (Lankveld, 2014), brand performance (Lai, Chiu, Yang, Pai, 2010), customer satisfaction (Alafi & Hasoneh, 2012), and financial performance (Saeidi et al. 2015). However, the common topic found in this work is still the relationship between CSR and financial performance CSR is seen as a vital approach to generate wealth and improve firm performance (Vázquez & Hernandez, 2014). Many scholars have indicated a close link between CSR and the performance of firms (Alafi & Hasoneh, 2012), but controversy remains regarding the impact of CSR efforts as they pertain to financial performance. Here, some researchers have demonstrated that CSR is positively related to financial performance (Alafi & Hasoneh, 2012).
CSR is now linked to the social consequences of commerce, business and marketing and thus aims at mitigating and limiting the negative consequences while enhancing and augmenting the positive consequences of commerce, business and marketing (Vasquez-Parraga, 2014). Some corporations start CSR programs to improve their reputation (Vasquez-Parraga, 2014). Corporate reputation systematically is understood as subjective and collective recognition, perception, attitude and evaluation of an organization over time between all involved stakeholder groups that is based on specific organizational quality aspects, past behavior, communication, symbolism and, possibility and potential to satisfy future expectations comparing to competitors.

CSR is an essential element in building and maintaining favorable corporate reputation, which is regarded as an important strategic resource factoring into a company’s competitive advantage. (Park, Lee, & Kim, 2014) Research by Vasquez-Parraga (2014), proves that CSR issues may benefit organizations in building their reputation and suggests that customers expect firms to be involved in CSR activities and may reward them for their efforts. An interest in CSR and corporate reputation is greatly influenced by tougher competitive conditions in the market and economic pressure to organizations from various stakeholder groups. Various studies conclude that stakeholder groups take into account organizations’ commitment to CSR initiatives when evaluating organizations. As a result, it is important to investigate deeper into CSR reasons, practices and impact to corporate reputation.

According to Barnea & Rubin (2010), CSR involvement is a principal agent relationship between top management and stockholders. They argue that top management must have a personal concern in investing in CSR, engaging in activities to gain personal benefit from building reputation as good, socially responsible citizens, perhaps at the cost of stockholders. These over confident top managers occasionally make value destroying investments so the proactive monitoring by using different governance methods should decrease the incentive for over investment in CSR engagement. Indeed, nowadays organizations are facing growing expectations from various stakeholder groups. Organizations attract great attention and pressure on social and environmental issues. Being socially and environmentally responsible is very important to organizations of all types and sizes. However, organizations must look for ways to make use of these CSR
activities. Thus, translating good causes into strategic benefit of good corporate reputation is of tremendous value.

The fact that organizations are open systems means that although they must make a profit in order to survive, they must find the balance for their desire for profit against the needs and desires of the society within which they operate. In striving to satisfy their goals and achieve their objectives, a firm cannot operate in total isolation from the environment in which it is part of. They require the use of factors of production and other facilities of society. The economic efficiency of organizations is affected by governmental, social, technical and cultural variables. In return, the society is in need of goods and services created and supplied by organizations including creation and distribution of wealth. Organization’s survival is therefore dependent upon a series of exchanges between it and its environment. These exchanges and continual interaction give rise to a number of broader responsibilities to society in general (Mullins, 1985).

The airline industry plays a significant role in economic development of any country. The major contribution being provision of air transport services to passengers, cargo and mail. A country such as Kenya which relies heavily on foreign earnings through the export of its horticultural produce is a direct beneficiary of the airline services. The movement of people and goods for investment is also made possible through the airline services. Tourism is one of the main contributors to the national income and the movement of tourists is also made easy by the airlines which operate in the various part of the world including Kenya Airways. Over and above this, airlines also provide direct employment to many people and the direct contribution to the exchequer cannot be overemphasized (Chemayiek, 2005).

Kenya Airways is the flag carrier airline of Kenya and started operations in 1977. It has fast become a leading international airline travelling from Nairobi to destinations all over the world. Its main base is in Jomo Kenyatta international airport, Nairobi. The airline was established after the break-up of the East African Community and the consequent demise of East African Airways. It was wholly owned by the Kenyan government until April 1996 (Kenya Airways, 2018).
Corporate Social Responsibility (CSR) is one of the key strategies in Kenya Airways. The airline recognizes the fact that by engaging in CSR it has not only managed to sustain its position as one of the most respected airline’s both in Kenya and Africa but also in the past won the Company of the Year award (COYA). Corporate Social Responsibility (CSR) enhances the airline’s competitive edge in the turbulent environment which it operates in due to the enhanced corporate image. The airline also acknowledges the need to entrench CSR in its mission statement to ensure alignment with the overall corporate strategy, thus minimizing any potential conflicts between the stakeholders and the shareholder.

Researchers have treated CSR in various ways: as the information disclosed to the stakeholders on the business social conduct (Lankveld, 2014); as the perception of the various stakeholders of the business social conduct (Montiel & Ceballos, 2014); as corporate reputation (Montiel & Ceballos, 2014); as socially responsible investment and charitable donations (Nofsinger & Varma, 2014); and as independent multidimensional ethical rating of business (Montiel & Ceballos, 2014).

In reality, there are many business and government leaders who have limited peripheral understanding of CSR and hence their attitudes towards CSR are often confined towards writing cheques for donations to charity and participating in community work. This is somewhat understandable, given that the traditional focus of business is achieving bottom line results, in other words maximizing profits.

1.2 Statement of the Problem

According to A&C Black (2006), Corporate Social Responsibility (CSR) is emerging one the most challenging, complex and dynamic subjects that leaders are faced with and can arguably be the most critical. There have not been enough studies concentrated on companies in Africa. This study is to investigate how corporate governance and the board enhance their CSR activities in complying with the government requirement. The awareness of social responsibility that stated in the early 1980’s has led to growing pressure from various sources on the Government Linked Companies to accept responsibility of this nature which has an impact on society from business activities. Mitigoa (2006) argued that corporate reputation has become more complex and
progressively broader. It certainly extends beyond the quality of products and services, treatment of employees and brand values to encompass ideas of CSR and citizenship.

Companies will set the best practices image expected by the public if they place great importance on CSR because by disclosing CSR, it will gain better perception from the public. The question is why corporate social activities and disclosure are important considerations to stakeholders.

The main reasons are due to the accountability and transparency of the corporate social disclosure. Two in three global CEO’s believe that business sector is not doing enough to address sustainability issues (Accenture, 2013). Though businesses were pressured into improving their social performance (Montiel & Ceballos, 2014), still it is not clear whether business commitment to CSR creates or destroys value.

The problem under study was that the business worth of voluntary social conduct has not been identified or understood. The aim of this research is to explore the relationship between corporate social responsibility and corporate reputation in the context of Kenya. Interest of business organizations in CSR has increased significantly in recent years. The notion of CSR has not only received academic attention but it is becoming mainstream practice for business organizations all round the world. However, in the context of developing countries like Kenya dimensions of CSR are still under explored.

Mulei (2011) conducted research on corporate governance in Kenya Airways. While these studies focused on CSR practices and Kenya Airways, none has focused on CSR practices in the airline. According to Pearce and Robinson (1997), each firm regardless of size must decide how to act in a socially responsible manner by fulfilling its perceived social responsibility. Tsoutsoura (2004) echoed this by noting that each company has a unique way of implementing CSR, depending on its size, the particular industry involved, the firm’s business culture, stakeholder demands, and how historically progressive the company is in engaging in CSR.

Literature shows that CSR activities can be translated into good corporate reputation from the perspective of various stakeholder groups. However, analysis of CSR reasons and practices in relation to building good corporate reputation and the impact of CSR to corporate reputation still lacks attention. This shows an evident need of elaboration on such issues as CSR and corporate reputation. Many of the previous studies has been
attempted to focus on these two variables, CSR and financial performance (Almsafir, 2014). Undoubtedly, they have created a broad understanding about how CSR contributes to the organization’s financial performance (Almsafir, 2014).

Nevertheless, the ethics process that holds an organization values and principles to guide the employees towards better performance remain unclear. Almsafir (2014) also indicated that the nexus between CSR and financial performance is indeed indecisive. This research aimed to focus on the recent five years literature review, which lead to the intense outcome of whether CSR influences the organizations’ financial performance.

The aviation industry plays a significant role in the economic development of any country. It is one of the most competitive and strategic industries in the world. Kenya Airways (KQ) being Kenya’s flag bearer has grown to become a major force in the Kenya aviation industry, and is ranked among other highly successful and respected airlines in Africa and across the globe. Despite ruthless competition from larger established international airlines, KQ has not only managed to survive, but has continued growing and remained profitable.

1.3 Purpose of the Study

The purpose of the study was to analyze the impact of implementing Corporate Social Responsibility (CSR) into management and how it makes an impact on corporate governance, financial performance and company reputation.

1.4 Research Questions

1.4.1 How does implementation Corporate Social Responsibility programs impact the financial performance of Kenya Airways?

1.4.2 How does implementation Corporate Social Responsibility programs impact the company reputation of Kenya Airways?

1.4.3 How does implementation Corporate Social Responsibility programs impact corporate governance in Kenya Airways?

1.5 Significance of the Study

1.5.1 Organization

Corporate managers in Kenya in the airline industry particularly Kenya Airways will also find this research useful when formulating organizational policies on CSR. In addition,
the study will enlighten entrepreneurs and managers who don’t give back to the society on the importance of CSR.

1.5.2 Policy Makers

This study will be of benefit to policy makers who could use the findings to set guidelines and benchmarks for environmental conservation. They could also be of importance in coming up with appropriate tools for conducting social audits on organizations.

1.5.3 Academicians and Researchers

The findings of this study could be of benefit to academicians, students and researchers since it will add to the current scope of knowledge and theory in Corporate Social Responsibility (CSR). They could therefore use it as a basis for further research in Corporate Social Responsibility (CSR) and strategic management in general.

1.6 Scope of the Study

The study aimed to analyze the impact of implementing Corporate Social Responsibility (CSR) into management. The researcher intended on obtaining the required information from Kenya Airways. The respondents were from top management, mid level management and subordinate staff. The study was carried out between May and July 2017.

1.7 Definition of Terms

1.7.1 Corporate social Responsibility

CSR is the actions of a corporation to do good for the society beyond the compulsion of the law and the primary objective of corporation which is to perform for the interests of its shareholders (Pearce & Doh, 2015).

1.7.2 Corporate governance

Shleifer and Vishny (1997) define corporate governance as the ways in which corporations assure themselves of getting a return on their investment. Furthermore, taking a broad perspective on the issues.
1.7.3 Company Reputation

“A corporate reputation is a collective representation … It gauges a firm’s relative standing both internally with employees and externally with its stakeholders…” (Fombrun & van Riel, 1997)

1.7.4 Financial Performance

The level of performance of a business over a specified period of time, expressed in terms of overall profits and losses during that time. Evaluating the financial performance of a business allows decision-makers to judge the results of business strategies and activities in objective monetary terms. (Gaul, 2011)

1.8 Chapter Summary

The chapter gave a global overview of this strategy implementation on Kenya Airways and the factors affecting the implementation. Further on, it goes to highlight the research questions of the study, significance and scope of the study. Chapter two discusses the literature review bases on the research questions.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents the objectives that were stated in the previous chapter and explicitly see how they benefit corporations. The chapter will mainly present literature review by other scholars and researchers on the factors affecting integration of Corporate Social Responsibility (CSR) into strategic management, a case of Kenya Airways.

2.2 Corporate Social Responsibility Programs and its Impact on Financial Performance

In recent years, the concepts of corporate sustainability, corporate social responsibility (CSR), corporate social performance and environmental management have received increasing amounts of attention from both academics and practitioners. Given that sustainability practices are key to a company’s survival, targeted sustainable actions within a company's strategy are likely to become a source of competitive advantage (Lloret, 2016).

2.2.1 Competitive Advantage and Strategic Necessity

The link between CSR and competitive advantage is often viewed as promising if social needs, environmental limits and corporate interests are well coordinated within it. It provides a mutual value for the company and the society (Porter & Kraemer, 2011). Further, Porter and Kramer (2006) list earlier schools about CSR and the competitive arena. Moral obligation refers to engagement in activities because it is the “right thing to do”. It can further be said that a firm needs to weight one social benefit against another, and at the same time look at the cost associated with the activities. Sustainability refers to the use of CSR activities to ensure sustainable development, and the consideration of the triple bottom line. Acting in congruence with the triple bottom line may lead to competitive advantage. License to operate considers explicit and tacit permission from different stakeholders. Lastly, reputation refers to the firms’ engagement in CSR activities in order to strengthen the company’s image and brand towards stakeholders.

According to Gove & Janney (2011), suggested that firms can benefit from CSR enhanced reputation when they undergo major crisis or scandals. According to them, safeguarding part is best obtainable when CSR is high, and thus, financial performance will not be deeply harmed. Ekatah, Samy, Bampton, & Halabi (2011), found that
regardless of the causal connection, CSR is found to be positively related to profitability of the firm. Wang & Choi (2013), also found CSR leads to improved firm’s profitability and that financial performance is better off when firms are highly rated in their CSR indexes in comparison to other firms.

Tang & Hull (2012), argued that a consistent social performance is a condition that under which firms can only start realizing synergies and improve their financial performance. This notion is consistent with other studies. Wang & Choi (2013), further insisted that in order for firms to enjoy the CSR returns, they must be consistent. They concluded that firms that are knowledge-intensive must more than others pay more attention to their CSR performance, as such action would have a stronger positive impact on their overall financial performance through maintaining their know-hows secrecy and thus keeping one of their core competencies.

A multitude of pressures on the enterprise so as to reduce its resource requirements are increasing lately. Typically these pressures are emanating partly from the stakeholders who expect a responsible corporate behavior, and also shareholders concerned about the economic impact of the enterprise’s performance (Depoers, 2010). These different pressures in favor of a CSR policy can have a positive impact on the enterprise’s strategy, particularly in terms of differentiation. In fact, integrating CSR principles in their strategy, companies are developing interactions with various stakeholders of the enterprise through; employees unions, works councils, contractors, customers, suppliers, public authorities, associations, local authorities, etc. This impacts the value of the enterprise and its operations (Hoffmann & Saulquin, 2009).

According to Bolanle, Olanrewaju & Muyideen (2012), carried out a study in Nigerian banks using Regression Model and found that there is a significant positive relationship between CSR and Firms Profitability because CSR reduces tax paid thus improving the overall firm’s profitability. The researcher recommended that CSR commitment should not be underestimated despite some bad managers misusing the funds and claiming they have done CSR which can mislead the findings and eliminate the benefits that can be seen if you carry out the study under such a situation. Neda (2011), successfully identified the association between CSR and financial performance by using a sample which is bigger and comparatively close to the present. As a control variable, the age of long-term assets is also been examined; its correlation with CSR is analyzed.
2.2.2 Corporate Social Responsibility on Stakeholders

Marín, Rubio & Maya (2012), claimed that CSR efforts foster the emergence of positive stakeholders’ reactions to the company and that this does not only affect a firm’s value in general, but it also improves the competitive positioning. In terms of financial performance recent studies Neda (2011) and Farag (2014), marked a similar results, CSR is positively associated to financial performance. (Neda, 2011) investigated the bond between CSR and financial performance in Chinese companies by using the stakeholder theory, which has been developed since 1960s. The argument is, companies that acquired CSR dynamically have been inclined, and from the strategic perspective, the stakeholders’ interest counted. In the papers, nine types of stakeholders, named shareholders, managers, employees, creditors, suppliers, retailers, consumers, government and community has been looked into. Within two years, the variation of CSR and financial performance is studied. The results showed that with good CSR, companies’ financial performance has been improved and vice versa (Neda, 2011).

For the more recent papers, in-depth research was involved as researchers aware on the mediating mechanism effects on the relationship(Karaye & Ishak, 2014). Karaye & Ishak (2014), proposed a conceptual framework that described in what manner CSR stimulates financial performance and the reason behind, along with the probable mediator, stakeholder influence capacity. Recent studies have also shown that there a link between customer satisfaction and company performance. Although various stakeholders have different interests, which may have diverse impacts upon CSR policies (Lu, Chau, Wang & Pan, 2014), the increasing global awareness of CSR encourages them to conduct CSR practices. Moreover, previous studies have shown that CSR is an important component for customer loyalty (Wang & Choi, 2013), and it can influence customer loyalty at those times when companies are in fiercely competitive environments (Martinez & Bosque, 2013).

Understood through equity theory, customers are more likely to be more satisfied if a firm is socially responsible toward different stakeholders, including the customers themselves (Pérez & Bosque, 2015). On the one hand, customer satisfaction results from both the perceptions of service quality and the perceptions of the company’s social responsibility level (Walsh & Bartikowski, 2013). Saeidi, Sofian, Saeidi, Saeidi, & Saeidi (2015), performed three possible ways of mediation in the relation between CSR and firm
performance, also called maintainable competitive advantage, stature along with customer contentment. In the 21st century, concerns on CSR have also intentionally grown due to the stiff competition, enlighten of stake-holders and environment and rise of firm clarity requirement (Saeidi et al., 2015). Hence, for consumers’ guarantee and further ecologic protection, it is arguable that CSR should not only impact directly on the firm performance but entirely arbitrated by competitive advantage, stature and customer contentment. Firm’s productivity is determined by a balanced scorecard methodology, which is computed using ROA, ROE, return on investment (ROI), and net profit margin. In Saeidi et al. (2015), findings, CSR is given positive effect in the link to firm performance with the arbitrated of customer contentment, competitive advantage, and reputation.

It is important to perform the legal component in a manner that is consistent with expectations of government and law (Carroll 1991). The fact that a firm should comply with given laws and regulations can be decisive for the firms’ existence in the competitive realm. The component may be seen as an important necessity.

The moral component is inclusive of assumptions of society mores and moral norms. It will be necessary with to respects new norms up held by the society (Carroll 1991). A firm will need to do as is expected morally, which may be seen as a strategy.

The philanthropic component will need to be performed according to philanthropic and charitable expectations of society (Carroll 1991). The firm will need to act on society’s expectations and may therefore be seen as a strategic necessity. However, a firm may manage its philanthropic activities in a competitive manner, and by being strategic, the use of philanthropic activities can lead to competitive advantage (Porter and Kramer 2002).

2.3 How CSR Builds Company Reputation

2.3.1 CSR and Reputation

Corporate image refers to customers’ beliefs, perceptions, feelings, and impressions of the company (Richard & Zhang, 2012). A company’s stakeholders usually hold a corporate image for the company, which can be an important factor that influences the stakeholder’s attitudes and behaviors. If a company’s stake holders see a positive corporate image for the company, growth potential is likely to increase through positive interactions between the stakeholder and the company. CSR is increasingly important for companies seeking
the right balance of corporate and societal growth to achieve sustainable development. Park, Lee, & Kim (2014), stated that CSR is an essential element of a corporation’s strategy to gain a competitive advantage and to distinguish the firm from its competitors. A company with strong CSR programs can convey a positive image to its stakeholders (Montgomery & Ramus, 2003).

According to Bhattacharya, Korschun & Sen (2006), social responsibility is one the main components of reputation management together with crisis and reputation management. This view is supported Bhattacharya, Korschun & Sen (2006), who argued that the overall aim of CSR is to build a more sustainable approach into the operating ethos of the company and to promote these policies to attract the customer and consumer.’

Feldman & Vasquez-Parraga (2014), summarizes possible reasons for CSR generated from various literature sources. They case that associations might have 6 purposes behind CSR. In CSR activities impact consumers’ responses to that shares of the organization Also its items. Second, particular authoritative approaches are discovered to incorporate CSR efforts so as to entice as well as maintain clients. Third, customers utilize trade-off benchmark in the middle of CSR item characteristics and old fashioned item attributes for example; price, standards, and accommodation insufficient knowledge. Fourth, consumers’ evaluations about organizations CSR could be connected on their perspectives from claiming how mindful of an organization will be over related areas such as economic, legal, ethical, and philanthropic. Fifth, consumer’s evaluations of the fit between organization’s CSR undertakings with consumers’ traits or diversions positively impact consumers’ recognitions of organization’s CSR actions. Sixth, consumers who get information concerning organization’s CSR actions expand their CSR understanding, which to turn, results to certain attitudes towards purchasing items starting with CSR organizations.

According to Melo & Garrido-Morgado (2012), further state that CSR is a heterogeneous construct and that, when broken down into qualitative areas, each of its dimensions affect corporate reputation differently. Bayoud & Kavanagh (2012), agree that overall reputational impact of CSR is likely to be jointly contingent upon which CSR dimension is under consideration. For example, a strong record of environmental performance may influence corporate reputation differently depending on whether the corporate activities fit with stakeholders’ environmental concerns. Bayoud & Kavanagh (2012), further agree that CSR reporting enhances corporate reputation and financial performance, with the
ability to attract foreign investors and, greater customer satisfaction and employee commitment.

2.3.2 Reputation Management

A study by Pearce (2011) identified two different levers companies can build a reputation as a responsible corporate citizen; positive lever and avoiding negative CSR that they surprisingly see more important effort. The first lever means investments in activities that benefits society. The second lever is avoiding any harm on company’s reputation, issues such as buying from unethical suppliers or treating employees bad. A study by Peloza (2008), supports the importance of protecting company from negative CSR. Their research indicates that stakeholders disfavor companies with negative CSR reputation whereas if company does not participate in CSR activities the behavior will not change.

Among these, CSR is centrally located because it is considered the most important reputational driver (Pearce, 2011). Additionally, especially for certain stakeholders, CSR would have a reputational impact far greater than the economic performance (Walker & Dyck, 2014). CSR can be seen as an emotional aspect of brand image which enhances a company’s competitive advantage (Martinez, Perez & Rodriguez del Bosque, 2014). If a company’s positioning strategy is based on its’ CSR activities, the core values are permeated by the core values of CSR (Du, Bhattacharya & Sen, 2010).

Casado Diaz et. al. (2014) state that customers favor companies that are involved in CSR. When customers perceive a company as socially responsible, they will be positively influenced when evaluating the service quality. Customers assume that social responsibility is linked to high service quality and may therefore use CSR information to decrease the uncertainty of a service (Casado Diaz et. al., 2014). Martínez, Perez and Rodriguez Del Bosque (2014) state that CSR has a positive influence on brand image which in turn engages the customer in brand loyalty. Furthermore, the authors show that a strong brand image increases the word of mouth and the purchase intentions in a positive way (Martínez, Perez & Rodríguez del Bosque, 2014). However, it is important to effectively communicate the company’s CSR actions to increase the customers’ awareness and attitude, in order for them to develop a strong brand image (Martínez, Perez & Rodríguez del Bosque, 2014).
To conclude, building a good reputation can take years from a company whereas one negative activity can take it away in months or even in days (Minor & Morgan, 2011). Thus, neutral behavior, in other words intention to limit negative activities, towards CSR activities might be more beneficial for company than seeking a positive CSR reputation. CSR initiatives can become costly for the companies and the increasing involvement in building positive CSR might eventually diminish the value of it (Minor & Morgan, 2011).

According to past and recent research, it is quite clear that corporate reputation significantly contributes to long-term competitive advantages of organizations, and that is its strategic success factor. In the first sections it already has been discussed that reputation is not easy to define because it depends on various stakeholders’ views, intentions and expectations of enterprise performance. Stakeholders, especially investors and suppliers, would see enterprise reputation from a different angle than the customers (Neda, 2011).

A study conducted by Martinez & Bosque (2013), supports this notion by revealing that CSR initiatives directly affect hospitality customers’ satisfaction levels and indirectly influence their behavioral intentions. In particular, CSR has been and still is essential in the casino industry since casino businesses can positively contribute to a society as well as negatively affect it (e.g., problem gambling, family abuse, embezzlement, and crime) (Lee, 2013). Also, a positive reputation is a strategic resource for building credibility and support among different stakeholders (Melewar, 2003). Organizations nowadays need more than ever to maintain harmonious relationships with their different stakeholders so as to sustain a competitive economic performance (Huang, 2008).

2.4 How does CSR affect corporate governance?

Corporate Governance is the system of regulating and overseeing corporate conduct and of balancing the interests of all internal stakeholders and other parties (external stakeholders, governments and local communities …) who can be affected by the corporation’s conduct, in order to ensure responsible behavior by corporations and to achieve the maximum level of efficiency and profitability for a corporation (Du Plessis, 2014).

The conceptualization of CSR was, initially, purely in terms of philanthropy or charity. However, the post-liberalization phase has seen a fundamental shift from this
philanthropy-based model of CSR to a stakeholder-participation based model. Furthermore, CSR is gradually getting fused into companies’ Corporate Governance practices. Both Corporate Governance and CSR focus on the ethical practices in the business and the responsiveness of an organization to its stakeholders and the environment in which it operates. Corporate Governance and CSR results into better image of an organization and directly affects the performance of an organization.

2.4.1 Corporate Governance forces and considerations

Pryce (2002), suggests that the current focus of CSR in Corporate Governance (CG) is driven by five forces: customers’ pressure, changes in business procurement, government legislation and pressure, the rise of socially responsible investment and the changing expectations of employees. An organization’s system of corporate governance is operationalized through the development of a structure that specifies the distribution of rights and responsibilities among different participants (or “stakeholders”) in the corporation and spells out the rules and procedures for making decisions on corporate affairs.

According to Wilson (2000), the corporate conduct new rules should have the following consideration:

Legitimacy is the first one which is to earn and retain social legitimacy, the corporation has to define its basic mission in terms of the social purpose it is designed to serve rather than as the maximization of profit. Governance is the second one since corporations have to be thought of, managed, and governed more like a community of stakeholders and less like properties that belong to investors. The third one equity which basically entails for corporations to strive to achieve greater perceived fairness in the distribution of economic wealth and in its treatment of all stakeholder interests. The fourth is the environment and here the corporation must know how to integrate the sustainable development and restorative economics into the mainstream of its business strategy.

Employment is the fifth which states that the corporations must rewrite the social contract of work to reflect the values of the new workforce and increase both the effectiveness and loyalty of employees and the corporation. The Public/private-sector relationships follows and this is to ensure the success of the power shift, corporations must work closely with governments to achieve a viable and publicly accepted redefinition of the roles and responsibilities of the public and private sectors. Lastly, ethics whereby the corporations
must elevate and monitor the level of ethical performance in all its operations in order to build the trust that is the foundation of sound relationships with all stakeholder groups. (Wilson, 2000).

There are inherent conflicts among various stakeholders because different groups of stakeholders possess different objectives, which may be in conflict with one another. For instance, employees may demand high employment benefits. However, investments in employment benefits may reduce the return to shareholders, leading to an inherent tension between employees and shareholders. Left unresolved, these conflicts may have deleterious effects on firm performance. The adoption of CSR can be used as a mechanism to resolve the conflicts among various stakeholders. The conflict resolution view suggests that managers engage in CSR in order to resolve conflicts among stakeholders, with the ultimate aim of maximizing shareholders’ wealth (Jensen, 2001).

Bhattacharya, Korschun & Sen (2006), investigated the effect of CSR on stakeholder relationships showing evidence that even a single CSR initiative can have impact on both, internal outcome and behavioral intentions related to stakeholder roles. According to the results, positive CSR initiatives increased not only attitude and identification of the company but also the intent to commit personal resources, such as purchasing decision or possibly seeing company as a potential employer.

Also Peloza (2008), proved the influence of single CSR initiative to stakeholders’ behavior and through that to company’s profitability. Their study overviewed the behavior of employee and customer leading to an important conclusion that CSR is not only what company does to be socially responsible that impacts its reputation but also what it does not or does not do as well as competitors. It is important to notice that no CSR activities are better than negative evaluation of CSR activities which can lead to an unsupportive behavior by stakeholder. Another significant point of view discussed in the study was stakeholders’ propensity to compare company to others in relation to their own expectations and interests, the more congruent the company more likely it will be seen as socially responsible. Thus, especially in the competitive markets it is crucial for a company to maintain the same, or better, CSR involvement than its competitors (Peloza, 2008).
Corporate Governance has assumed great importance in the wake of frauds, scams as well as increasing competition and globalization. It stipulates parameters of accountability, control and reporting functions of the board of directors. It further on puts emphasis on proper relationship among various participants the board, management, shareholders, banks, financial institutions, suppliers, creditors and the state in determining the direction and performance of companies. (Khetia, 2015)

2.5 Chapter Summary

This chapter presents the literature review based on the research objectives, how Corporate Social Responsibility affects the financial performance of Kenya Airways, how Corporate Social Responsibility affects the organization’s reputation of Kenya Airways and how Corporate Social Responsibility impact corporate governance of Kenya Airways. Chapter three discusses the research methodology that will be used in the study to collect data.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the general methodology applied in this research. This chapter looks at the research design, population, and sample size, data collection methods, research procedures and data analysis and the presentation methods to be utilized in this research.

3.2 Research Design

According to Saunders, Lewis & Thornhill (2000), they described research design as a framework for collecting and analyzing data in order to answer research questions and meet the objectives of the research by providing good justification for the choice of data sources, methods of collection and technique analysis. This was used as a guide for the collection and analyzing the data based on the research questions of the study at hand.

Sekaran and Bougie (2013) say that descriptive studies are often used to collect data that describes the characteristics of persons, events, or situations. Further, the correlational approach that was adopted for the study aimed to describe relationship between the independent and dependent variables. According to Cooper and Schindler (2014) one of the objectives of descriptive studies is the discovery of associations among different variables. This objective is sometimes labeled a correlation study, a sub set of descriptive studies.

The research allowed for both open and closed ended questions in the questionnaire due to the desire of attempting to capture all the required information. The open ended questions providing an opportunity to respondents to add on to anything that they feel may not have been well captured hence the need for the research to employ both the qualitative and quantitative strategy. This is because quantitative strategy is often used as a synonym for any data collection technique like questionnaire, or data analysis procedure such as graphs, that generates or uses numerical data. Whereas, qualitative is for techniques like interviews and data analysis procedure such as categorizing data that generates uses of non-numerical data (Saunders, Lewis & Thornhill, 2000).

The study intended to obtain the views of the respondents from Kenya Airways in the line with analyzing the impact of implementing Corporate Social Responsibility (CSR)
programs in to their operations. The study employed quantitative research to attain a better knowledge and in-depth understanding of the findings. The main objective of this study is to provide a clear understanding of the impact of implementing Corporate Social Responsibility in relation to the set objectives.

3.3 Population and Sampling Design

3.3.1 Population
A population is normally a collection of all the units of concern that researchers would like to study within a particular problem space (O’Gorman & MacIntosh, 2014). Population is the aggregate collection of individuals whom researchers seek to make inference on (Cooper& Schindler, 2003). The target population was respondents who oversee implantation of Corporate Social Responsibility.

This comprised of Managers, Heads of departments and assistant managers. The target population for this study was managers and head of departments who are charged with operationalization of Corporate Social Responsibility implementation.

Table 1: Population

<table>
<thead>
<tr>
<th>UNIT OF ANALYSIS</th>
<th>TARGET POPULATION</th>
<th>% DISTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOP MANAGEMENT</td>
<td>10</td>
<td>8%</td>
</tr>
<tr>
<td>MID LEVEL MANAGERS</td>
<td>31</td>
<td>28%</td>
</tr>
<tr>
<td>SURBODINATE STAFF</td>
<td>71</td>
<td>64%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Kenya Airways

3.3.2 Sampling Design

According to Sekaran and Bougie (2013), in probability sampling, the elements in the population have some known, nonzero chance or probability of being selected as sample subjects. This design is used when the representatives of the sample is of importance in the interest of wider generalizability. This was the design that the study adopted, as the sample was inferred to the population.
3.3.2.1 Sampling Frame

A sampling frame is the source material or device from which a sample is drawn. It represents a list of all those within a population who can be sampled, and may include individuals, households or institution (Zikmund & Babin, 2012). The sample of the study comprised of all managers at the operational level at Kenya Airways.

3.3.2.2 Sampling Technique

The sampling frame for any probability sample is a complete list of all the cases in the target population from which the sample will be drawn (Saunders, Lewis, & Thornhill, 2000). It is essential because the methodology applied is used to determine whether the sample of the study is a true representative of the whole population from which it is drawn or not. The findings of the study will be assumed a true representative of the study population (Cooper & Schindler, 2003). Since the population was divided into the various categories i.e. head of departments, managers and assistant managers a stratified random sampling was used to collect data from the various strata of the respondents. This technique ensured that all the respondents will be fully represented by reducing selection bias. Stratifying the entire population also helps ensure a sample that accurately reflects the population being studied (Zikmund & Babin, 2012).

3.3.2.3 Sample Size

From the initial target population of 112, this being more than 100 but less than 500, and guided by the rule of thumb, the study used stratified random sampling and a quota of 50% was drawn from each strata.

Table 2: Sample Size

<table>
<thead>
<tr>
<th>UNIT OF ANALYSIS</th>
<th>TARGET POPULATION</th>
<th>% OF SAMPLE</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOP MANAGEMENT</td>
<td>10</td>
<td>50%</td>
<td>5</td>
</tr>
<tr>
<td>MID LEVEL MANAGERS</td>
<td>31</td>
<td>50%</td>
<td>16</td>
</tr>
<tr>
<td>SUBORDINATE STAFF</td>
<td>71</td>
<td>50%</td>
<td>35</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>112</strong></td>
<td><strong>50%</strong></td>
<td><strong>56</strong></td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods

Primary data was collected by giving the respondents both open and close-ended questionnaires. The questionnaires were delivered or sent via email to the department heads, the various managers and their assistants at Kenya Airways. The questionnaire was divided into five sections addressing the demography first with the first, the second, third and fourth sections addressing the objectives of the research while the last section was addressing the dependent variable. The decision to use a questionnaire was based on the fact that the tool is fairly easy to comprehend and use for the respondents (Burns & Ryman, 2008). Furthermore, it offers a high response rate as it is less burdening if compared to other tools such as focus groups. Additionally, a likert scale was also used with options ranging from strongly agree to strongly disagree on a 5 point scale. The researcher was obtained a research permit from Chandaria School of Business to help in authorization to collect data from the Kenya Airways.

3.5 Research Procedures

The analysis utilized a developed questionnaire for data collection and the questions were regulated to minimize interference from social elements. The study in addition utilized a five-point Likert scale to propose that every respondent is able to express their opinion on given declaration, and they will be expected to either agree, strongly agree, be neutral, disagree, or strongly disagree. The researcher was to acquire a research permit from Chandaria School of Business to help in acquiring consent to collect input from the company. Five questionnaires were be developed, pre-tested, and reviewed for precision; completeness, correctness, and clarity of interview the questions. The respondents were given ample time to complete the questionnaires and this was sent in both drop and pick and via email and the information received treated confidentially for the purpose of academics only. The researcher intended to communicate to the organization about the results of the research findings and also regular emails to the respondents to follow up on the questionnaires.

3.6 Data Analysis Methods

Data analysis is the process of analyzing, cleaning, transforming, and modeling data collected in a research. Data analysis methods used in the study included quantitative techniques (Cooper & Schindler, 2003). Data was coded according to different variables of the study for ease of data entry and interpretation. The descriptive statistical tool,
Statistical Package for Social Sciences and excel applications was used to help the researcher describe the data and determine the extent used and this was through descriptive analysis of means, standard deviations, and frequencies. A cross-sectional analysis basically entails a study carried out once and represents a snapshot of one point in time (Bryman & Bell, 2011). Finally, the data collected was presented in form of tables and figures which facilitate interpretation of information obtained.

3.7 Chapter Summary

This chapter clearly described the methodology that the research expects to use to reach the objectives of the study. The research methodology was presented under the following sections; research design, population, sampling frame, sampling technique, Sample size, data collection and data analysis. Chapter four covered data analysis and presentation of the findings of the research.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
The purpose of this study was to analyze the impact of implementing Corporate Social Responsibility (CSR) in the operations at Kenya Airways. This chapter presents outcome of the study and their interpretations. The chapter has results on the demographic data of the respondents such as duration of employment, employee level, and education level. It also presents results based on three research objectives

4.1.1 Response Rate
The research issued a total of 56 questionnaires and only 45 were filled and returned giving a response rate of 80%. This was sufficient for the study as indicated in table 4.1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and returned</td>
<td>45</td>
<td>80</td>
</tr>
<tr>
<td>Non-response</td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2 Demographical Factors

This section gives an analysis on the results on demographic factors of the respondents who participated in this research study.

4.2.1 Gender
The researcher sought to investigate gender of the respondent’s. Majority of the respondents were male representing 53% of the population whereas female were 47%. Below is Figure 4.1.
4.2.2 Highest Education Level

The researcher sought to investigate highest education level of the respondent’s. Findings revealed that 30 respondents have a degree this represents 67% of the total population, 10 respondents have a diploma representing 22% of the population and 5 respondents have masters this represents 11% of the total populations as Results are illustrated in figure 4.2 below.

4.2.1 Age

The researcher sought to investigate the age of the respondent’s. Findings revealed that 62% of the respondents were between 26-35 years. 18% of the respondents were less than 25 years, 16% were between 36-45 years and 4% were above 46 years Results are illustrated in Figure 4.3 below.
4.2.3 Number of Years Worked

To establish the duration the respondents have worked in the organization, the findings revealed that 23 respondents have been in the organization for 3-6 years this represents 51% of the total population, 15 respondents have been in the organization for 7 years and above this represents 33% of the population and 7 respondents have been in the organization for less than 3 years this represents 16% of the total population. Results are illustrated in Figure 4.4

Figure 4.4: Number of Years Worked

4.3 Effects of Corporate Social Responsibility and Corporate Governance

The first objective sought to establish impact of corporate social responsibility on corporate governance of Kenya Airways. Respondent were given a set of questions. On a scale of 5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree. They were supposed to respond to what extent does Corporate Social Responsibility affect Corporate Governance.
4.3.1 Corporate Social Responsibility and Corporate Governance

The findings revealed that majority of the respondents agreed that Kenya Airways has a written information disclosure policy that seeks to make all material information (financial and non-financial) fully timely and equally available to all stakeholders (4.93). The study also revealed that respondents agreed that Kenya Airways has corporate governance code and/or policies, procedures for monitoring compliance (4.98). The study also established that majority of the respondents strongly agreed that the Company is explicitly environmentally conscious (5.00). It was revealed that majority of the respondents strongly agreed that the company has adopted its own Code of Corporate Governance and applied another Organization’s Code of Corporate Governance (5.00). In addition it was also revealed that respondents strongly agreed that Kenya Airways has issued a "mission statement" that explicitly places a priority on good corporate governance (5.00). It was also established that the Company has a policy/culture that prohibits the employment of the under-aged (5.00). Results are illustrated in Table 4.2 below.

Table 4.2: Descriptive of CSR and Corporate Governance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the company have a written information disclosure policy that seeks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to make all material information (financial and non-financial) fully,</td>
<td>4.93</td>
<td>.252</td>
</tr>
<tr>
<td>timely and equally available to all stakeholders?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the company have a corporate governance code and/or policies?</td>
<td>4.98</td>
<td>.149</td>
</tr>
<tr>
<td>What are the procedures for monitoring compliance with these? Who does</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the monitoring?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company is explicitly environmentally conscious</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>Has the Company adopted its own Code of Corporate Governance or applied</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>another Organization’s Code of Corporate Governance?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company has issued a &quot;mission statement&quot; that explicitly places a</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>priority on good corporate governance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company has a policy/culture that prohibits the employment of the under-</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>aged.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3.2 Correlation Analysis

A Pearson correlation analysis was done to establish the relationship between CSR implementation on corporate governance. Findings revealed that there is no relationship between corporate governance and CSR implementation $r = 0.271$, $p > 0.072$ results are illustrated in Table 4.3 below.

Table 4.3: Correlation Analysis

<table>
<thead>
<tr>
<th>CSR implementation</th>
<th>CSR implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>Corporate governance</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.072</td>
</tr>
<tr>
<td>N</td>
<td>45</td>
</tr>
</tbody>
</table>

4.3.4 Regression Analysis between CSR Implementation and Corporate Governance

A regression analysis was done to analyze the effect of CSR implementation on corporate governance. On analysis, the R square value was 0.073 and p-value was (0.072). This indicates that there CSR Implementation has no effect on corporate governance as indicated in Table 4.4.

Table 4.4: Model summary of CSR Implementation and Corporate Governance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.271&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.073</td>
<td>.052</td>
<td>.19692</td>
<td>.073</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), corporate governance

An ANOVA analysis was done between CSR implementation on corporate governance and at 95% confidence level, the F critical was 3.397 and the P value was (0.072) therefore there was no significant results as shown in Table 4.5.

Table 4.5: ANOVAa

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>.132</td>
<td>1</td>
<td>.132</td>
<td>3.397</td>
</tr>
<tr>
<td>1</td>
<td>Residual</td>
<td>1.667</td>
<td>43</td>
<td>.039</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Total</td>
<td>1.799</td>
<td>44</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: CSR implementation
b. Predictors: (Constant), corporate governance

4.4 Effect of Corporate Social Responsibility Implementation on Company Reputation

The findings revealed that majority of the respondents agreed that Kenya Airways contributes actively and voluntarily to the social improvement, economic and the environmental of society (4.98). It was also revealed that Kenya Airways as a company has values that obeys the laws, transparent and respects people and the environment (4.82). The study also established that the respondents agreed that the company stands behind its products and services with good price and good quality that meet consumer (4.71). In addition the study also revealed that Kenya Airways contributes actively and voluntarily to the social improvement, economic and the environmental of society (4.98).

It was established that the company treats customers courteously, communicates with them (4.36). Moreover, the study also revealed respondents agreed that that the company looks like a good company to work, already be by its infrastructure such as its working environment, benefits and good treats with its employees (4.64). Respondents agreed that Kenya Airways generates respect, admiration esteem and confidence (4.80). Findings revealed that Kenya Airways is recognized, has excellent leadership, is innovative, and seeks constant overcoming. (4.87). Respondents strongly agreed that the company supports good causes that benefits society and environment (5.00). Results are illustrated in table 4.6 below

On analysis of the standard deviation the company treats customers courteously, communicates with them had the highest of (0.712) whereas Kenya Airways Company supports good causes that benefits society and environment had the lowest standard deviation of (0.000). This means that there was little variation amongst respondents on those who strongly agreed and agreed
Table 4.6: Descriptive of CSR Implementation on Company Reputation

<table>
<thead>
<tr>
<th>Statement</th>
<th>5 %</th>
<th>4 %</th>
<th>3 %</th>
<th>2 %</th>
<th>1 %</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company contributes actively and voluntarily to the social improvement, economic and the environmental of society.</td>
<td>98</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>4.98</td>
<td>.149</td>
</tr>
<tr>
<td>The company is a company with values that obeys the laws, transparent and respects people and the environment.</td>
<td>82</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td>4.82</td>
<td>.387</td>
</tr>
<tr>
<td>The company stands behind its products and services with good price and good quality that meet consumer.</td>
<td>82</td>
<td>7</td>
<td>11</td>
<td></td>
<td></td>
<td>4.71</td>
<td>.661</td>
</tr>
<tr>
<td>The company contributes actively and voluntarily to the social improvement, economic and the environmental of society.</td>
<td>98</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>4.98</td>
<td>.149</td>
</tr>
<tr>
<td>The company treats customers courteously, communicates with them</td>
<td>49</td>
<td>38</td>
<td>13</td>
<td></td>
<td></td>
<td>4.36</td>
<td>.712</td>
</tr>
<tr>
<td>The company looks like a good company to work, already be by its infrastructure such as its working environment, benefits and good treats with its employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.64</td>
<td>.609</td>
</tr>
<tr>
<td>This company generates respect, admiration esteem and confidence.</td>
<td>71</td>
<td>22</td>
<td>7</td>
<td></td>
<td></td>
<td>4.80</td>
<td>.405</td>
</tr>
<tr>
<td>This company is recognized, has excellent leadership, is innovative, and seeks constant overcoming.</td>
<td>80</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td>4.87</td>
<td>.344</td>
</tr>
<tr>
<td>This company supports good causes that benefits society and environment.</td>
<td>87</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td>5.00</td>
<td>.000</td>
</tr>
</tbody>
</table>

4.4.1 Correlation Analysis
A Pearson correlation analysis was done to establish the relationship between CSR implementation and reputation. Findings revealed that there is was a positive significant relationship between corporate governance and reputation \( r=0.418, p>0.004 \) results are illustrated in Table 4.7 below
Table 4.7: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>CSR implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR implementation Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed) Pearson Correlation</td>
<td>.418**</td>
</tr>
<tr>
<td>reputation Sig. (2-tailed)</td>
<td>.004</td>
</tr>
<tr>
<td>N</td>
<td>45</td>
</tr>
</tbody>
</table>

4.4.2 Regression Analysis between CSR Implementation and Reputation

A regression analysis was done to analyze the effect of CSR implementation on reputation. On analysis, the R square value was 0.175 and p-value was (0.004). This indicates that there was a positive relationship between CSR Implementation and reputation as indicated in Table 4.8

Table 4.8: Model summary Between CSR Implementation and Reputation

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Reputation

An ANOVA analysis was done between CSR implementation on reputation and at 95% confidence level, the F critical was 9.106 and the P value was (0.004\(^b\)) therefore, this indicates that there was a significant relationship between CSR implementation and reputation as illustrated in Table 4.9

Table 4.9: ANOVA \(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.314</td>
<td>1</td>
<td>.314</td>
<td>9.106</td>
<td>.004(^b)</td>
</tr>
<tr>
<td>Residual</td>
<td>1.485</td>
<td>43</td>
<td>.035</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.799</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: CSR implementation

b. Predictors: (Constant), Reputation
4.4.3 Coefficients of CSR Implementation and Reputation

The findings in table 4.10 indicates that CSR implementation had a significant positive effect on Reputation ($\beta = 0.418$, $p<0.004$) as illustrated in Table 4.10 below

**Table 4.10: Coefficients of CSR Implementation and Reputation**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.724</td>
<td>.727</td>
<td>3.748</td>
</tr>
<tr>
<td></td>
<td>reputation</td>
<td>.457</td>
<td>.151</td>
<td>.418</td>
</tr>
</tbody>
</table>

4.5 Corporate Social Responsibility and Financial Performance

The findings revealed that majority of the respondents agreed that Kenya Airways has resource needed to measure performance (4.84). Activities for measuring performance are listed down or known in the company (4.93), the balance scorecard is an effective system for performance measurement (4.91), performance appraisal is done at least twice a year (4.89), financial performance always reflect profitability (4.80), financial performance reflect the market position (4.84), financial performance reflect customer relationships (4.82), financial performance reflect productivity (4.78) and performance reflects flexibility (4.84). As illustrated in table 4.8 below

On analysis of the standard deviation financial performance reflect productivity had the highest of (0.420) whereas all activities for measuring performance are listed down or known in the company had the lowest standard deviation of (0.252). This means that there was little variation amongst respondents on those who strongly agreed and agreed.
Table 4.11: Descriptive of CSR Implementation on Financial Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>5 %</th>
<th>4 %</th>
<th>3 %</th>
<th>2 %</th>
<th>1 %</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>All resources are available needed to measure performance</td>
<td>84</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td>4.84</td>
<td>.367</td>
</tr>
<tr>
<td>All activities for measuring performance are listed down or known in the company</td>
<td>93</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>4.93</td>
<td>.252</td>
</tr>
<tr>
<td>Is the balances scorecard an effective system for performance measurement?</td>
<td>91</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td>4.91</td>
<td>.288</td>
</tr>
<tr>
<td>The company does performance appraisal at least twice a year</td>
<td>89</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td>4.89</td>
<td>.318</td>
</tr>
<tr>
<td>The financial performance always reflect profitability</td>
<td>80</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td>4.80</td>
<td>.405</td>
</tr>
<tr>
<td>Financial performance reflect the market position</td>
<td>84</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td>4.84</td>
<td>.367</td>
</tr>
<tr>
<td>Financial performance reflect customer relationships</td>
<td>82</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td>4.82</td>
<td>.387</td>
</tr>
<tr>
<td>Financial performance reflect productivity</td>
<td>78</td>
<td>22</td>
<td></td>
<td></td>
<td></td>
<td>4.78</td>
<td>.420</td>
</tr>
<tr>
<td>Performance reflects flexibility</td>
<td>84</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td>4.84</td>
<td>.367</td>
</tr>
</tbody>
</table>

4.5.1 Correlation Analysis

A Pearson correlation analysis was done to establish the relationship between CSR implementation and financial performance. Findings revealed that there is was a positive significant relationship between corporate governance and financial performance $r=0.638$, $p>0.000$ results are illustrated in Table 4.12 below

Table 4.12: Correlation Analysis

<table>
<thead>
<tr>
<th>CSR implementation</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>.638**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.5.2 Regression Analysis between CSR Implementation and Financial Performance

A regression analysis was done to analyze the effect of CSR implementation on financial performance. On analysis, the R square value was 0.406 and p-value was (0.000). This
indicates that there was a positive relationship between CSR Implementation and financial performance as indicated in Table 4.13

Table 4.13: Model summary Between CSR Implementation and Financial Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.638&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.406</td>
<td>.393</td>
<td>.15758</td>
<td>.406</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), financial performance

An ANOVA analysis was done between CSR implementation on financial performance and at 95% confidence level, the F critical was 29.449 and the P value was (0.000<sup>b</sup>) therefore, this indicates that there was a significant relationship between CSR implementation and financial performance as illustrated in Table 4.14

Table 4.14: ANOVA<sup>a</sup>

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.731</td>
<td>1</td>
<td>.731</td>
<td>29.449</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>1</td>
<td>Residual</td>
<td>43</td>
<td>.025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.799</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: CSR implementation
b. Predictors: (Constant), financial performance

4.4.3 Coefficients of CSR Implementation and Reputation

The findings in Table 4.15 indicates that CSR implementation had a significant positive effect on financial performance (β=0.025, p<0.000) as illustrated in Table 4.15 below

Table 4.15: Coefficients of CSR Implementation and Reputation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.731</td>
<td>1</td>
</tr>
<tr>
<td>reputation</td>
<td>1.068</td>
<td>43</td>
</tr>
</tbody>
</table>

b. Predictors: (Constant), financial performance
4.6 Corporate Social Responsibility Implementation

The findings revealed that majority of the respondents agreed implementation of corporate social responsibility in the organisation is affected by organization structure (4.98), policies and procedures (4.93), rewards and incentives (4.84), corporate culture (4.89) and best practices and continuous improvement (4.93).

On analysis of the standard deviation rewards and incentives had the highest of (0.367) whereas Organization structure had the lowest standard deviation of (0.149). This means that there was little variation amongst respondents on those who strongly agreed and agreed.

Table 4.16: Descriptive of Corporate Social Responsibility Implementation

<table>
<thead>
<tr>
<th>Statement</th>
<th>5%</th>
<th>4%</th>
<th>3%</th>
<th>2%</th>
<th>1%</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization structure</td>
<td>98</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>4.98</td>
<td>.149</td>
</tr>
<tr>
<td>Policies and Procedures</td>
<td>93</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>4.93</td>
<td>.252</td>
</tr>
<tr>
<td>Rewards and incentives</td>
<td>84</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td>4.84</td>
<td>.367</td>
</tr>
<tr>
<td>Corporate culture</td>
<td>89</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td>4.89</td>
<td>.318</td>
</tr>
<tr>
<td>Best practices and continuous improvement</td>
<td>93</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>4.93</td>
<td>.252</td>
</tr>
</tbody>
</table>

4.7 Regression Analysis between CSR Implementation and Other Variables

A regression analysis was done to analyze the effect of CSR implementation on reputation, corporate governance, and financial performance. On analysis, the R square value was 0.461 and p-value was (0.000). This indicates that all there was a positive relationship between CSR implementation and reputation, corporate governance, and financial performance as illustrated in Table 4.17 below.

Table 4.17: Model summary Between CSR Implementation and Other variables

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>0.679a</td>
<td>0.461</td>
<td>0.422</td>
<td>0.15378</td>
</tr>
</tbody>
</table>

Change Statistics

<table>
<thead>
<tr>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.461</td>
<td>11.692</td>
<td>3</td>
<td>41</td>
<td>0.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), reputation, corporate governance, financial performance
An ANOVA analysis was done between CSR implementation on other variables and at 95% confidence level, the F critical was 11.692 and the P value was (0.000b) therefore, this indicates that there was a significant relationship between CSR implementation and reputation, corporate governance, and financial performance as illustrated in Table 4.18 below.

### Table 4.18: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.830</td>
<td>3</td>
<td>.277</td>
<td>11.692</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>.970</td>
<td>41</td>
<td>.024</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.799</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: CSR implementation  
b. Predictors: (Constant), reputation, corporate governance, financial performance

#### 4.7.1 Coefficients of CSR Implementation and Other Variables

The findings in Table 4.19 indicates that only financial performance had a significant positive effect on CSR implementation (β= 0.536, p<0.000) whereas Corporate governance (β =-0.080, p> 0.509) and reputation had a β =0.234, p>0.061) has negative effect.

### Table 4.19: Coefficients of CSR Implementation and Other Variables

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.155</td>
<td>2.000</td>
<td></td>
<td>.078</td>
</tr>
<tr>
<td>financial performance</td>
<td>.448</td>
<td>.106</td>
<td>.536</td>
<td>4.214</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>.272</td>
<td>.409</td>
<td>.080</td>
<td>.667</td>
</tr>
<tr>
<td>reputation</td>
<td>.256</td>
<td>.133</td>
<td>.234</td>
<td>1.927</td>
</tr>
</tbody>
</table>

#### 4.8 Chapter Summary

This chapter has presented results and findings. The first section provided an analysis on demography. The second section analyzed the effects effects of corporate social responsibility and corporate governance. The third section provided findings on effects
effect of corporate social responsibility implementation on company reputation. The fourth section presents findings on effects corporate social responsibility and financial performance. The fifth section corporate social responsibility implementation. The next chapter discusses the findings, conclusions and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This section will bring forth the discussion with regard to the findings established from factors affecting implementation of Corporate Social Responsibility (CSR) in the operations of Kenya Airways.

5.2 Summary
The general purpose of the study was to analyze the impact of implementing Corporate Social Responsibility (CSR) in the operations at Kenya Airways. The research was guided by the following research questions: How does implementation of Corporate Social Responsibility programs impact the financial performance of Kenya Airways? How does implementation of Corporate Social Responsibility programs impact the company reputation of Kenya Airways? How does implementation of Corporate Social Responsibility programs impact corporate governance in Kenya Airways? The study relied on primary data and the data was conducted by giving out questionnaires to top level managers, middle level managers and subordinate staff. The target population for this study was 112 respondents who oversee the implementation of Corporate Social Responsibility in the operations at Kenya Airways.

The study used stratified random sampling. The data was collected using open and close-ended questionnaire. The questionnaires were sent via mail to the respondents. The data was analysed using descriptive statistics by employing Statistical Package for Social Scientists and presented using frequencies tables, bar graphs and tables. Correlation and regression analysis was also done to determine relationship between variables.

On analysis of the first objective it was established that majority strongly agreed that the company has adopted its own Code of Corporate Governance and applied another Organization’s Code of Corporate Governance, Kenya Airways has issued a "mission statement" that explicitly places a priority on good corporate governance and the Company has a policy/culture that prohibits the employment of the under-aged. In addition, it was also established that Kenya Airways has a written information disclosure policy that seeks to make all material information (financial and non-financial) fully
timely and equally available to all stakeholders and Kenya Airways has corporate governance code and/or policies, procedures for monitoring compliance.

Analysis of the second objective showed that the majority of the respondents strongly agreed that the company supports good causes that benefits society and environment. It was also revealed that respondents agreed that Kenya Airways contributes actively and voluntarily to the social improvement, economic and the environmental of society, Kenya Airways has values that obeys the laws, transparent and respects people and the environment, the company stands behind its products and services with good price and good quality that meet consumer. Kenya Airways contributes actively and voluntarily to the social improvement, economic and the environmental of society, the company treats customers courteously, communicates with them, the company looks like a good company to work, already be by its infrastructure such as its working environment, benefits and good treats with its employees, Kenya Airways generates respect, admiration esteem and confidence and Kenya Airways is recognized, has excellent leadership, is innovative, and seeks constant overcoming.

Analysis of the third objective established that majority of the respondents agreed that Kenya Airways has resource needed to measure performance, activities for measuring performance are listed down or known in the company, the balances scorecard is an effective system for performance measurement, performance appraisal is done at least twice a year, financial performance always reflect profitability, financial performance reflect the market position, financial performance reflect customer relationships, financial performance reflect productivity and performance reflects flexibility.

5.3 Discussion

5.3.1 Effects of Corporate Social Responsibility and Corporate Governance

On analysis of the means majority of the respondents agreed that Kenya Airways has corporate governance code and/or policies, procedures for monitoring compliance and the company has adopted its own Code of Corporate Governance and applied another Organization’s Code of Corporate Governance. According to (Gove & Janney, 2011), suggested that firms can benefit from CSR enhanced reputation when they undergo major crisis or scandals. According to them, safeguarding part is best obtainable when CSR is high, and thus, financial performance will not be deeply harmed. (Ekatah, Samy,
Bampton, & Halabi, 2011), found that regardless of the causal connection, CSR is found to be positively related to profitability of the firm. (Wang & Choi, 2013), also found CSR leads to improved firm’s profitability and that financial performance is better off when firms are highly rated in their CSR indexes in comparison to other firms.

Corporate Social Responsibility has become a strong and irreversible part of corporate actions. When managed effectively, CSR programs and projects can create significant benefits in terms of reputation and returns as well as the motivation and loyalty of employees. Through CSR companies can contribute toward strengthening valuable partnerships (Pearce & Doh, 2015)

Finding revealed that the company is explicitly environmentally conscious. Porter & Kraemer, (2011), the link between CSR and competitive advantage is often viewed as promising if social needs, environmental limits and corporate interests are well coordinated within it. It provides a mutual value for the company and the society. Findings also revealed that Kenya Airways has issued a "mission statement" that explicitly places a priority on good corporate governance. According to Wilson (2000), corporation must define its basic mission in terms of the social purpose it is designed to serve rather than as the maximization of profit.

Kenya Airways has issued a "mission statement" that explicitly places a priority on good corporate governance. According to Wilson (2000), corporation must define its basic mission in terms of the social purpose it is designed to serve rather than as the maximization of profit.

Kenya Airways has a written information disclosure policy that seeks to make all material information (financial and non-financial) fully timely and equally available to all stakeholders (Kenya Airways, 2018).

5.3.2 Effect of Corporate Social Responsibility Implementation on Company Reputation

On analysis of the means majority of the respondents strongly agreed that the company supports good causes that benefits society and environment. Bayoud & Kavanagh (2012), agree that overall reputational impact of CSR is likely to be jointly contingent upon which CSR dimension is under consideration. For example, a strong record of environmental
performance may influence corporate reputation differently depending on whether the corporate activities fit with stakeholders’ environmental concerns.

Finding revealed that Kenya Airways contributes actively and voluntarily to the social improvement, economic and the environmental of society. This is in line with a study done by (J, 2011) identified two different levers companies can build a reputation as a responsible corporate citizen; positive lever and avoiding negative CSR that they surprisingly see more important effort. The first lever means investments in activities that benefits society.

According to Bhattacharya, Korschun and Sen, (2006), social responsibility is one the main components of reputation management together with crisis and reputation management. This view is supported Bhattacharya, Korschun and Sen (2006), who argued that the overall aim of CSR is to build a more sustainable approach into the operating ethos of the company and to promote these policies to attract the customer and consumer’.

Kenya Airways is a company that respects the rule of law, with transparency and utmost respect for the people and the environment. According to Carroll (1991), it is important to perform the legal component in a manner that is consistent with expectations of government and law. The fact that a firm should comply with given laws and regulations may be crucial for the firms’ existence in the competitive arena. The component can be seen as a strategic necessity.

Finding revealed that the company looks like a good company to work, already be by its infrastructure such as its working environment, benefits and good treats with its employees. According to Pearce and Doh, (2015) corporate Social Responsibility has become a strong and irreversible part of corporate actions. When managed effectively, CSR programs and projects can create significant benefits in terms of reputation and returns as well as the motivation and loyalty of employees. Through CSR companies can contribute toward strengthening valuable partnerships.

Findings revealed that the company treats customers courteously, communicates with them. According to Feldman and Vasquez-Parraga, (2014) consumers’ evaluations of the fit between companies’ CSR activities and consumers’ characteristics or interests positively affect consumers’ perceptions of companies’ CSR activities. Consumers who
receive communication about company CSR activities increase their CSR awareness, which in turn, generates positive attitudes towards buying products from CSR companies.

5.3.3 Corporate Social Responsibility and Financial Performance

On analysis of the means majority of the respondents agreed financial performance reflect customer relationships. This is in line with Karaye & Ishak (2014), proposed a conceptual framework that described in what manner CSR stimulates financial performance and the reason behind, along with the probable mediator, stakeholder influence capacity. Recent studies have also shown that there a link between customer satisfaction and company performance. Although various stakeholders have different interests, which may have diverse impacts upon CSR policies (Lu, Chau, Wang & Pan, 2014), the increasing global awareness of CSR encourages them to conduct CSR practices. Moreover, previous studies have shown that CSR is an important component for customer loyalty (Wang & Choi, 2013), and it can influence customer loyalty at those times when companies are in fiercely competitive environments (Martinez & Bosque, 2013).

According to Walsh and Bartikowski, (2013), customer satisfaction results from both the perceptions of service quality and the perceptions of the company’s social responsibility level. Saeidi, Sofian, Saeidi, Saeidi, & Saeidi (2015), performed three potential mediators in the relationship between CSR and firm performance, namely sustainable competitive advantage, reputation and customer satisfaction. In the 21st century, concerns towards social responsibility has deliberately increased due to the stiff competition, enlighten of stakeholders and environment and rise of firm transparency demand (Saeidi et al., 2015). Hence, for consumers’ assurances and further ecological protection, it is debatable that CSR should not only affect directly towards firm performance but entirely mediated by competitive advantage, reputation and customer satisfaction.

Findings revealed that financial performance always reflect profitability. This is in line with a study done by Ekatah, Samy, Bampton, and Halabi, (2011), who found that regardless of the causal connection, CSR is found to be positively related to profitability of the firm. (Wang & Choi, 2013), also found CSR leads to improved firm’s profitability and that financial performance.

According to (Bolanle, Olanrewaju & Muyideen, 2012), carried out a study in Nigerian banks using Regression Model and found that there is a significant positive relationship
between CSR and Firms Profitability because CSR reduces tax paid thus improving the overall firm’s profitability.

Findings revealed that balance scorecard is an effective system for performance measurement. Firm performance is determined by balanced scorecard methodology, which is measured using ROA, ROE, return on investment (ROI), and net profit margin. In Saeidi et al. (2015), findings, CSR is given positive effect in the relation to firm performance with the mediated of customer satisfaction, competitive advantage, and reputation.

Findings revealed that financial performance reflect the market position. This is in line with Porter and Kramer, (2011); Zadek, (2004) a company can use social initiatives to improve its competitive context, enhancing the quality of the business environment in the places it operates. Focusing on context allows the company to increase its potentialities in the support of social responsibility actions and contribute toward society in a structured fashion. Consequently, the company's action should be directly connected to its core business in order to maximize the potential of these actions (Porter & Kramer, (2011) (Zadek, 2004)

5.4 Conclusion

5.4.1 Corporate Social Responsibility and Corporate Governance

Kenya Airways has a mission statement that emphasizes on good corporate governance, adopted code of corporate governance to monitor compliance. The company also has policy and culture that prohibits employment of underage.

5.4.2 Effect of Corporate Social Responsibility Implementation on Company Reputation

Kenya Airways is a company of value. It obeys laws, it is transparent and respects people and the environment hence, and contributing to good causes that benefits society and environment. In addition, Kenya Airways generates respect, admiration esteem and confidence.
5.4.3 Effect of Corporate Social Responsibility and Financial Performance

Kenya Airways has activities and resources for measuring performance; performance appraisal is done at least twice a year, use a balance score card to measure performance of the company. Kenya Airways financial performance reflects their market position and customer relationship.

5.5 Recommendation

5.5.1 Recommendation for improvement

5.5.1.1 Corporate Social Responsibility and Corporate Governance

Kenya Airways should have a well written policy. Through this, the company will be able to share with its shareholders and customers information regarding their financial and non-financial activities hence gaining the trust of their shareholders and customers.

5.5.1.2 Effect of Corporate Social Responsibility Implementation on Company Reputation

Kenya Airways needs to develop strategies that will help them to continue treating customers with courtesy and communicate with them. Continue to develop proper infrastructure that will provide employees with better work environment.

5.5.1.3 Effect of Corporate Social Responsibility and Financial Performance

It is recommended that Kenya Airways should develop strategies that will help them continue to improve on their financial performance hence increase profitability and performance.

5.5.2 Recommendation for Further Studies

A similar study should be done on other organizations to find out other impact of implementing Corporate Social Responsibility (CSR) into management and how it effects the employees within the organization since the employees are an integrual part of any organization.
REFERENCES


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Journal of Cleaner Production


Dear Respondent,

RE: REQUEST FOR PARTICIPATION IN RESEARCH WORK

I am a graduate student at United States International University pursuing a Master’s degree in Business Administration (MBA) with a concentration in Strategic Management. In partial fulfilment of the requirement for the degree, I am carrying out a research project on “The aim of the study is to analyze the impact of implementing Corporate Social Responsibility (CSR) in management.”

I shall be grateful if you kindly complete the enclosed questionnaire to be used to collect the data applicable to my research. You have been specially selected to take part in this study for the reason that you hold an experience. It is predicted to take much less than ten (10) minutes to finish the questionnaire. Kindly reply as objectively as you can. Contribution from you is very essential for the achievement of this research. I guarantee you that the information that you will present will be treated with acute confidentiality and shall be used only for academic purposes.

In case of any queries during completing the enclosed questionnaire, please do not hesitate to contact me at any time via my contact furnished at the top of this letter. I look forward to receiving the completed questionnaire and would like to express my sincere gratitude for your cooperation in advance.

Yours Sincerely,

Eliah Karago
APPENDIX II: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. What is your Gender?  Male  Female

2. What is your highest level of education?
   Diploma  Degree  Master  Other

3. What is your age range in years?
   Less than 25  26-35  36-45  46 and over

4. Number of years worked in the organization?
   Less than 3 year  3 – 6 years  7 and above

SECTION B: Corporate Social Responsibility and Corporate Governance

What is your level of agreement to the following statements of Corporate Social Responsibility affecting implementation of Corporate Governance (5- Strongly agree, 4-Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</thead>
<tbody>
<tr>
<td>1 Does the company have a written information disclosure policy that seeks</td>
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<td>to make all material information (financial and non-financial) fully, timely</td>
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<td>and equally available to all stakeholders?</td>
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<td>2 Does the company have a corporate governance code and/or policies? What</td>
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<td>are the procedures for monitoring compliance with these? Who does the mon</td>
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<td>itoring?</td>
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<td>3 Company is explicitly environmentally conscious</td>
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<td>4 Has the Company adopted its own Code of Corporate Governance or has it</td>
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<td>applied another Organization’s Code of Corporate Governance?</td>
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<td>5 Company has issued a &quot;mission statement&quot; that explicitly places a priority</td>
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<td>on good corporate governance</td>
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<td>6 Company has a policy/culture that prohibits the employment of the under-</td>
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<td>aged.</td>
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What other Corporate Governance factor affect strategy integration and implementation in your organisation

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53
SECTION C: How does implementation Corporate Social Responsibility Affect Company reputation

On a scale of 1-5 where; 1-Strongly Disagree; 2-Disagree; 3-Neutral; 4-Agree; and 5-Strongly Agree, indicate the extent that you believe relating to implementation of Corporate Social Responsibility affecting company reputation.

<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
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<tbody>
<tr>
<td>1</td>
<td>The company contributes actively and voluntarily to the social improvement, economic and the environmental of society.</td>
</tr>
<tr>
<td>2</td>
<td>The company is a company with values that obeys the laws, transparent and respects people and the environment.</td>
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<tr>
<td>3</td>
<td>The company stands behind its products and services with good price and good quality that meet consumer.</td>
</tr>
<tr>
<td>4</td>
<td>The company contributes actively and voluntarily to the social improvement, economic and the environmental of society.</td>
</tr>
<tr>
<td>5</td>
<td>The company treats customers courteously, communicates with them</td>
</tr>
<tr>
<td>6</td>
<td>The company looks like a good company to work, already be by its infrastructure such as its working environment, benefits and good treats with its employees.</td>
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<tr>
<td>7</td>
<td>This company generates respect, admiration esteem and confidence.</td>
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<tr>
<td>8</td>
<td>This company is recognized, has excellent leadership, is innovative, and seeks constant overcoming.</td>
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<tr>
<td>9</td>
<td>This company supports good causes that benefits society and environment.</td>
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</tbody>
</table>
**SECTION D: Corporate Social Responsibility and Financial Performance**

What is your level of agreement to the following statements in relation to implementation of Corporate Social Responsibility affecting financial performance on? (5- Strongly agree, 4- Agree, 3-Neutral, 2-Disagree, 1- Strongly Disagree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>1 All resources are available needed to measure performance</td>
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<td>2 All activities for measuring performance are listed down or known in the company</td>
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<td>3 Is the balances scorecard an effective system for performance measurement?</td>
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<td>4</td>
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<td>5 The company does performance appraisal at least twice a year</td>
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<td>6 The financial performance always reflect profitability</td>
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<td>7 Financial performance reflect the market position</td>
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<td>8 Financial performance reflect customer relationships</td>
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<td>9 Financial performance reflect productivity</td>
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<td>10 Performance reflects flexibility</td>
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</table>

What specific measures does your firm use for performance measurement? (List all measures that are a part of a formal system)

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________________________________________________________________________
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SECTION E: Corporate Social Responsibility implementation

To what extent have the following factors affected implementation of Corporate Social Responsibility in your organisation? (5 - Strongly agree, 4 - Agree, 3 - Neutral, 2 - Disagree, 1 - Strongly Disagree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Organization structure</td>
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<td>2 Policies and Procedures</td>
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<tr>
<td>3 Rewards and incentives</td>
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<td>4 Corporate culture</td>
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<tr>
<td>5 Best practices and continuous improvement</td>
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</table>