THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY INITIATIVES ON ORGANIZATIONS’ CORPORATE IMAGE

BY

SARA MUTHONI MBURIA

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration (MBA)

SPRING 2018
STUDENT’S DECLARATION

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

Signed: _________________________  Date: _________________________

Sara Muthoni Mburia (ID 651628)

This research project has been presented for examination with our approval as the appointed supervisors.

Signed: _________________________  Date: _________________________

Dr. Paul Katuse

Signed: _________________________  Date: _________________________

Dean, Chandaria School of Business
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ABSTRACT
The general objective of this study was to explore how organizations’ corporate social responsibility initiatives influence their corporate image. To achieve this, the study was guided by specific objective which sought to determine how economic corporate social responsibility initiatives influence corporate image, to investigate how ethical corporate social responsibility initiatives influence corporate image and to establish how philanthropic corporate social responsibility initiatives influence corporate image.

This study adopted a descriptive research design, descriptive approach was also applied since it enabled the researcher to use quantitative data to find common characteristics about the population or phenomena being studied. The target population for this study comprised of 113 students enrolled in their final semester of the MBA program in USIU-Africa, in the Summer 2018 semester as at May 2018. The sample was selected using purposive sampling where 50% of the total population was used as a representative thus arriving at 57 MBA students enrolled in their final semester of study in Summer, 2018 across all MBA Concentrations. The study used a structured questionnaire as a data collection tool to collect both qualitative and quantitative data.

The findings revealed that respondents found economically responsible firms to be those firms that strive to offer products and services that meet customers’ needs and offer a great customer experience. It was also established engaging in sustainable supplier partnerships enhances economic CSR. The findings also show that economically responsible businesses foster corporate citizenship by paying their taxes and remaining profitable in the long run. It was established that embedding CSR in an organization promotes a sense of shared value among the stakeholders. Respondents also felt that the level of engagement in CSR initiatives is to a great extent determined by a firm’s financial performance.

An analysis of the ethical code of conduct indicated that respondents considered ethically responsible firms to be those firms that follow the professional standards set for the industry in which they operate. It was also agreed that establishing internal ethical standards in the company enhances social responsibility. An analysis of environmental CSR revealed that firms which work towards establishing mechanisms to monitor the potential negative impact on the environment arising from their operation were considered by respondents to be promoting ethical responsibility.
An analysis of philanthropic expectations of the society revealed that the society expects all businesses to actively participate in solving societal challenges such as healthcare and education. It was also established that regular corporate philanthropy impacts the communities’ welfare. Companies should actively encourage their employees to volunteer their time and skills towards community service as well as develop a strategy for CSR initiatives for better outcomes.

The study concluded that economically responsible firms are driven to offer goods and services that meet their customers’ needs and provide a great customer experience. With the increased competition in the market, responsible firms ought to establish long-term strategies for sustainable growth. Secondly, for firms to be ranked as ethical, there is a need to abide by the professional standards set for the industry that the firms operate in. Lastly, acts of CSR should be actively encouraged so that employees can volunteer their time and skills towards community service as well as contribute to develop a strategy for CSR initiatives for better outcomes in the community.

The study recommends that organizations should be economically responsible by continuing to meet and exceed the needs of stakeholders such as customers, shareholders, employees, suppliers and the community at large. Before engaging in CSR, the firm’s financial performance should be capable of sustaining such initiatives. Furthermore, for institution to be ethical, it is essential for them to follow the professional standards set for the industry in which they operate. Lastly, although it is expected to be the Governments mandate, businesses should actively participate in solving societal challenges such as healthcare and education so as to positively impact communities’ welfare. In addition, CSR should be used as a marketing strategy to enhance competitive advantage in the industry.

For further research, this study recommends that a similar study should be undertaken but with respondents being stake holders or employees from specific industries. More studies should also be done to establish the impact of the various CSR types on organizations performance.
ACKNOWLEDGEMENTS

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May God bless you all.
DEDICATION

I dedicate this research project to my family.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Increased global competition has brought the need for businesses to find innovative ways through which they can closely engage their primary stakeholders such as customers, employees and the community. As levels of sophistication among stakeholders around the world continue to rise, businesses are coming under growing pressure to find ways of meeting their stakeholders’ ethical expectations and participating in sustainable development in the communities in which they operate is one of the ways to achieve stakeholder engagement.

According to Barrena et al. (2016), corporate social responsibility (CSR) has acquired greater relevance in the academic world and in strategic management in recent years, as organizations strive to develop competitive management models aimed not only at obtaining profit margins in the short term, but also in meeting the balanced expectations of society and the different stakeholders involved in its activities in the long-term.

Corporate social responsibility has become a key concept in the current business world, as decision makers strive to make corporate decisions that not only benefit the organization, but also impact the society. Today’s managers are faced with difficult strategic resource allocation choices which are just grounded on their financial outcomes, but that also must appeal to established, evolving societal stakeholder expectations. Marano and Kostova (2015), have argued that societal concerns are becoming increasingly important influences on corporate strategy and today’s organization must find and obtain needed resources, interpret and act on environmental changes, offer products and services to consumers, and control and coordinate internal activities in the face of environmental disturbances and uncertainty.

Although organizations must make a profit to survive, they also need to balance their desire for profit against the needs and desires of the society within which they operate. One of the challenges facing businesses is that consumers are now more than ever greatly aware of and keen on dealing with firms that promote ethical practices such as sustainable use of natural resources, proper disposal of industrial waste, ethical treatment of employees and
suppliers, lower carbon footprint, use of biodegradable raw materials and packaging materials.

Porter and Kramer (2006) argue that due to the advent of public standards for social performance, society is now putting companies under strong pressure to embrace social responsibility and novel approaches to business. Levy and Kaplan (2007) also add that the negative consequences of globalization such as rising social inequalities, soaring disparities in income and the emergence of global environmental problems have led to demands for companies to take responsibility for their impact on society. Mette and Beckmann (2006) further suggest that under increasing pressure companies have been striving to show good corporate responsibility in each country which they operate their business.

Another issue facing businesses is increased competition; globalization has provided customers with more choice of goods and services that can satisfy their needs and wants. As a response to stiff competition, firms have been seeking for ways to forge a connection with their customers that goes beyond the transaction, and one way is through CSR activities.

Engaging in socially responsible activities has also been viewed by managers as a tool to bring innovation in business operations. For example, economic CSR can help businesses find sustainable and efficient methods of doing business while conserving the environment such as using less harmful chemicals to treat industrial wastes, using recyclable packaging materials and using renewable energy such as solar and wind power (Liket & Maas, 2015).

Today's, businesses are expected to perform ethical, economic and legal obligations not only towards their shareholders but also their customers, employees and other stakeholders (Sen and Bhattacharya, 2001). According to Morsing and Beckmann (2006), many enterprises strive to shift their positioning from pure profit-seeking economic entities to responsible citizens who have a strong sense of social responsibility. Corporate social responsibility has become an important concern of many stakeholders thus causing firms to increase their participation in activities that contribute to a better society.

Several studies have been conducted on different facets of CSR. Mattila (2009) carried out a study of how the contexts and aims of practicing CSR are understood among employees. She found that most organizations carry out CSR activities with only the external stakeholders in mind. The study concluded that it was important to involve internal stakeholders such as employees for the full benefits of CSR to be realized. Another study
conducted by Zain and Mohammad (2007) found that a socially responsible corporation is a good corporation and that CSR goes beyond philanthropy and charity to encompass ethics, morality, a caring culture, philosophy and values which ultimately translate into good business sense, good practice, good governance, transparency and better profits for the company. Porter and Kramer (2006) argued that an organization’s involvement in CSR should not only be guided by how worthy a cause is but also by how much shared value can be derived by both the organization and the stakeholders.

Organizations often require implementing partners for their CSR programs since the activities are usually not within the company's core competencies (Infotrack East Africa, 2010). Large organizations such as the Kenya Commercial Bank (KCB), Safaricom and the East African Breweries have formed foundations to help them implement their respective CSR programs. Not all organizations may have the resources to set up foundations and Info track East Africa (2010) argues that structures such as non-governmental organizations (NGOs), community-based organizations (CBOs), women, youth and self-help groups, special interest groups such as environmental, HIV/AIDS, town management committees and village development committees can be formed to partner with organizations in implementing CSR projects and programs. Organizations are also now promoting social entrepreneurship where communities or individuals form credible for-profit CSR implementation organizations to ensure sustainable initiatives (Smith, 2013).

Various researchers have found that by engaging in CSR, organizations benefit through increased visibility thus enhancing their corporate image (Davis, 2014), gaining a competitive edge in a turbulent operating environment (Dahlsrud, 2016) and favourable reputation in the eyes of the consumer (Liket & Maas, 2015) among other benefits. This research sought to find out if this is true in the Kenyan context.

1.2 Statement of the Problem
The question of how CSR is viewed by customers and other stakeholders and its relationship with an organization’s corporate image has become one of the emerging topics at the intersection of sustainability and marketing research. Abd-El-Salam (2013) has described corporate image as the overall impression left in the customers’ mind because of accumulated feelings, ideas, attitudes and experiences with the organization. This impression is stored in memory, transformed into a positive or negative meaning and
retrieved to reconstruct an image or recalled when the name of the organization is heard or brought to ones’ mind.

While the creation of a strong reputation and image has been recognized as an important factor in the success or failure of virtually all major organizations for some time, according to Worcester (2009), CSR has only recently been acknowledged as one of the most important factors in influencing an organization’s corporate image.

Despite findings that a positive corporate image in the eyes of stakeholders can provide a competitive advantage (Balmer, 2009), many stakeholders remain sceptical about firms’ reasons for engaging in CSR as has been argued by Vlachos et al., (2009), making it more difficult for researchers and practitioners to understand the specific consequences and effects of engaging in CSR activities. Several scholars have argued that from a stakeholder perspective, CSR can contribute towards supporting worthy causes, but it can also be a marketing practice with the purpose of increasing visibility rather than purely creating social impact.

Firms are realizing their obligations to the society in terms of responsible business practices and are increasingly striving to become good corporate citizens. Faced with the task of ensuring that businesses respond to the dynamic and unpredictable business environment and remain competitive while at the same time operating in a socially responsible manner, managers are tasked with the duty of engaging stakeholders in a sustainable manner through CSR. Porter and Kramer (2006) argue that this requires strategic thinking to ensure that focus is placed on initiatives and activities that will resonate with customers and the community at large.

In Kenya, there seem to be few studies done on the extent to which corporate social responsibility influences an organization’s corporate image. Kweyu (1993) studied managerial attitudes towards business’ social responsibility, the case of bank managers in Nairobi and his findings were that managers thought CSR was not the obligation of business. A later study conducted by Mulwa (2002) looked at perceived social responsibility and preference for a bank and found that customers felt that banks that engaged in CSR were more reputable and trustworthy than those that did not engage in CSR. Kwalanda (2007) studied corporate social responsibility at Safaricom and concluded that CSR was a key component of both corporate and business strategies. In addition, Wachuka (2016) also opined that CSR strategies lead to a lifetime benefit in the form of

Nyoro (2015) carried out a research on how Safaricom Kenya Limited uses CSR as a source of competitive advantage and found that the company has developed a CSR policy under the Safaricom Foundation which it uses to articulate its commitment to solving societal issues such as education, environmental protection, water, sanitation and healthcare among other causes. Ezenwa (2016) carried out a study that echoed these sentiments and he determined that Safaricom’s CSR initiatives have positively influenced customer satisfaction which has, in turn, fostered greater customer loyalty and given the company a positive corporate image.

Other recent research on CSR has focused on employees’ perceptions of CSR (Tsai et al., 2014), the effect of CSR on organizational identification and organizational commitment (Fu et al., 2014), organizational trust and customer orientation (Lee et al., 2013), and ethical values of management (Gu and Ryan, 2011). Related investigations of the relationship between CSR initiatives and consumer decisions have suggested that CSR is positively related to service quality, customer loyalty, brand identification, and brand equity (Zicari, 2014).

It is evident that previous studies had a different focus, context and objectives from the study that this researcher is proposing to carry out. While these studies focus on CSR, no known study has been carried out seeking to find out the influence of CSR on organizations corporate image in the Kenyan context in recent times. The researcher therefore hopes that this study adds to the growing body of knowledge that exists on the subject of CSR in Kenya.

1.3 General Objective
This study sought to explore how organizations’ corporate social responsibility initiatives influence their corporate image.

1.4 Specific Objectives

1.4.1 To determine how economic corporate social responsibility initiatives influence corporate image

1.4.2 To investigate how ethical corporate social responsibility initiatives influence corporate image
1.4.3 To establish how philanthropic corporate social responsibility initiatives influence corporate image

1.5 Scope of the Study
The field of corporate social responsibility is broad; however, this study focused on three of the four dimensions of CRS based on the CSR pyramid; namely philanthropic, economic and ethical CSR and how they influence the corporate image of organizations. The study sought to examine this relationship among MBA students of United States International University – Africa, which is a university in Nairobi, Kenya. The study was conducted from January to May 2018.

1.6 Significance of the Study
1.6.1 Management
Findings from this study will help management to understand the customers’ perceptions of their CSR activities to enable them to know which areas their actions make the most impact on their consumers. This may even translate to organizations increasing their participation in the CSR projects given the impact that it has on the community.

1.6.2 Stakeholders
This study will help the shareholders, employees and other stakeholders to gain deeper insights and a more informed view of how the CSR activities influence the corporate image of an organization and the many intangible benefits of this engagement and change their view in favour of engaging on corporate social responsibility more than before.

1.6.3 Policy Makers
Policy makers in government and international organizations will also benefit from this study by gaining a better understanding of how CSR activities are perceived by stakeholders. And how they can partner with organizations engaging in CSR for an even greater impact on the society, and to reduce duplication with government services.

1.6.4 Organizations
The study will also be significant to other organizations in Kenya who take part in CSR projects by giving them motivation to be more active in undertaking and sustaining CSR projects. The organizations, it is hoped, will find the results of this study and the subsequent recommendations useful in terms of re-engineering their CSR activities to reflect the needs
of the local communities as well as ensure that the corporations reap benefits globally associated with CSR. This study will also enable organizations to gain more knowledge and strive towards continuous improvement of their CSR activities while at the same time aligning them to stakeholders’ expectations.

1.6.5 Researchers and Academicians

This study will provide background information to research organizations and future researchers who would want to carry out further research in their area of study. It is also hoped that the study will facilitate individual researchers to identify gaps in the current research and carry out various researches in those areas, especially given the limits and constraints contemplated for this study.

1.7 Operational Definition of Terms
1.7.1 Corporate Social Responsibility

Suliman et al. (2017) describe corporate social responsibility as the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner.

1.7.2 Economic Dimension

According to Amin-Chaudhry (2016), economic CSR entails striving to ensure that the business is profitable to create long-term value for its stakeholders and contribute to a global and sustainable economy, 2016.

1.7.3 Legal Dimension

To be a law-abiding corporate citizen, performing in a manner consistent with expectations of the government and effective laws (Carroll, 1979).

1.7.4 Ethical Dimension

Ethical CSR refers to behaviours and activities that are permitted or prohibited by organization members, community, society, even if they are not codified by law (Carroll, 1979).

1.7.5 Philanthropic Dimension
Undertaking business in a manner consistent with the charitable expectations of society and actively engaging in acts or programs that promote human welfare or goodwill (Carroll, 1979).

1.7.6 Corporate Image

The overall impression left in the customers’ mind as a result of accumulated feelings, ideas, attitudes and experiences with the organization. Corporate image can also be described as the net result of all experiences, impressions, beliefs, feelings and knowledge people have about a company (Worcester, 2009)

1.8 Chapter Summary

Chapter one presents an introduction of the key corporate social responsibility concepts. It also discusses the objectives of this research, the importance of the study, the scope of the study as well as providing the working definitions of specific terms used in the project. Chapter two will review literature and provide insights into what other researchers have discussed pertaining to CSR. Chapter three will highlight the methods and procedures that will be used by the researcher in conducting this research, while chapter four will present the results and findings of the study. Chapter five will discuss they key recommendations arising from the findings of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter provides a critical review of relevant literature in the field of corporate social responsibility and its influence on an organization's corporate image. The chapter is divided into different sections starting with section 2.2 that discusses the influence of philanthropic CSR on organizations' corporate image. Section 2.3 presents a review of the influence of ethical CSR on corporate image and finally, section 2.4 discusses the influence of Economic CSR on corporate image. Section 2.5 provides a summary of the entire chapter.

2.2 Influence of Economic CSR on Corporate Image
Corporate social responsibility (CSR) has gained considerable attention over the past two decades and firms now increasingly strive to become, or to appear as socially responsible. Whereas the concept of CSR aligns with sustainable development aspirations, the question of why firms engage in CSR and its impact on society is an important one. As Friedman (1970) reasoned, the sole responsibility of businesses in that period was to grow its revenue and ultimately increase profitability. He further argued that firms were not meant to substitute elected governments whose responsibility it was to provide public goods, by spending shareholders’ funds on the idea of ‘doing good’. However, as emphasised by Bénabou and Tirole (2016), CSR often arises as a response to market and other inadequacies that come up as a result of government shortcomings and CSR can be used by organizations to promote values that are often overlooked or not pursued by governments due to resource constraints or lack of prioritization.

According to Fontaine (2013), defining CSR has not been fully possible as the concept of CSR offers varying theories and many divergent approaches which often raise disagreement and controversy. The first definition of CSR was presented by Bowen (1953) who defined CSR as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”

Early theoretical work discussing corporate social responsibilities is represented by Sethi (1975) who established a three tier model for organising corporate behaviour which he labelled "corporate social performance". The three levels of corporate social performance
are based on social obligation which responded to legal and market constraints; social responsibility which looks into societal norms, values and expectations of performance and social responsiveness which discusses anticipatory and preventive modification to social needs. Sethi’s second tier requires that a company looks beyond compliance and identifies and addresses societal expectations. The third tier involves a company developing the competence to involve stakeholders effectively and take proactive actions to address their issues and concerns. Sethi (1957) also emphasised the cultural and time-based needs of corporate responsibilities and the importance of having stable management systems and standard processes that can facilitate the evaluation of progress and comparative analysis.

Building on Sethi’s model, Carroll (1979) proposed a model that contains the following four categories of corporate responsibility in decreasing order of importance economic, legal, ethical and philanthropic. Carroll (1991) further presented his four-part model as a pyramid and while suggesting that though the components are being not mutually exclusive, the pyramid would help managers to see that the different types of obligations were in constant tension with one another, adding that corporations striving to be good within the society should fulfil these four aspects of CSR, illustrated below.

**Carroll’s CSR Pyramid**

![Carroll's CSR Pyramid](image-url)

**Figure 2.1: The Pyramid of Corporate Social Responsibility, Source: Carroll (1991)**
As Carroll (1999) argued, to some people CSR means taking legal responsibility, to others, it means socially responsible behaviour that is also ethical; still to others, CSR signifies a sense of taking responsibility for externalities that arise from operating in society while many simply associate it with making charitable contributions. Still, some may take it to mean having a sense of social consciousness while many of those who embrace it with conviction see CSR as a sort of fiduciary duty imposing higher standards of behaviour on businessmen than on citizens at large.

Abd-El-Salam (2013), pointed out that market economy mechanisms and stakeholders’ interests have a direct impact on corporate operations performed to construct corporate image and that corporate social responsibility remains particularly important in creating and maintaining this image. CSR is a self-regulation mechanism that businesses use to ensure that they abide by the law, uphold ethical values and subscribe to international standards of operations. Economic CSR is concerned with how the business produces products and services that the consumer needs and in turn sells them at a profit. Al-Tawil (2016) found that proponents of CSR often argue that CSR provides a long-term perspective of how firms can continue to make profit in a sustainable manner, while in their study on the finance sector, Pérez et al. (2013) concluded that CSR led to increased customer loyalty because of customer satisfaction.

Carroll (1991) argues that although profits from selling goods and services go to shareholders and other investors to keep a company growing, economic responsibilities of a company are the base for providing legal, ethical and philanthropic responsibilities. Through cultivating a positive corporate image in the eye of customers, companies can achieve a sustainable competitive advantage within their competitive environment. The economic responsibilities are the primary part of the four responsibilities, and as Carroll (1991) argues, corporations are responsible for providing goods and services that the society needs.

2.2.1 Shareholder Wealth Maximization

CSR is a self-regulation mechanism that businesses should use to ensure that in addition to abiding by the law, they uphold ethical values and subscribe to international best practices and standards of operations. Economic CSR is concerned with how the business produces products and services that the consumer needs and in turn sells them at a profit. According
to Amin-Chaudhry (2016), financial profitability and social responsibility are positively related, and profitable firms are better social performers.

Consistent economic sustainability is the most important pillar of economic CSR, as managers have a duty to ensure that the company can offer returns on shareholders’ investment and maximize their wealth. As Nwoke (2017) argues, the current dominance of the “maximizing shareholder value” model of corporate governance has made it unreasonable to pin too much hope on contemporary CSR as an effective mechanism for development. This is because the first responsibility of business is towards its shareholders who have invested their funds towards the business, expecting to make a profit. Tudway and Pascal (2013) found that the premise of shareholder wealth value maximization is based on directors’ pursuit of broader social and economic objectives that led to the enhancement of shareholder value and were in line with CSR. They also argue that there is a lack of clarity on what is expected of directors when it comes to CSR and how it relates to them meeting their fiduciary and overall director’s duties as expressed in the shareholder wealth maximization objective.

The shareholder value theory argues that tackling social responsibility matters comes at a cost to corporations and as Al-Tawil (2016) found, a company’s competitive position relative to other businesses may be in jeopardy when it is forced to absorb the costs of socially responsible practices. This argument about the negative impact of CSR on corporate profits has been made more compelling because of the global competitive environment in which modern corporations operate. When it comes to comparing business performance, in the case where a business in a country utilizes its profits to tackling societal issues, it will have reduced its profits if a similar business in another country does not act participate in CSR.

On the other hand, proponents of CSR believe businesses should generate value to all stakeholders and not just the shareholders and therefore it is the responsibility of firms to operate in a manner that factors the interests of all those affected by its corporate activities. Similar sentiments have also been expressed by Green and Peloza (2014) who argued that the purpose of the firm is not merely to maximize profits for shareholders and that the wealth should instead make its way back to every interest that is affected in the course of the operations of the business. This may be in terms of creating opportunities for employment, as this enables the wealth to be distributed to employees in terms of salaries
and wages. The business also ought to be deeply commiteed to customer focus and satisfaction.

Waddock (2018), argues that corporate social responsibility and corporate sustainability is not enough to transform businesses, economies, and societies and equip them to sustainably combat climate change and inequality of resources. She argues that there is need to create a new socio-economic narrative regarding economies, societies, and nature, that emphasizes well-being, dignity, together with sustainability.

In the current age of environmental turbulence, managers in most industries face the challenge of enhancing their companies’ image and cultivating customer trust as a strategy to remain competitive. Nonetheless, the ability of CSR to lead to improved corporate image, trust and reputation, depends on how companies align their implementation of CSR to the expectations of their stakeholders regarding the types of CSR that the companies should engage in (Pérez and Bosque, 2014). Customer loyalty is crucial to firms because it lowers marketing costs and contributes to revenue growth through repeat and new business. Pérez et al. (2013) found that economic CSR led to increased customer loyalty through customer satisfaction, in turn promoting a positive corporate image.

The theory of CSR encourages businesses to focus not only the economic and financial aspects in a company, but also the social and environmental consequences that affect its shareholders and society.

### 2.2.2 Operational Efficiency

To maximize shareholder wealth, managers must also be prudent in their utilization of resources that are available to a firm. Nkundabanyanga and Okwee (2011) opined that managers are responsible for making decisions related to skills, resources, and practices that will ensure the organization's well-being in the short term as well as those decisions related to how organizations will maintain long-term consistency between their practices and their operating environment.

Ochoti et al. (2013), concluded that CSR has a positive impact on the firm’s financial performance, and that those firms which do not pay attention to CSR’s activities had poorer financial performance when compared to those that were socially responsible and worked towards the welfare of its employees, suppliers, investors, and consumers. This differs from Balabanis, Phillips, and Lyall, 2014 who theoried that a negative relationship exists
between social responsibility and economic performance, arguing that a high investment in social responsibility such as the costs of making donations, initiating community development plans, etc, resulted in additional costs to the firm. These costs might end up putting a business at an economic disadvantage when compared to other firms that are less socially responsible.

Sony et al., (2015) also found that firms which have specific operational environmental CSR strategies in place, received a more positive response from the community that companies that had put in place a generalized or blanket approach of abiding by regulatory requirements in Thai communities.

According to Nwoke (2017), it is unreasonable to place too much hope on CSR as a tool for development, more so in emerging economies due to operational barriers which make it difficult for CSR to effectively lead to sustainable development. This is different from Weber (2014) who was of the opinion that that operational efficiency appeared to have a positive influence on economic performance of a business, however this depended on the individual company’s strategy, structure, systems and leadership.

**2.2.3 Sustainable Business Value**

Wheeler (2013) in his framework for the creation of business value reconciled the concepts of corporate social responsibility and sustainability, specifically through the stakeholder approach. Balabanis et al. (2014) also argued that sustainable CSR initiatives and engagements led to a firm acquiring an intangible value; however, they failed to relate this to economic value over the long term. Nonetheless they came up with a business model in their value creation approach, which embraced the concepts of CSR and sustainability.

Mattera and Baena (2015) found that companies engaging in sustainable business practices were able to enhance their intangible assets such as reputation and goodwill among their global stakeholders and that by honouring their social contracts with stakeholders, firms were able to create a win – win situation while at the same time positively contributing to social welfare.

According to Porter and Kramer (2011), efficiency in business processes can be further achieved through involvement of stakeholders for them to embrace sustainable business practices. The authors further emphasized that to successfully create sustainable business value, managers should understand that a business is only as successful as the its
stakeholders in the long run. Wheeler (2013) claimed that the key to strategic CSR could only be found through creating shared value. Hence there is a need to create a shared value proposition requiring certain areas of focus within the businesses’ context as well as watching after society’s interests. Shared value is ultimately about embedding sustainability and corporate social responsibility into a firm’s portfolio.

In a study to determine how firm characteristics affect the use of sustainability incentives and their impact on shareholders return, Abdelmotaal (2016), found that there existed a significant relationship between the adoption of sustainability incentives in CSR and resource efficiency policy variable, suggesting a positive impact on shareholders’ return.

2.3 Influence of Ethical CSR on Corporate Image

Corporate social responsibility (CSR) is increasingly becoming a key a strategic tool that managers use to position their firms in the mind of the consumer. Researchers and authors agree that the address of ethics is crucial to the enhancement of long-term corporate success. Therefore, business ethics has received enormous attention, and numerous books have been written about this subject during the last twenty years. Especially in large companies and due to globalization, there is increased pressure on companies and managers to act ethically and socially responsible.

The practice of CSR is not uniform among all business entities but its objective of giving back to society is resonated across the various models employed by organizations. (Davis, 2014) holds that the practice of CSR deals with how business entities in different political settings, economic situations and cultural practices around the world understand, regard and indeed perform social responsibility. Davis (2014), further opines that committed firms often receive lower levels of external pressure as their reputation shields them. (Bell, 1999) also observes that these companies’ attitudes to issues affecting the environment and society was based more on an extension of their historical values. Nicholls (2008) opines that most companies had a more systemic approach to corporate, social, and environmental responsibility by combining brilliant human relations policies with rigorous management in terms of the environment, citizen’s actions using sponsorship, and adapting their products and services.

Amin 2016, reiterated that societal expectations coupled with stakeholder demands varied greatly because of changes in socio-political, societal, and environmental matters. In addition to that, businesses’ engagement in corporate responsibility has also been impacted by both internal and external factors including economic, regulatory, scrutiny from international
nongovernmental organisations, peer pressure and competitive advantage. Juhmani (2014) suggests that a major determinant of environmental disclosures was dependent on several factors including firm size, financial leverage, profitability and the age of the firm.

2.3.1 Ethical Code of Conduct

As Mapepeta (2015) noted, the practice of investments by businesses globally is increasingly being met by strict requirements to be responsible while operating in the community where the business is established. This involves businesses adhering to the morally accepted standards which according to Pivato et al. (2013), goes a long way in cultivating trust.

Al-Tawil (2016) pointed out that there has been an increase in the number of businesses coming up with ethical codes of conduct to direct their corporate activities. Many companies today publish reports to account for the environmental impact of their activities, with some going as far as undertaking various forms of environmental impact assessments before the approval of any project. Firms are also beginning to appreciate their role of being good corporate citizens by involving communities as important organizational stakeholders.

Many customers are made aware of issues such as child labour, exploitation of workers and destruction of the environment through the mainstream media and the internet. As a result, pressure from different stakeholders along with massive media coverage has forced many companies to act ethically to protect their public reputation (Boyle, 2016). Ethical responsibilities represent the norms and standards of what employees, consumers, shareholders and the community think of as fair while protecting the stakeholders’ moral rights.

Firms are continually investing even more resources into provision of services for the good of the public, and many companies are striving to reduce negative externalities arising from their activities to levels below those required by law with many firms now providing regular public statements extensively discussing their CSR activities, (Amin-Chaudhry, 2016). Managers may encounter obstacles while making decisions, but ethics should be part of every business decision.

Carroll through his pyramid shows the direction that management continues to take when it comes to decision making. According to the pyramid, a company first must fulfil
economic (profit) and legal (law) level and then comes the ethical level. Everyone who is charged with the responsibility of making these decisions must bear in mind the responsibilities that come along. Responsibility to the environment includes protection and management of especially non-renewable resources or the ones quite important for life support. While carrying out their activities, companies have particular social responsibilities such as minimizing environmental pollution, protecting natural resources and water and energy saving (Benavides-Velasco et al., 2014)

Ganescu and Dindire (2014), found that environmental responsibility and corporate reputation had a positive correlation because activities like reducing pollution enhanced safety among local communities, consumers of products and employees. Organisations ought to be duty-bound to adhere to their environmental responsibilities since their activities of creating economic value consistently lead to many social costs and externalities.

CSR and brand image are strongly linked to each other. CSR is becoming a core component that affects brand image in a positive way and is therefore considered to be a strategic necessity, rather than something that only contributes to the customer’s social value. A study by Ahmad, Melatusamsi, Rasit, Yunus, et al, (2016), revealed that the economic and philanthropic CSR activities significantly led to a more positive level of both brand image components and corporate reputation management than legal and ethical CSR activities. Leiva, Ferrero and Calderón (2016) found that the consequence of acting well should be and is supposed to be a good and positive evaluation by stakeholders. This agrees with Swaen (2014) who also found that consumers’ CSR perceptions are likely to lead to a positive corporate image of the firm and customers consider these firms as operating in an ethical manner.

In recent times, marketers have become aware of fact that Corporate Social Responsibility activities are watched closely not only by environmental friendly organizations but buy a large number of consumers and stakeholders. Chen and Bouvain (2015) found out in their study that the firms brand image has a great impact on the Corporate Social Responsibility ranking of the firm and its Corporate Social Responsibility activities. Consumers are reluctant to buy goods and services from businesses which are involved in socially or ethically irresponsible activities.
Trust building is a fundamental asset in every business relationship and a very important motivation for an organization ascribing to CSR initiatives. A trustworthy company is less likely to attract scepticism as it engages in CSR than a company that is untrustworthy. Canli and Fries (2015) argued that a company which adheres to the prescribed codes of ethics and engages in socially responsible activities gains customer trust. They also argued that a company with a good reputation will ultimately attract less blame from the customer if a recall situation occurs. Recent findings from studies in the hospitality industry also show that ethical CSR practices led to improved corporate image as a result of increase in customer loyalty, (Duzgun and Uyuger 2017).

CSR can boost the organization’s brand image which enhances a company’s competitive advantage (Amin-Chaudhry, 2016). One outcome of integrating CSR into the marketing strategy is to insure the brand from attacks. This means that CSR can work as a “damage insurance” to protect the brand. When CSR is communicated, it becomes a strategic branding tool to manage customer’s expectations. The CSR initiatives influence the positive attitude and behaviour of a customer. This in turn strengthens the company’s brand image, which is one of the main reasons a company engages in CSR activities.

2.3.2 Environmental Protection

There has been increased global interest in matters that concern the environment and businesses of all sizes are rapidly discovering that CSR and sustainable business practices can foster overall environmental stewardship. Today, we are seeing increased awareness and active participation by business professionals in the development of CSR policies (Atudo, 2014).

Dillon and Back (2014), found that managers who sought to understand their key stakeholders gained considerable insights that were useful when developing environmental protection strategies, and that the firm benefited from placing importance into customer satisfaction while developing environmental CSR plans. This agrees with Abdelmotaal (2016), who argues that consumers’ perception of a company was positively influenced by its environmental protection activities and the customers went as far as cultivating a long term attachment to the company, ultimately the customer continued to transact with that company as a result of CSR engagement. Therefore, it is key for managers to ensure that their environmental protection initiatives are sustainable and valuable to the society.
Organizations are increasingly committing more resources towards green initiatives while adopting sustainable processes and practices, adapting products and services to the low-carbon economy and innovating in all areas their business. According to Reuters (2015), the net positive on reducing waste, designing green buildings, implementing green operations and maintenance plans, all have continually proven to yield a positive corporate image of firms in the eyes of the society. Al-Tawil, 2016 argue that CSR has come to rely on a more complex set of factors than corporate governance alone, and equally also depends on sustainable development, environmental impact and sustainable supplier partnerships.

2.3.3 Employee Relations

According to Yoon and Lee (2016), employees’ perceptions of their firm’s CSR authenticity increased their attachment towards the firm and decreased their intent to separate from their employer. In addition, social responsibility may benefit a company by creating good will and improving employee morale, resulting in increased productivity, fewer strikes and work stoppages which a long way in offsetting the other costs associated with being socially responsible (Nkundabanyanga and Okwee, 2011). To this end, organizations need to integrate CSR as part of employee learning programmes, human resource policies and plans (Fenwick and Bierma 2008). Previous empirical studies examining the link between an organization’s corporate culture and its employees’ perception of their CSR activities on suggested a strong positive result between the two variables (Lee et al., 2013).

Organizations demonstrate this commitment through, for instance, health and safety programmes and employee-volunteer programme. Benefits of this approach include organizations being able to attract and retain talent and improve employee morale (Evans, Davis and Frink 2011). Due to this growing trend, organizations are measuring and publicly reporting their employees’ wellness and volunteer programmes via their websites together with annual and sustainability reports (Nord and Fuller 2009).

A firm’s employees are considered an expensive resource and a valuable stakeholder, and if organizations do not treat employees well and promote responsibility towards them and society, it may risk losing their competence. Davenport (2000) Graves and Waddock (1994) and Wood (1991) consider CSR initiatives towards employees as practices providing a family-friendly work environment; practicing responsible human resource management;
providing an equitable reward and wage system for employees; engaging in open and flexible communications with employees and investing in employee development.

According to Magbool, et al. (2016), job applicants had a higher intention to join and were more willing to accept a job offer from organizations with sustainable business practices. Demonstrating a positive link between CSR and organization attractiveness is key, as many organizations continue to perceive sustainable business practices to be costly, yet it presents a win-win paradigm.

Post (2012) advised firms to nurture and develop their human capital as they are a key source of competitive advantage. In addition, he argued that committed employees can help to achieve a company’s goals. Krasodomska (2015) discovered that many employees in the banking sector felt inclined to work for employers that shared similar values relating to social responsibility, sustainable business practice and environmental protection. There may be similar sentiments among employees working in other sectors of the economy.

Although the Employment Act (2007) spells out the relevant laws that are to be followed by firms, voluntary commitments are also expected from organizations towards their employees to further foster their commitment towards ethical CSR.

2.4 Influence of Philanthropic CSR on Corporate Image

Durovic and Randic (2011), have argued that it is very important for the company to join in resolving some social problems and offer suitable contributions, in an effort to contribute to the community in which they work. There are different initiatives and innovative tools that companies can engage themselves in through philanthropic CSR. Cheema et al. (2017) found that these initiatives can affect the firm’s sustainability and competitive advantage position through participating in the protection of the community, building socially needed amenities and offering grant and scholarships to individuals and groups. This agrees with Chaudhry (2016) who argues that CSR may be used as a strategy to provides a competitive differentiation in an environment that is increasingly competitive.

2.4.1 Philanthropic Expectations of Society

Gutiérrez et al., (2013) described societal CSR expectations as the beliefs that the society holds regarding what is expected from businesses when it comes to corporate social responsibility. This aligns with the claim that social expectations regarding an organization’s strategic CSR direction often arise from its stakeholders.
These expectations are constantly changing therefore organizations are required adopt a stakeholder-oriented approach when developing effective CSR strategies, if they are to remain sustainable, as asserted by Sun (2010). A CSR strategy involves developing objectives, policies and plans that define how an organization will generate profits while acting ethically in the way it contributes to society while positively interacting with and impacting its stakeholders (De Sousa et al. 2010).

Businesses across the world have acknowledged economic, legal and ethical responsibilities for society, and the current trend is for them to now embrace philanthropic corporate social responsibility (Tsai et al., 2014). These firms in turn expect to reap big benefits from philanthropic CSR, such as increasing corporate visibility and image, consumer attachment and increased brand loyalty.

Other than purposing to integrate corporate philanthropic acts with corporate image, Robinson and Eilert (2018) found that firms are continually aiming to grow their levels of brand resonance for consumers to feel more in touch with their products and services. On the other hand, Aakhus and Bzdak (2012) propose that managers must find significant promise for collaborative problem solving with other stakeholders such as the government and community for them to commit to solving or addressing social challenges in society.

Sarker and Tacconi (2013) affirm that stakeholder demands and expectations from the society often differ as a result of changes in environmental, social and socio-political issues. In addition to this, firms’ level of engagement in philanthropic CSR is also affected by several internal and external factors including economic, peer pressure from competitors in the industry and ability to gain competitive advantage.

Rasoulzadeh et al., (2013) cited Dahrsrud (2006) in their discussion of philanthropic CSR and referred to the relationship that exists between business and the society where the society includes different stakeholders such as customers, local communities; governments and NGOs in the environment and shareholders. Accordingly, there is need to embrace a holistic approach to philanthropic CSR.

While philanthropic corporate social responsibility is imbedded in non-reciprocity, voluntarism and the interaction with other stakeholders in the society, Boyle (2016) asserts that the voluntary dimension of philanthropic CSR is not a carte blanche for the company to limit itself to do the bare minimum. Aakhus and Bzdak (2012) stated that despite
philanthropic CSR being voluntary, it should in fact be regarded as mandatory or obligatory as keeping promises to the society in which the businesses operate.

Ochoti, Muathe, Ronoh and Maronga, (2013) found that institutions which embrace this concept reap many benefits including customer loyalty, positive attitudes towards brands, customer trust, positive publicity and better financial performance. According to Smith (2013) CSR speaks volumes about a company’s identity, what it believes in and how it is doing business, he argues that CSR is a core element of reputation and can be used to help establish trust and goodwill amongst stakeholders. In its purest form, corporate social responsibility can be adopted for its own sake, simply because it is the right way for a company to behave.

Duarte, Mouro and Neves (2010) found that society’s understanding of the nature of socially responsible corporations can be discussed in three ways; the first looks at philanthropic CSR as playing an active role in enabling members of society attain social well-being; the other is developing a business that is both efficient and ethical in its operations and finally practices that show respect and concern for the well-being of the community. According to Bell (2011) public perception of philanthropic CSR is continuously evolving as the stakeholders continue to gain access to more and more information.

2.4.2 Community Service Initiatives

By building relationships with the immediate community, organizations are able to better understand their responsibilities towards the society, which is critical for maintaining their social license to operate. An organization’s legitimacy is based on society’s perceptions, and how it undertakes community expectations towards tackling CSR matters (McShane 2010). Additionally, community service activities allow for greater engagement among the stakeholders and the corporates, enabling organizations to better anticipate social, political, economic and technological trends and changes and make use of any related opportunities to enhance their competitive advantage (Russo and Perrini 2010).

When it comes to community engagement, stakeholders can describe those who have been given a responsibility to initiate, manage or execute the initiative. Further, to that, these individuals or groups are also interested in the outcome of the community activity or engagement. Therefore, in this perspective, stakeholders have been described by Green and Peloza (2014), as individual or groups, who have a vested interested in the success and, or performance of the engagement.
Corporate volunteering has been described as fostering and supporting employees’ efforts to perform acts of community service and related activities during and outside of working hours (Schnurbein et al., 2016), further argued that this is aimed at enhancing relations between the company, employees and the community. For many reasons, organizations can relate with the community in different ways.

Deigh et al. (2016) have opined that community engagement consists of four spheres of activity namely, donations, projects, employee voluntarism and partnerships and thus community service initiatives can take the form of each of these activities. Their study further argued that philanthropic CSR was not just a mere anticipated role of the CSR pyramid but an essential one.

An organization needs to engage with the community where it exists to build goodwill, cooperation and find ways to uplift their stakeholders’ quality of life. Stakeholder engagement may also help organizations to anticipate social, environmental and political risks and create mutual value for all stakeholders through increased customer loyalty, brand identity and customer trust. There are also the potential benefits of increased social equilibria with higher levels of trust, co-operation, civic engagement, reciprocity and collective well-being (Moan et al., 2015).

Community engagement initiatives are also likely to enlarge the company’s stocks of social capital as argued by Cussen (2017), he further adds that businesses ought to think about the effects of their actions on communities and the resultant stocks of potential social capital to enable them to strive to gain these virtual stocks of social capital as much as possible. As Ramachandra and Mansor (2014) pointed out, involving all stakeholders in community service initiatives not only created a holistic process, but also helped to foster a greater sense of ownership of the community engagement program.

Consequently, Broadridge (2014), identified three types of strategies for firms to actively interact and become key members of the community as, cooperation, collaboration and containment. Each of the strategies entails different tools, goals and interactions. The community engagement actions like giving donations, employee volunteerism, community service initiatives all have these strategies in common.

According to Aakhus and Bzdak (2012), employees have reported that engaging in acts of voluntary community service in the name of their company helps to foster personal commitment, creativity and influence within when they volunteer with people or in areas of the
society that are new or unfamiliar to them. These activities also focus on the communities where companies operate in as opined by Muthuri et al. (2009).

Green and Peloza (2014) have argued that for the impact of CSR on consumers to be universal and meaningful, there should be a clear identifiable impact in the bottom-line of social responsible businesses. This success can also be enhanced by management having a clear understanding of what the various stakeholders such as employees, consumers, government and society expect from it. Consumer expectations, trends and social values are changing rapidly so management must adjust to the situation (Smith, 2013).

2.5 Chapter Summary
Chapter two has reviewed existing literature relating to the influence of corporate social responsibility on corporate image by examining its three dimensions namely economic, ethical and philanthropic CSR.

The next chapter presents the research methodology which the researcher used to conduct the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter focused on the research design, population and sampling design, the data collection methods, the research procedures, and finally look into the methods that was used when analysing the data.

3.2 Research Design
According to Saunders, Lewis and Thornhill (2016), research design refers to the plan of how the researcher intends to answer the research questions. Kothari (2012) identifies three main types of research design: exploratory research design; descriptive and diagnostic research design; and hypothesis-testing research design. This study was carried out using the descriptive research design because it is a social research concerned with a description of the traits of a particular group.

According to Upagade and Shende (2012), research design can be described as the arrangement of stages in research from collection and analysis of data in a manner that aims at combining relevance to the research purpose while maintaining economy in procedure. Descriptive survey is a method of gathering information by interviewing or administering a questionnaire to a sample of individuals in the target population and this approach can be used when collecting information on peoples’ attitudes, opinions, habits or any other social issues. Sekaran and Bougie (2013) asserts that descriptive study has several advantages like; it helps in understanding the characteristics of a group in each situation, assists in systematic thinking about aspects in each situation.

3.3 Population and Sampling Design
This section discusses the target population of the study as well as the sampling design, frame, technique and sample size.

3.3.1 Population
According to Cooper and Schindler (2014), the target population refers to all the elements that enable the researcher to make inferences and the target population can either be a finite or infinite collection of individual elements.
The population consisted of 113 students which is the total number of MBA students enrolled in their final semester of study in Summer, 2018 in USIU-Africa. This population is appropriate because the students have gained a wealth business knowledge in the course of their graduate studies being in their final semester of the Master of Business Administration program, in addition most students would possess extensive work experience in positions where they are likely to be involved in decision making and thus have a good perspective on how corporate social responsibility initiatives are undertaken as well as the expected benefits for stakeholders.

3.3.2 Sampling Design

This section covers the sampling frame, sampling technique and sampling size of the study.

3.3.2.1 Sampling Frame

The selection of a sample from a defined target population requires the construction of a sampling frame. The sampling frame is commonly prepared in the form of a physical list of population elements (Ross, 2009). A well-constructed sampling frame allows the researcher to ‘take hold’ of the defined target population without the need to worry about contamination of the listing with incorrect entries or entries which represent elements associated with the excluded population.

3.3.2.2 Sampling Technique

According to Kothari (2004), the sampling design is a technique used in selecting an appropriate representation from the total sample size, which is the population under study. Sampling enables lower cost, accuracy of results, increased speed of data collection, and availability of population elements.

The sample was selected using purposive sampling, according to Laerd (2015), this is a non-probability sampling which relies on the researcher to select willing respondents from the population. The researcher distributed the research instrument to respondents in the Summer 2018 MBA classes at USIU-A. This ensured that the data collected was relevant to the research objectives of the study.

3.3.2.3 Sample Size

The sample size refers to the number of units selected from which data is gathered. Singh and Masuku (2014) argued that determining the sample size depends on the type of research
and that the sample size is also determined by the number of observations that are to be included. There are three general considerations for determining the sample size; the first is cost base – choice is based on inclusion of items which are readily available; variance base – working backwards from a target variance in order to derive the sample; and statistical power base – choice founded on the targeted power of the statistical test to be applied upon selection of the sample (Singh and Masuku, 2014).

At least 30% of the total population is representative (Borg and Gall, 2003). For this study by the rule of thumb 50% of the population was considered. The sample size was therefore 57 MBA students enrolled in their final semester of study in the Summer 2018 semester, across all majors. The researcher believes that this provided an adequate representation of the population and ultimately an accurate inference of the results.

3.4 Data Collection Methods

This study made use of primary data and secondary data. Primary data was sought from the respondents through use of both online and paper-based questionnaires. Secondary data was obtained from University reports and records from the office of the Registrar and USIU Africa publications.

The primary data that was used was largely quantitative and descriptive in nature. A Likert scale with appropriate variables based on the objective of study was designed to solicit for data. This questionnaire was divided into various sections which was aimed to capture respondents’ general information and specific information arising from the various research questions that the study aims to achieve. A questionnaire was chosen because of its high return rate and reliability.

In its administration, the questionnaire took five to ten minutes to complete. This ensured respondent’s cooperation as well as attaining the targeted response rate. This exercise took two weeks from 7th to 21st May 2018 and went according to schedule. The advantages of using the questionnaire included the fact that it was easy to administer, and questionnaires also provide a less intrusive manner of questioning the respondents because they reduce bias, are familiar to most people, and are relatively easy to analyse (Kothari, 2005).
Accompanying the questionnaire was a letter of introduction for authentication that assured confidentiality of the respondents. This letter also sought permission for the researcher to collect data.

### 3.5 Research Procedure

According to Cooper and Schindler (2014), research instruments should meet three major criteria namely practicality, reliability and validity.

#### 3.5.1. Reliability

Eisner (2008) describes reliability as the rate of consistency and this enables us to check whether the instrument can consistently measure what it intended to measure. Watling (2007) further states that reliability is the extent to which a result is consistent over time and provides an accurate representation of the total population that is under study. Therefore, if the results of a study can be reproduced under a similar methodology, then that research instrument is considered to be reliable.

Numerical measures of reliability are represented by coefficients ranging from 0.00 to 1.00 in order of increasing reliability. This study used Cronbach’s alpha to test internal consistency reliability as it is a reflection of the average inter-correlations of items and number of items in a scale (Kimberlin and Winterstein, 2008).

### 3.6 Data Analysis

Data analysis involves the breakdown of complex facts into simpler components and amalgamating them into meaningful arrangements (Singh, 2006). This study was conducted using descriptive analysis of data arranged in a systematic manner including measures of central tendency such as mean, and standard deviation, frequency distribution tables, as well as inferential statistics such measures of relationship-coefficient of correlation, and rank-correlation coefficient. The findings were presented in form of tables.

Finally, the statistical package for social sciences (SPSS) version 24 was used to synthesize the various relationships amongst the variables through linear and multiple regression analysis.

### 3.7 Chapter Summary

This chapter has provided an explanation of the research design and methodology. The chapter has also provided an explanation for the target population and the reasons for focusing on the defined study scope as well as detailing the sampling procedures and
sample size. The chapter also documents the quality measures that was upheld to make the study useful to the researcher and any other interested party present and in the future.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

Chapter four represents the analysed results and findings of the study on the influence of corporate social responsibility initiatives on an organization’s image. The profiles of respondents analysed were; age, education level, designation.

This included results relating to the demography and specific research objectives aimed at establishing how organizations’ corporate social responsibility initiatives influence their corporate image.

4.1.1 Response Rate

The researcher issued a total of 57 questionnaires and a total of 50 were filled and returned giving a response rate of 87%. This was sufficient for the study as indicted in table 4.1

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and returned</td>
<td>50</td>
<td>87</td>
</tr>
<tr>
<td>Non-response</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.2 General Information
4.2.1 Age of Respondents

The result established that students aged 26-29 were the majority and accounting for 44%, this was followed closely by those aged 30-35 years who accounted for 26% of the total, on the other hand, respondents aged 20-25 years were 16% while those aged over 35 years represented 14% as shown in figure 4.1 below.

![Figure 4.1: Age of Respondents](image)

4.2.2 Employment Status

The study reviewed respondent’s employment status and it was established that 58% were employed while full time students were 24%, and self-employed were 18% as indicated in Figure 4.2

![Figure 4.2: Employment Status](image)
4.2.3 Management Levels of Respondents

The study reviewed respondent management levels and it was established that those in middle level management were the majority at 56%, while those in top level were 30%, and non-management level was represented at 14% as indicated in Figure 4.3

![Figure 4.3: Management Levels](image)

4.2.4 MBA Concentration

The study analyses respondent MBA Concentrations and it was established that those taking strategic management concentrations were the majority at 44%, while those taking finance followed closely at 24%, and marketing at 18%. In addition, GSSE and HRM had the least representations at 8% and 6% respectively as indicated in Figure 4.4

![Figure 4.4: MBA Concentration](image)
4.2.5 CSR Awareness

Respondents were asked to indicate companies in Kenya whose Corporate Social Responsibility (CSR) initiatives they were aware of and 96% recognized Equity Bank for their Wings to Fly initiative, 96% recognized Mater Hospital for their annual Heart Run, Safaricom Foundation and KCB were also recognized by 88% of respondents, and Standard Chartered Seeing is Believing Marathon was named by 84% of respondents as shown in Table 4.2

Table 4.2: CSR awareness

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Bank Wings to Fly</td>
<td>50</td>
<td>48</td>
<td>96</td>
</tr>
<tr>
<td>Mater Heart Run</td>
<td>50</td>
<td>46</td>
<td>92</td>
</tr>
<tr>
<td>Safaricom Foundation</td>
<td>50</td>
<td>44</td>
<td>88</td>
</tr>
<tr>
<td>KCB Foundation</td>
<td>50</td>
<td>44</td>
<td>88</td>
</tr>
<tr>
<td>Standard Chartered Marathon</td>
<td>50</td>
<td>42</td>
<td>84</td>
</tr>
</tbody>
</table>

4.3 Influence of Economic Corporate Social Responsibility on Corporate Image

The first objective sought to establish the economic dimension of CSR on corporate image and to achieve this, the respondents were required rate the statements and the results are as follows.

4.3.1 Descriptive of Shareholder Wealth Maximization

The findings indicated that a firm’s financial performance should determine its engagement in CSR initiatives (m=4.30, Sd=.450). Majority disagreed with the question that that a firm’s first responsibility should be to its shareholders and not the society (m=1.59, Sd=.495). It was however revealed that respondents believed that CSR initiatives had a significant impact on the profitability of a business (m=4.18, Sd=.867) as shown in Table 4.3
Table 4.3: Descriptive of Shareholder Wealth Maximization

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A firm’s financial performance should determine its engagement in CSR initiatives.</td>
<td>50</td>
<td>4.30</td>
<td>.450</td>
</tr>
<tr>
<td>2. A firm’s first responsibility should be to its shareholders and not the society.</td>
<td>50</td>
<td>1.59</td>
<td>.495</td>
</tr>
<tr>
<td>3. CSR initiatives have a significant impact on the profitability of a business.</td>
<td>50</td>
<td>4.18</td>
<td>.867</td>
</tr>
</tbody>
</table>

4.3.2 Descriptive of Operational Efficiency

Analysis of the operational efficiency revealed that majority of respondents agreed that responsible firms should establish long-term strategies for sustainable growth (m=4.70, ds=.401). The findings indicated that companies that are continually seeking ways to use their resources efficiently and in a sustainable manner are economically responsible (m=4.28, sd=.906) and CSR initiatives promote innovative business practices (m=4.55, sd=.517) as shown in Table 4.4

Table 4.4: Descriptive of Operational Efficiency

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Responsible firms should establish long-term strategies for sustainable growth.</td>
<td>50</td>
<td>4.70</td>
<td>.401</td>
</tr>
<tr>
<td>2. Companies that are continually seeking ways to use their resources efficiently and in a sustainable manner are economically responsible.</td>
<td>50</td>
<td>4.28</td>
<td>.906</td>
</tr>
<tr>
<td>3. CSR initiatives promote innovative business practices.</td>
<td>50</td>
<td>4.55</td>
<td>.517</td>
</tr>
</tbody>
</table>

4.3.3 Descriptive of Sustainable Business Value

The findings revealed that economically responsible firms strive to offer a great customer experience (m=4.52, sd=.449). It was also established engaging in sustainable supplier partnerships enhances economic CSR (m=4.12, sd=.562). The findings also show that economically responsible businesses foster corporate citizenship by paying their taxes (m=4.00, sd=1.083). The study also revealed that embedding CSR in an organization promotes shared value (m=4.42, sd= .419). The respondents however disagreed that they
evaluate a company’s CSR record before purchasing their products/services (m=1.29, sd=.852) as shown in Table 4.5

Table 4.5: Descriptive of Sustainable Business Value

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Economically responsible firms strive to offer a great customer experience.</td>
<td>50</td>
<td>4.52</td>
<td>.449</td>
</tr>
<tr>
<td>2. Engaging in sustainable supplier partnerships enhances economic CSR.</td>
<td>50</td>
<td>4.12</td>
<td>.562</td>
</tr>
<tr>
<td>3. Economically responsible businesses foster corporate citizenship by paying their taxes.</td>
<td>50</td>
<td>4.00</td>
<td>1.083</td>
</tr>
<tr>
<td>4. Embedding CSR in an organization promotes shared value.</td>
<td>50</td>
<td>4.42</td>
<td>.419</td>
</tr>
<tr>
<td>5. I evaluate a company’s CSR record before purchasing their products/services.</td>
<td>50</td>
<td>1.29</td>
<td>.852</td>
</tr>
</tbody>
</table>

4.4 Influence of Ethical Corporate Social Responsibility on Corporate Image

The second objective sought to establish the ethical dimension of CSR on corporate image and to achieve this, the respondents were required rate the statements and the results were as follows.

4.4.1 Descriptive of Ethical Code of Conduct

An analysis of the ethical code of conduct indicated that ethically responsible firms follow the professional standards set for the industry in which they operate. (m=4.32, sd=1.066). It was also agreed that establishing internal ethical standards enhances social responsibility (m=4.25, sd=.481). The results also indicated that majority disagreed that they would be more forgiving of a firm that engages in CSR if the company did something unethical (m=1.54, sd=.714) as shown in Table 4.6

Table 4.6: Descriptive of Ethical Code of Conduct

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ethically responsible firms follow the professional standards set for the industry in which they operate.</td>
<td>50</td>
<td>4.32</td>
<td>1.066</td>
</tr>
<tr>
<td>2. Establishing internal ethical standards enhances social responsibility.</td>
<td>50</td>
<td>4.25</td>
<td>.481</td>
</tr>
<tr>
<td>3. I would be more forgiving of a firm that engages in CSR if the company did something unethical.</td>
<td>50</td>
<td>1.54</td>
<td>.714</td>
</tr>
</tbody>
</table>
4.4.2 Descriptive of Environmental Protection

An analysis of environmental protection revealed that establishing mechanisms to monitor the potential negative impact on the environment due to firms’ operations promotes ethical responsibility (m=4.48, sd= .831). It was also indicated that companies that continually seek new ways to protect the environment are socially responsible (m=4.62, sd=.459). Respondents also indicated that they were more trusting of firms that operate in a socially responsible (m=4.51, sd=.406) as shown in Table 4.7

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establishing mechanisms to monitor the potential negative impact on</td>
<td>50</td>
<td>4.48</td>
<td>.831</td>
</tr>
<tr>
<td>the environment due to firms’ operations promotes ethical responsibility.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Companies that continually seek new ways to protect the environment</td>
<td>50</td>
<td>4.62</td>
<td>.459</td>
</tr>
<tr>
<td>are socially responsible</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I am more trusting of firms that operate in a socially responsible.</td>
<td>50</td>
<td>4.51</td>
<td>.406</td>
</tr>
</tbody>
</table>

4.4.3 Descriptive of Employee Relations

An analysis of employee relations indicated that companies that strive to improve their employee’s welfare promote ethical CSR (m=4.48, sd=.403). It was also indicated that CSR promotes employee motivation (m=4.54, sd=0.119). In addition, employees are likely to be committed to work in firms that engage in CSR (m=3.42, sd=.552) as shown in Table 4.8

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Companies that strive to improve their employee’s welfare promote</td>
<td>50</td>
<td>4.48</td>
<td>.403</td>
</tr>
<tr>
<td>ethical CSR.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. CSR promotes employee motivation</td>
<td>50</td>
<td>4.54</td>
<td>0.119</td>
</tr>
<tr>
<td>3. Employees are likely to be committed to work in firms that engage in</td>
<td>50</td>
<td>3.42</td>
<td>.552</td>
</tr>
<tr>
<td>CSR</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.5 Influence of Philanthropic Corporate Social Responsibility on Corporate Image

The third objective sought to establish the philanthropic dimension of CSR on corporate image and to achieve this, the respondents were required rate the statements and the results are as follows.

4.5.1 Descriptive of Philanthropic Expectations of the Society

An analysis of philanthropic expectations of the society revealed that the society expects all businesses to actively participate in solving societal challenges such as healthcare and education (m=4.26, sd=.590). It was also established that regular corporate philanthropy impacts the communities’ welfare (m=4.16, sd=.481). The findings also show that philanthropic CSR helps companies to build relationship with stakeholders (m=4.89, sd=.677). The communication of social CSR initiatives by companies was also established to influence the public perception of the organisation (m=4.78, sd=.450) as shown in Table 4.9

Table 4.9: Descriptive of Philanthropic Expectations of the Society

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Society expects all businesses to actively participate in solving societal challenges such as healthcare and education</td>
<td>50</td>
<td>4.26</td>
<td>.590</td>
</tr>
<tr>
<td>2. Regular corporate philanthropy impacts the communities’ welfare.</td>
<td>50</td>
<td>4.16</td>
<td>.481</td>
</tr>
<tr>
<td>3. Philanthropic CSR helps companies to build relationship with stakeholders.</td>
<td>50</td>
<td>4.89</td>
<td>.677</td>
</tr>
<tr>
<td>4. The communication of social CSR initiatives by companies influences the public perception of the organisation</td>
<td>50</td>
<td>4.78</td>
<td>.450</td>
</tr>
</tbody>
</table>

4.5.2 Descriptive of Community Service Initiatives

Analysis of community service initiatives revealed that the firms should be committed towards creating better communities (m=4.15, sd=0.461). It was also established that the companies should actively encourage their employees to volunteer their time and skills towards community service (m=4.94, sd=0.255). The study also indicated that companies should strive to develop a strategy for CSR initiatives for better outcomes (m=4.16, sd=0.547). There was however uncertainty on a relationship between philanthropic
corporate social responsibility initiatives and an organization success (m=3.92, sd=0.847). It was revealed that philanthropic CSR initiatives are often used as a marketing strategy by companies (m=4.12, sd=0.505). There was however uncertainty on respondents being more attracted to work for a firm that engages in philanthropic CSR (m=3.65, sd=0.181). The findings also revealed that companies that engage in philanthropic CSR have a competitive advantage in their industry (m=4.56, sd=0.841) as shown in Table 4.10

Table 4.10: Descriptive of Community Service Initiatives

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The firms should be committed towards creating better communities</td>
<td>50</td>
<td>4.15</td>
<td>0.461</td>
</tr>
<tr>
<td>2. Companies should actively encourage their employees to volunteer their time and skills towards community service.</td>
<td>50</td>
<td>4.94</td>
<td>0.255</td>
</tr>
<tr>
<td>3. Companies should strive to develop a strategy for CSR initiatives for better outcomes.</td>
<td>50</td>
<td>4.16</td>
<td>0.547</td>
</tr>
<tr>
<td>4. There is a relationship between philanthropic corporate social responsibility initiatives and an organization success.</td>
<td>50</td>
<td>3.92</td>
<td>0.847</td>
</tr>
<tr>
<td>5. Philanthropic CSR initiatives are often used as a marketing strategy by companies.</td>
<td>50</td>
<td>4.12</td>
<td>0.505</td>
</tr>
<tr>
<td>6. I would be more attracted to work for a firm that engages in philanthropic CSR.</td>
<td>50</td>
<td>3.65</td>
<td>0.181</td>
</tr>
<tr>
<td>7. Companies that engage in philanthropic CSR have a competitive advantage in their industry.</td>
<td>50</td>
<td>4.56</td>
<td>0.841</td>
</tr>
</tbody>
</table>

4.6 Inferential Statistics

4.6.1 Reliability Test

A reliability test was done by use of Cronbach Alpha on the variables of economic corporate social responsibility, ethical corporate social responsibility and Philanthropic social responsibility. Cronbach’s alpha measure assesses the reliability or internal uniformity, of a set trial items. The desired Cronbach alpha value should be above 0.6 (α >0.6) For the study the value all the values were above 0.7 hence making the variables very reliable as indicated in table 4.11
Table 4.11: Reliability Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Corporate Social Responsibility</td>
<td>.826</td>
<td>11</td>
</tr>
<tr>
<td>Ethical Corporate Social Responsibility</td>
<td>.879</td>
<td>9</td>
</tr>
<tr>
<td>Philanthropic Social Responsibility</td>
<td>.899</td>
<td>11</td>
</tr>
</tbody>
</table>

4.6.2 Multi Correlation Analysis

The study sought to determine the relationship between corporate image and the types of corporate social responsibility, and the results indicated in Table 4.12 revealed that there was a positive and significant relationship between corporate image and economic corporate social responsibility ($r=0.560$, $p<0.01$), ethical corporate social responsibility ($r=0.512$, $p<0.05$), and philanthropic social responsibility ($r=0.409$, $p<0.01$). From the analysis the three CSR types had a significant correlation with corporate image and thus imply that increase in CSR activities boost corporate image as indicated in Table 4.12

Table 4.12: Multi Correlation Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Corporate Image</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Corporate Social Responsibility (1)</td>
<td>Pearson Correlation</td>
<td>.560∗</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical Corporate Social Responsibility (2)</td>
<td>Pearson Correlation</td>
<td>.512∗</td>
<td>.467∗</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.012</td>
<td>.002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philanthropic Corporate Responsibility (3)</td>
<td>Pearson Correlation</td>
<td>.409∗</td>
<td>.683∗</td>
<td>.307∗</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.010</td>
<td>.000</td>
<td>.044</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

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

4.7 Chapter Summary

This chapter has highlighted results and findings made from the study. The first section provided an analysis of demographic data of the respondents, the second section gave insights into data on economic corporate social responsibility, the third section looked at the data on ethical corporate social responsibility, the fourth section covered issues of
philanthropic social responsibility. In chapter five these results are discussed, and relevant conclusions and recommendations made with regard to corporate social responsibility.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This section seeks to analyse the findings and this is undertaken by comparing previous literature related to Corporate social responsibility and firm image. This is organized based on the specific research questions which sought to determine how economic corporate social responsibility initiatives influence corporate image. How ethical corporate social responsibility initiatives influence corporate image and to establish how philanthropic corporate social responsibility initiatives influence corporate image.

5.2 Summary of the Study
The general objective of this study was to explore how organizations’ corporate social responsibility initiatives influence their corporate image. To achieve this, the study was guided by specific objective which sought: to determine how economic corporate social responsibility initiatives influence corporate image, to investigate how ethical corporate social responsibility initiatives influence corporate image, and lastly to establish how philanthropic corporate social responsibility initiatives influence corporate image.

This study adopted a descriptive research design, descriptive approach was also applied since it enabled the researcher to use quantitative data so as to find common characteristics about the population or phenomena being studied. The target population for this study comprised of 113 students enrolled in their final semester of the MBA program in USIU-Africa, in Summer 2018 semester as at May 2018. The sample was selected using purposive sampling where 50% of the total population was used as a representative thus resulting into 57 MBA students enrolled in the Summer 2018 semester, across all majors. The study used a structured questionnaire as a data collection tool to collect both qualitative and quantitative data.

The findings revealed that respondents found economically responsible firms to be those firms that strive to offer products and services that meet customers’ needs and offer a great customer experience. It was also established engaging in sustainable supplier partnerships enhances economic CSR. The findings also show that economically responsible businesses foster corporate citizenship by paying their taxes. It was established that embedding CSR in an organization promotes shared value. A firm’s financial performance should determine its engagement in CSR initiatives. Analysis of the operational efficiency revealed that
The majority of respondents agreed that responsible firms should establish long-term strategies for sustainable growth and companies that are continually seeking ways to use their resources efficiently and in a sustainable manner are economically responsible at the same time CSR initiatives promote innovative business practices. The findings also indicated that a firm’s financial performance should determine its engagement in CSR initiatives and CSR initiatives have a significant impact on the profitability of a business.

An analysis of the ethical code of conduct indicated that ethically responsible firms follow the professional standards set for the industry in which they operate. It was also agreed that establishing internal ethical standards enhances social responsibility. An analysis of environmental protection revealed that establishing mechanisms to monitor the potential negative impact on the environment due to firms’ operations promotes ethical responsibility. It was also indicated that companies that continually seek new ways to protect the environment are socially responsible. Respondents also indicated that they were more trusting of firms that operate in a socially responsible environment. An analysis of employee relations indicated that companies that strive to improve their employee’s welfare promote ethical CSR and this promotes employee motivation.

An analysis of philanthropic expectations of the society revealed that the society expects all businesses to actively participate in solving societal challenges such as healthcare and education. It was also established that regular corporate philanthropy impacts the communities’ welfare. The findings also show that philanthropic CSR helps companies to build relationship with stakeholders and the communication of social CSR initiatives by companies was also established to influence the public perception of the organisation. Analysis of community service initiatives revealed that the firms should be committed towards creating better communities. It was also established that the companies should actively encourage their employees to volunteer their time and skills towards community service as well as develop a strategy for CSR initiatives for better outcomes. It was revealed that philanthropic CSR initiatives are often used as a marketing strategy by companies. The findings also revealed that companies that engage in philanthropic CSR have a competitive advantage in their industry.
5.3 Discussions

5.3.1 Economic Corporate Social Responsibility initiatives on Corporate Image

The findings revealed that economically responsible firms strive to offer a great customer experience. Abd-El-Salam (2013) concurs and he also pointed out that market economy mechanisms and stakeholders’ interests have a direct impact on corporate operations performed to construct corporate image and that corporate social responsibility remains particularly important in creating and maintaining this image. CSR is a self-regulation mechanism that businesses use to ensure that they abide by the law, uphold ethical values and subscribe to international standards of operations. Economic CSR is concerned with how the business produces products and services that the consumer needs and in turn sells them at a profit.

It was also established that engaging in sustainable supplier partnerships enhanced economic CSR. Consistent economic sustainability is the most important pillar of economic CSR, as managers have a duty to ensure that the company can offer returns on shareholders’ investment and maximize their wealth. As Nwoke (2017) argues, the current dominance of the “maximizing shareholder value” model of corporate governance has made it unreasonable to pin too much hope on contemporary CSR as an effective mechanism for development. This is because the first responsibility of business is towards its shareholders who have invested their funds towards the business, expecting to make a profit.

The findings also show that economically responsible businesses foster corporate citizenship by paying their taxes. According to Amin-Chaudhry (2016), financial profitability and social responsibility are positively related, and profitable firms are better social performers. CSR has also been established to act as a self-regulation mechanism that businesses should use to ensure that in addition to abiding by the law, they uphold ethical values and subscribe to international best practices and standards of operations. Economic CSR is concerned with how the business produces products and services that the consumer needs and in turn sells them at a profit.

It was established that embedding CSR in an organization promotes shared value. The shareholder value theory argues that tackling social responsibility matters comes at a cost to corporations and as Al-Tawil (2016) found, a company’s competitive position relative to other businesses may be in jeopardy when it is forced to absorb the costs of socially responsible practices. This argument about the negative impact of CSR on corporate profits
has been made more compelling because of the global competitive environment in which modern corporations operate. When it comes to comparing business performance, in the case where a business in a country utilizes its profits to tackling societal issues, it will have reduced its profits if a similar business in another country does not act participate in CSR.

The findings indicated that CSR initiatives promote innovative business practices. Nkundabanyanga and Okwee (2011) opined that managers are responsible for making decisions related to skills, resources, and practices that will ensure the organization's well-being in the short term as well as those decisions related to how organizations will maintain long-term consistency between their practices and their operating environment. Ochoti et al. (2013), concluded that CSR has a positive impact on the firm’s financial performance, and that those firms which do not pay attention to CSR’s activities had poorer financial performance when compared to those that were socially responsible and worked towards the welfare of its employees, suppliers, investors, and consumers.

The study established that CSR initiatives have a significant impact on the profitability of a business. Al-Tawil (2016) on the other hand established that proponents of CSR often argue that CSR provides a long-term perspective of how firms can continue to make profit in a sustainable manner, while in their study on the finance sector, Pérez et al. (2013) concluded that CSR led to increased customer loyalty because of customer satisfaction. Through cultivating a positive corporate image in the eye of customers, companies can achieve a sustainable competitive advantage within their competitive environment.

### 5.3.2 Ethical Corporate Social Responsibility on Corporate Image

An analysis of the ethical code of conduct indicated that ethically responsible firms follow the professional standards set for the industry in which they operate. Al-Tawil (2016) pointed out that there has been an increase in the number of businesses coming up with ethical codes of conduct to direct their corporate activities. Many companies today publish reports to account for the environmental impact of their activities, with some going as far as undertaking various forms of environmental impact assessments before the approval of any project. Firms are also beginning to appreciate their role of being good corporate citizens by involving communities as important organizational stakeholders.

It was also agreed that establishing internal ethical standards enhances social responsibility. As Mapepeta (2015) noted, the practice of investments by businesses globally is increasingly being met by strict requirements to be responsible while operating in the
community where the business is established. This involves businesses adhering to the morally accepted standards which according to Pivato et al. (2013), goes a long way in cultivating trust.

An analysis of environmental protection revealed that establishing mechanisms to monitor the potential negative impact on the environment due to firms’ operations promotes ethical responsibility. Organizations are increasingly committing more resources towards green initiatives while adopting sustainable processes and practices, adapting products and services to the low-carbon economy and innovating in all areas their business. According to Reuters (2015), the net positive on reducing waste, designing green buildings, implementing green operations and maintenance plans, all have continually proven to yield a positive corporate image of firms in the eyes of the society. Al-Tawil, 2016 argue that CSR has come to rely on a more complex set of factors than corporate governance alone, and equally also depends on sustainable development, environmental impact and sustainable supplier partnerships.

It was also indicated that companies that continually seek new ways to protect the environment are socially responsible. Atudo (2014) concurs that there has been increased global interest in matters that concern the environment and businesses of all sizes are rapidly discovering that CSR and sustainable business practices can foster overall environmental stewardship. Today, we are seeing increased awareness and active participation by business professionals in the development of CSR policies (Atudo, 2014). Respondents also indicated that they were more trusting of firms that operate in a socially responsible environment. CSR and brand image are strongly linked to each other. CSR is becoming a core component that affects brand image in a positive way and is therefore considered to be a strategic necessity, rather than something that only contributes to the customer’s social value. According to Yoon and Lee (2016), employees’ perceptions of their firm’s CSR authenticity increased their attachment towards the firm and decreased their intent to separate from their employer. In addition, social responsibility may benefit a company by creating good will and improving employee morale, resulting in increased productivity, fewer strikes and work stoppages which a long way in offsetting the other costs associated with being socially responsible (Nkundabanyanga and Okwee, 2011). To this end, organizations need to integrate CSR as part of employee learning programmes, human resource policies and plans (Fenwick and Bierma 2008).
Responsibility to the environment includes protection and management of especially non-renewable resources or the ones quite important for life support. While carrying out their activities, companies have specific areas of interest in social responsibilities such as minimizing environmental pollution, protecting natural resources and water and energy saving (Benavides-Velasco et al., 2014)

An analysis of employee relations indicated that companies that strive to improve their employee’s welfare promote ethical CSR and this promotes employee motivation. Davenport (2000) Graves and Waddock (1994) and Wood (1991) consider CSR initiatives towards employees as practices providing a family-friendly work environment; engaging in responsible human resource management; providing an equitable reward and wage system for employees; engaging in open and flexible communications with employees and investing in employee development. Post (2012) advised firms to nurture and develop their human capital as they are a key source of competitive advantage. In addition, he argued that committed employees can help to achieve a company’s goals.

### 5.3.3 Philanthropic Corporate Social Responsibility on Corporate Image

An analysis of philanthropic expectations of the society revealed that the society expects all businesses to actively participate in solving societal challenges such as healthcare and education. Durovic and Randic (2011), have argued that it is very important for the company to join in resolving some social problems and offer suitable contributions, to contribute to the community in which they work. There are different initiatives and innovative tools that companies can engage themselves in through philanthropic CSR. Cheema et al. (2017) found that these initiatives can affect the firm’s sustainability and competitive advantage position through participating in the protection of the community, building socially needed amenities and offering grant and scholarships to individuals and groups. This agrees with Chaudhry (2016) who argues that CSR may be used as a strategy to provides a competitive differentiation in an environment that is increasingly competitive.

It was also established that regular corporate philanthropy impacts the communities’ welfare. In line with this, Green and Peloza (2014) have argued that for the impact of CSR on consumers to be universal and meaningful, there should be a clear identifiable impact in the bottom-line of social responsible businesses. This success can also be enhanced by management having a clear understanding of what the various stakeholders such as employees, consumers, government and society expect from it. Consumer expectations,
trends and social values are changing rapidly so management must adjust to the situation (Smith, 2013).

The findings also show that philanthropic CSR helps companies to build relationship with stakeholders. Research community service activities allow for greater engagement between the stakeholders and the corporates, enabling organizations to better anticipate social, political, economic and technological trends and changes and make use of any related opportunities to enhance their competitive advantage (Russo and Perrini 2010). An organization needs to engage with the community where it exists to build goodwill, cooperation and find ways to uplift their stakeholders’ quality of life. Stakeholder engagement may also help organizations to anticipate social, environmental and political risks and create mutual value for all stakeholders through increased customer loyalty, brand identity and customer trust (Moan et al. 2015).

Communication of social CSR initiatives by companies was also established to influence the public perception of the organisation. Sun (2010) explains that these expectations are constantly changing therefore organizations need to adopt a stakeholder-oriented approach to develop effective CSR strategies, if they are to remain sustainable. A CSR strategy involves developing objectives, policies and plans to define how an organization will generate profits and act ethically in the way it contributes to society while positively interacting with and impacting its stakeholders (De Sousa et al. 2010).

Analysis of community service initiatives revealed that the firms should be committed towards creating better communities. McShane (2010) also pointed out that for many reasons, organizations can relate with the community in different ways. By building relationships with the immediate community, organizations can better understand their social responsibilities, which is critical for maintaining their social license to operate. An organization’s legitimacy is based on society’s perceptions, and how it accommodates requests regarding CSR matters.

It was also established that the companies should actively encourage their employees to volunteer their time and skills towards community service as well as develop a strategy for CSR initiatives for better outcomes. Evans et al., (2011) postulate that organizations demonstrate commitment through, for instance, health and safety programmes and employee-volunteer programme. Benefits of this approach include organizations being able to attract and retain talent and improve employee morale (Evans et al., 2011). Due to this growing trend, organizations are measuring and publicly reporting their employees’
wellness and volunteer programmes via their websites together with annual and sustainability reports Nord and Fuller (2009). A firm’s employees are considered an expensive resource and a valuable stakeholder, and if organizations do not treat employees well and promote responsibility towards them and society, it may risk losing their competence.

It was revealed that philanthropic CSR initiatives are often used as a marketing strategy by companies. Amin-Chaudhry (2016) explains that CSR can boost the organization’s brand image which enhances a company’s competitive advantage. One outcome of integrating CSR into the marketing strategy is to insure the brand from attacks. This means that CSR can work as a “damage insurance” to protect the brand.

The findings also revealed that companies that engage in philanthropic CSR have a competitive advantage in their industry. Cheema et al. (2017) found that philanthropic CSR initiatives can affect the firm’s sustainability and competitive advantage position through participating in the protection of the community, building socially needed amenities and offering grant and scholarships to individuals and groups. This agrees with Chaudhry (2016) who argues that CSR may be used as a strategy to provides a competitive differentiation in an environment that is increasingly competitive.

5.4 Conclusion

5.4.1 Economic Corporate Social Responsibility initiatives on Corporate Image

The study concluded that economically responsible firms always have the drive to offer a great customer experience. In addition to ensure that they have all the necessary materials it is vital for institutions to engaging in sustainable supplier partnerships thus enhances economic CSR. The findings also indicated that such firms also have the capacity to foster corporate citizenship by paying their taxes. With the increased competition in the market, responsible firms ought to establish long-term strategies for sustainable growth. It is also acknowledged that CSR initiatives have a significant impact on the profitability of a business.

5.4.2 Ethical Corporate Social Responsibility on Corporate Image

For firms to be ranked as ethical, there is a need to follow the professional standards set by the industry players. This can be done by establishing internal ethical standards which would enhance social responsibility. Organizations also need to have measures that would
help in curbing of potential negative impact on the environment. Firms operating in the socially responsible environment helps in building trust between the firm and its stakeholders. There is a need to also ape the same when looking at employee’s welfare in order to improve employee motivation.

5.4.3 Philanthropic Corporate Social Responsibility on Corporate Image

Society expects all businesses to actively participate in solving societal challenges such as healthcare and education. When a firm takes part in corporate philanthropy, there is a high expectation that it will have an impact on the communities’ welfare. These acts help companies to build relationship with stakeholders, and for such acts to reach the potential beneficiaries, effective communication is a requirement. Acts of CSR should be actively encouraged so that employees can volunteer their time and skills towards community service as well as develop a strategy for CSR initiatives for better outcomes.

5.5 Recommendation

5.5.1 Areas for Improvement

5.5.1.1 Economic Corporate Social Responsibility initiatives on Corporate Image

There is a need for organizations to be economically responsible by offering a greater value to the customer, this will in turn contribute to an increased customer experience. It is also necessary for the institutions to maintain sustainable supplier partnerships as one of the ways to enhances economic CSR. Such firms should also aim at establishing long-term strategies for sustainable growth and greater stakeholder engagement. Directors and Managers should ensure that before engaging in CSR, a firm’s financial performance is capable of sustaining such initiatives since the first duty is to provide a return on shareholders’ investment. Ultimately an economically responsible firm is one that is profitable and sustainable for the long term to be able to provide a positive return to investors, employees, suppliers, the government and the community at large. This ultimately builds positive consumers perception and in return a positive impact on the firm’s profitability.

5.5.1.2 Ethical Corporate Social Responsibility on Corporate Image

A socially responsible business is one that operates according to the set professional standards and ethical requirements of that industry in which it operates. Internal ethical and operational standards should be set up and followed to the letter in order to enhance social
responsibility within an organization; among its employees, suppliers, customers and other stakeholders. In order to minimize reputation risk, in addition, companies should continually seek new ways to protect the environment in order to gain public trust. It is also very vital for institutions to create good employee relations to improve employee’s welfare and motivation.

5.5.1.3 Philanthropic Corporate Social Responsibility on Corporate Image

Although it is mainly the Government’s mandate, businesses should actively participate in solving societal challenges such as pollution, healthcare and education so as to positively impact communities’ welfare. Communication of social CSR initiatives by companies should be considered a number one priority if the institution intends to influence the public perception of the organisation. To ensure high presence in the industry, institutions should utilize CSR as a marketing strategy and this would enhance their competitive advantage in the industry.

5.5.2 Recommendation for Further Research

This study sought the views of respondents in regard to CSR and its impacts on company’s image. For further research, this study recommends that a similar study should be undertaken but with respondents being management or employees from specific industries. More studies should also be done to establish the impact of the various CSR types on organizations performance.
REFERENCES


Smith, J. (2013, October 2). The Companies With the Best CSR Reputations. *Journal of Business Ethics,* 34.


APPENDIX I: INTRODUCTION LETTER

Sara Muthoni Mburia
P.O. Box 56809-00200
Nairobi

22 April 2018

Dear Respondent,

REQUEST FOR YOUR PARTICIPATION IN RESEARCH PROJECT

I am final year Master of Business Administration (MBA) student at the United States International University – Africa (USIU-A) and I am currently undertaking a research project that seeks to establish the Influence of Corporate Social Responsibility Initiatives on Organizations’ Corporate Image.

It is anticipated that the results of this study will help organizations that engage in CSR to understand how best to channel their resources in CSR and how these initiatives influence their corporate image in the society. As respondents you will also benefit by evaluating your understanding of CSR in society and how these initiatives impact your interaction with brands.

As a student of USIU-A, I am expected to uphold high ethical standards during this study and I assure you that the information collected will be treated with confidentiality and only used for research purposes.

I therefore request for your participation in this study and look back to your co-operation.

Yours faithfully

Sara Muthoni Mburia
APPENDIX II: RESEARCH INSTRUMENT

Please answer all questions as candidly as possible

SECTION A: BACKGROUND

1. Age  □20-25 □26-29 □30-35 □Over 35
2. Employment Status  □Employed □Fulltime Student □Self Employed
3. Employment Cadre  □Top Management □Middle Management □Non-Management
4. MBA Concentration □Finance □GSSE □Strategic Management □Marketing □HRM
5. Please list three or more companies in Kenya whose Corporate Social Responsibility (CSR) initiatives you are aware of.

<table>
<thead>
<tr>
<th>Company</th>
<th>CSR Initiative(s)</th>
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<tbody>
<tr>
<td>i.</td>
<td>.................................................................</td>
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<td>ii.</td>
<td>.................................................................</td>
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<td>iii.</td>
<td>.................................................................</td>
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<td>iv.</td>
<td>.................................................................</td>
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</table>
SECTION B: INFLUENCE OF ECONOMIC CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE IMAGE

The economic dimension of CSR entails actions that the managers carry out to ensure that the business is profitable in order to create long-term value for its stakeholders and contribute to a global and sustainable economy.

Kindly (√) tick appropriately on a scale of 1-5. 1-Strongly Agree, 2-Agree, 3-Neutral, 4-Disagree, 5-Strongly Disagree

<table>
<thead>
<tr>
<th>Kindly indicate the extent to which you agree with the following statements concerning the influence of economic CSR on a company’s image</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>

**Shareholder Wealth Maximization**

1. A firm’s financial performance should determine its engagement in CSR initiatives.

2. A firm’s first responsibility should be to its shareholders and not the society.

3. CSR initiatives have a significant impact on the profitability of a business.

**Operational Efficiency**

1. Responsible firms should establish long-term strategies for sustainable growth.

2. Companies that are continually seeking ways to use their resources efficiently and in a sustainable manner are economically responsible.

3. CSR initiatives promote innovative business practices.

**Sustainable Business Value**

1. Economically responsible firms strive to offer a great customer experience.
2. Engaging in sustainable supplier partnerships enhances economic CSR.

3. Economically responsible businesses foster corporate citizenship by paying their taxes.

4. Embedding CSR in an organization promotes shared value.

5. I evaluate a company’s CSR record before purchasing their products/services.

SECTION C: INFLUENCE OF ETHICAL CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE IMAGE

Ethical CSR refers to behaviours and activities that are permitted or prohibited by organization members, community, society, even if they are not spelled out by law.

Kindly (√) tick appropriately on a scale of 1-5. 1-Strongly Agree, 2-Agree, 3-Neutral, 4-Disagree, 5-Strongly Disagree

<table>
<thead>
<tr>
<th>Kindly indicate the extent to which you agree with the following statements concerning the influence of ethical CSR on a company’s image</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>

**Ethical Code of Conduct**

1. Ethically responsible firms follow the professional standards set for the industry in which they operate.

2. Establishing internal ethical standards enhances social responsibility.

3. I would be more forgiving of a firm that engages in CSR if the company did something unethical

**Environmental Protection**
1. establishing mechanisms to monitor the potential negative impact on the environment due to firms’ operations promotes ethical responsibility.

2. Companies that continually seek new ways to protect the environment are socially responsible.

3. I am more trusting of firms that operate in a socially responsible.

**Employee Relations**

1. Companies that strive to improve their employee’s welfare promote ethical CSR.

2. CSR promotes employee motivation.

3. Employees are likely to be committed to work in firms that engage in CSR.

**SECTION D: INFLUENCE OF PHILANTHROPIC CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE IMAGE**

Philanthropic dimension of CSR examines how firms undertaking business in a manner consistent with the charitable expectations of society and actively engage in acts or programs that promote human welfare and public wellbeing.

Kindly (✓) tick appropriately on a scale of 1-5. 1-Strongly Agree, 2-Agree, 3-Neutral, 4-Disagree, 5-Strongly Disagree.
<table>
<thead>
<tr>
<th>Number</th>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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<td></td>
<td>Kindly indicate the extent to which you agree with the following statements concerning the influence of philanthropic CSR on a company’s image</td>
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<tr>
<td>1</td>
<td>Philanthropic Expectations of the Society</td>
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<td>5</td>
<td>Society expects all businesses to actively participate in solving societal challenges such as healthcare and education</td>
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<td>6</td>
<td>Regular corporate philanthropy impacts the communities’ welfare.</td>
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<td>7</td>
<td>Philanthropic CSR helps companies to build relationship with stakeholders.</td>
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<td>8</td>
<td>The communication of social CSR initiatives by companies influences the public perception of the organisation</td>
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<tr>
<td>1</td>
<td>Community Service Initiatives</td>
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<td></td>
<td></td>
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<tr>
<td>2</td>
<td>The firms should be committed towards creating better communities</td>
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<tr>
<td>2</td>
<td>Companies should actively encourage their employees to volunteer their time and skills towards community service.</td>
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<td>3</td>
<td>Companies should strive to develop a strategy for CSR initiatives for better outcomes.</td>
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<td>4</td>
<td>There is a relationship between philanthropic corporate social responsibility initiatives and an organization success.</td>
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<td>5</td>
<td>Philanthropic CSR initiatives are often used as a marketing strategy by companies.</td>
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<td>6</td>
<td>I would be more attracted to work for a firm that engages in philanthropic CSR.</td>
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</table>
7. Companies that engage in philanthropic CSR have a competitive advantage in their industry.

In addition to the ethical, philanthropic and economic CSR mentioned in sections B, C and D; what other factors would influence your image of a company?

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SECTION E: CORPORATE IMAGE

Corporate image is the reputation of the firm with the various audiences that are important to it.

Kindly (√) tick appropriately on a scale of 1-5. 1-Strongly Agree, 2-Agree, 3-Neutral, 4-Disagree, 5-Strongly Disagree

<table>
<thead>
<tr>
<th>Kindly indicate the extent to which you agree with the following statements concerning a company’s image</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. As a consumer my principally interest is on the price, quality, and reliability of the company's products and services.</td>
<td>1</td>
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<td>2. As an employee I am mainly concerned with personnel policies.</td>
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<td>3. As a shareholder I have financial and strategic concerns about the company</td>
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