Relationship between Strategic Corporate Social Responsibility and Competitive Advantage of Commercial Banks in Kenya: A Case Study of Equity Banks' Wings to fly Program

George Miriti Kubai
Jomo Kenyatta University of Agriculture and Technology
KENYA

Dr. Esther W. Waiganjo (PhD).
Jomo Kenyatta University of Agriculture and Technology
KENYA

CITATION: kubai, M. G. & Waiganjo, W.E (2014). Relationship between Strategic Corporate Social Responsibility and Competitive Advantage of Commercial Banks in Kenya: A Case Study of Equity Banks' Wings to fly Program. *European Journal of Business Management*, *2* (1), 336-341.

ABSTRACT

Corporate social responsibility has become a critical component of organizations that wish to build a strong image of themselves towards the public as an aid to achieving their stated objectives or who merely want to give back to society the gains they make in business. This research wished to understand how strategic CSR activities can influence competitive advantage for organizations. The main objectives of the study were to understand how the various gains from CSR activities including brand management, customer perceptions, customer attraction and retention and empowerment of both beneficiaries and society at large influence sustained competitive advantage for companies. The information from this study might be helpful to Equity bank in its desire to remain a market leader as far as perceptions of society towards it remain positive due to the scholarship program. The study drew its literature and theories from marketing and strategic management research and authorities in the related disciplines. The research was descriptive and exploratory in nature since it sought to assess the variables of interest. It drew its populations from past and present students who have benefitted from the Wings to fly scholarship program. The study drew its participants from selected schools that have Equity scholars within Nairobi and Kajiado counties. The population was identified and selected purposively to cater for only those groups of populations that have experienced direct or indirect impact of the wings to fly program. The sample for this study was 293 respondents drawn from beneficiaries and corporate affairs staff at the bank. Interviews and questionnaires were the main data collection tools and were designed by the researcher. Qualitative data was analyzed manually using thematic summaries and interpretations. Quantitative data was summarized using descriptive and statistics and correlations and then inferences were drawn results. The data is presented in tables and paragraph form and also using descriptive summaries such as percentages, means and standard deviations. The study reveals that CSR has played a key role in influencing good customer perceptions especially among the beneficiaries and they display a great capacity to relate with the bank both now and in the future. The study also recommends that any company wishing to remain relevant has to consider those CSR activities that influence their standing in society and improve their image..

Keywords: *Relationship between Strategic Corporate Social Responsibility and Competitive Advantage*

Introduction

Strategic CSR is defined as any responsible activity that allows a firm to achieve a sustainable competitive advantage, regardless of motive (Smith, 2007). CSR has emerged as an inescapable priority for business leaders today. Porter and Kramer (2006) observe that if corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, or a charitable deed, it can be a source of opportunity, innovation and competitive advantage. In recent years, scholars and managers have devoted greater attention to the strategic implications of corporate social responsibility (CSR). McWilliams and Siegel (2001), define CSR as situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm. However, researchers are moving beyond just defining and identifying CSR activities, to examine the strategic role of CSR in organizations.

Competitive advantage is the unique competitive position developed by an organization through its pattern of resource deployment and scope of decisions. It can be viewed as an advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition. The goal of much of business strategy is to achieve a sustainable competitive advantage Aroni (2010). It gives a company an edge over its rivals and an ability to generate greater value for the firm and its shareholders. The more sustainable the competitive advantage, the more difficult it is for competitors to neutralize the advantage. Organizations which have analyzed their external environment understand the demands of their stakeholders and resource availability, putting the organization in a position to make choices concerning its strategy.
Competition is central to strategic planning. All organizations, commercial or non commercial are always in competition in one form or another. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and this can, in turn, lead to superior profits for itself.

The firm creates value by performing a series of activities that Porter (1980) identified as the value chain. In addition to the firm's own value-creating activities, the firm operates in a value system of vertical activities including those of upstream suppliers and downstream channel members. To achieve a competitive advantage, the firm must perform one or more value creating activities in a way that creates more overall value than do competitors. Superior value is created through lower costs or superior benefits to the consumer (differentiation).

Capabilities refer to the firm's ability to utilize its resources effectively. An example of a capability is the ability to bring a product to market faster than competitors. Such capabilities are embedded in the routines of the organization and are not easily documented as procedures and thus are difficult for competitors to replicate. The firm's resources and capabilities together form its distinctive competencies. These competencies enable innovation, efficiency, quality, and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage.

In making assessment of their own competitors' relative position in the market, firms should not just concentrate on market share, but on the profit that comes from it. In Porters (1985) ideas on competitive strategy, satisfying buyer needs may be a prerequisite for industry profitability but in itself it is insufficient. The crucial question in determining profitability is whether firms can capture the value they create for buyers or whether this value is competed away by others.

Many companies awoke to the reality of CSR only after being surprised by public responses to issues they had not previously thought were part of their business responsibilities (Porter and Kramer, 2006). *Nike*, for example, faced an extensive consumer boycott after *The New York Times* and other media outlets reported abusive labor practices at some of its Indonesian suppliers in the early 1990s. Pharmaceutical companies discovered they were expected to respond to the AIDS pandemic in Africa even though it was far removed from their primary product lines and markets. Fast foods and packaged food companies are now being held responsible for obesity and poor nutrition. Increased pressures on companies clearly demonstrate the extent to which external stakeholders are seeking to hold companies accountable for social issues and highlight the potentially large financial risks for any firms whose conduct is deemed unacceptable. Measuring and publicizing social performance is a potentially powerful way to influence social behavior.

Statement of the Problem

Porter and Kramer (2006) argue that CSR is based on four broad objectives; moral obligation which implies the company has a duty to be good citizens and do the right things, sustainability which emphasizes natural and community stewardship, license to operate and reputation which assumes that the company can improve its image, strengthen its brand, enliven morale and possibly raise the value of its stock. This last point is particularly important since it makes the external stakeholders the audiences of companies as a means of enhancing their businesses. The customer has become the centre of business today. The Banking Survey (2013) rightfully admits that banks have to out-compete and out innovate to remain relevant to customers whose brand loyalty is waning. Customers want convenience and are willing to go to whoever is offering it. Technology and well managed customer relationships will therefore continue to play a crucial role in the sectors development. According to NCAPD Policy Brief No. 17, Kenya's youthful population requires a more deliberate and concerted effort to sustain the gains made in school enrollment and completion while rallying stakeholders to increase access to secondary education. Husted and Allen (2007) acknowledge that although CEOs and government leaders insist in public that CSR projects create value for the firm, privately they admit that they do not know if CSR pays off. They conclude that managers need to understand how CSR is similar to and different from other traditional corporate market activities if they are to pursue value creation through CSR.

McWilliams, Siegel and Wright (2006) observe that there are numerous theoretical and empirical unresolved issues in CSR including defining CSR, identifying institutional differences in CSR across countries, determining the motivations for CSR, describing CSR strategies, modeling the effects of CSR on the firm and stakeholder groups, determining the effects of leadership and corporate culture on CSR activity, assessing the effect of CSR on the firm and stakeholder groups, measuring the demand for CSR, measuring the costs of CSR and assessing the current knowledge base. Studies (Hillman and Heimm, 2001; McWilliams and Siegel, 2000; Waddock and Graves, 1997) have focused on the relation between CSR and profitability of firm performance. Kenyan authors have also dwelt on CSR from various perspectives. Mutunga (2013) looked at the need to focus CSR attention not just on customers but alsoon employees in the banking sector. Murila (2013) assessed awareness of CSR in a Kenyan firm and observed that management knew about it but employees assumed it was something done for the community. Aroni (2009) stressed a general look at CSR especially environmental concern, not just financial gains and Wando (2010) focused on the role of CSR in enhancing the growth of SMEs associated with sugar companies in Western Kenya. All these studies have not focused on competitive advantage but evaluated specific programs. This study, therefore, wished to put this into context by assessing how strategic and differentiated CSR activities contribute to sustained competitive advantage for companies in Kenya.

Objectives of the Study

General Objective

The general objective of this study was to investigate the relationship between strategic corporate social responsibility and competitive advantage for commercial banks in Kenya: a case study of Equity Banks' wings to fly program.

Specific Objectives

The study was based on the following research objectives:

1. To establish how the influence of brand management leads to competitive advantage of Equity banks' wings to fly program.
2. To examine the influence of customer attraction and retention on competitive advantage of Equity banks' wings to fly program.
3. To determine the influence of customer perceptions on competitive advantage of Equity banks' wings to fly program.
4. To establish the influence of stakeholder empowerment on competitive advantage of Equity banks' wings to fly program.

LITERATURE REVIEW

The Resource based view of the firm

The resource-based-view-of-the-firm (RBV) was introduced by Wernerfelt (1984) and refined by Barney (1991), and borrows heavily from earlier research by Penrose (1959). This theory presumes that firms are bundles of heterogeneous resources and capabilities that are imperfectly mobile across firms. Barney (1991) maintains that if these resources and capabilities are valuable, rare, inimitable and non-substitutable, they can constitute a source of sustainable competitive advantage.

Hart (1995) was first to apply the RBV framework to corporate social responsibility. He focused his study exclusively on environmental social responsibility. Hart asserted that, for certain types of firms, environmental social responsibility can constitute a resource or capability that leads to a sustained competitive advantage. Russo and Fouts (1997) tested this theory empirically using firm-level data on environmental and accounting profitability and found that firms with higher levels of environmental performance had superior financial performance, which they interpreted to be consistent with the RBV theory.

Using the RBV framework, a more formal theory-of-the-firm model of 'profit-maximizing' CSR was posited in McWilliams and Siegel (2001). These authors outlined a simple model in which two companies produce identical products, except that one firm adds an additional 'social' attribute or feature to the product, which is valued by some consumers or, potentially, by other stakeholders. In this model, managers conduct a cost/benefit analysis to determine the level of resources to devote to CSR activities/attributes. That is, they assess the demand for CSR and also evaluate the cost of satisfying this demand.

Stakeholder's Theory

Freeman (1984), building on Chester Barnard's (1938) 'inducement-contribution' framework, presented a more positive view of managers' support of CSR. Freeman's stakeholder theory asserts that managers must satisfy a variety of constituents (e.g. workers, customers, suppliers, local community organizations) who can influence firm outcomes. According to this view, it is not sufficient for managers to focus exclusively on the needs of stockholders, or the owners of the corporation. Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that non-financial stakeholders perceive to be important, because, absent this, these groups might withdraw their support for the firm. Stakeholder theory was expanded by Donaldson and Preston (1995) who stressed the moral and ethical dimensions of CSR, as well as the business case for engaging in such activity. Another perspective, stewardship theory (Donaldson and Davis, 1991) is based on the idea that there is a moral imperative for managers to 'do the right thing', without regard to how such decisions affect firm financial performance. The theory's application to this study is premised on the backdrop that the CEO of Equity Bank as manager saw the need to satisfy a bigger chunk of the stakeholders/ clients by engaging in such activities as promoting and shaping the future of the younger generation by offering them the platform to curve their niche in leadership as well as in education.

Institutional Theory

Institutional theory states that institutions play an important role in shaping the consensus within a firm regarding the establishment of an 'ecologically sustainable' organization. Institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms, and routines, become established as authoritative guidelines for social behavior (Scott, 2004). The basic similarity in all institutional theoretical claims is that something identified at a higher level is used to explain processes and outcomes at a lower level of analysis (Clemens and Cook 1999; Amenta 2005).

Scott (1995:33, 2001:48) asserts that "Institutions are social structures that have attained a high degree of resilience. They are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life". Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artifacts. Institutions operate at different levels of jurisdiction, from the world system to localized interpersonal relationships.

Institutionalists tend to avoid both individual-level explanations and explanations situated at the same level of analysis. Institutional theory has been applied to CSR in a paper by Jones (1995). The author concludes that companies involved in repeated transactions with stakeholders on the basis of trust and cooperation are motivated to be honest, trustworthy, and ethical because the returns to such behaviour are high. Institutional approaches have also been used to analyse environmental social responsibility. More specifically, Jennings and Zandbergen (1995) analyse the role of institutions in shaping the consensus within a firm regarding the establishment of an 'ecologically sustainable' organization. Institutions can be constraining, superimposing conditions of possibility for mobilization, access, and influence. Institutions limit some forms of action and facilitate others (Clemens and Cook 1999: 445). In regard with the study, the institutional theory stresses the need for institutions and organizations as Equity Bank Group to give back to the society since they are part and parcel of that society.

Strategic leadership Theory

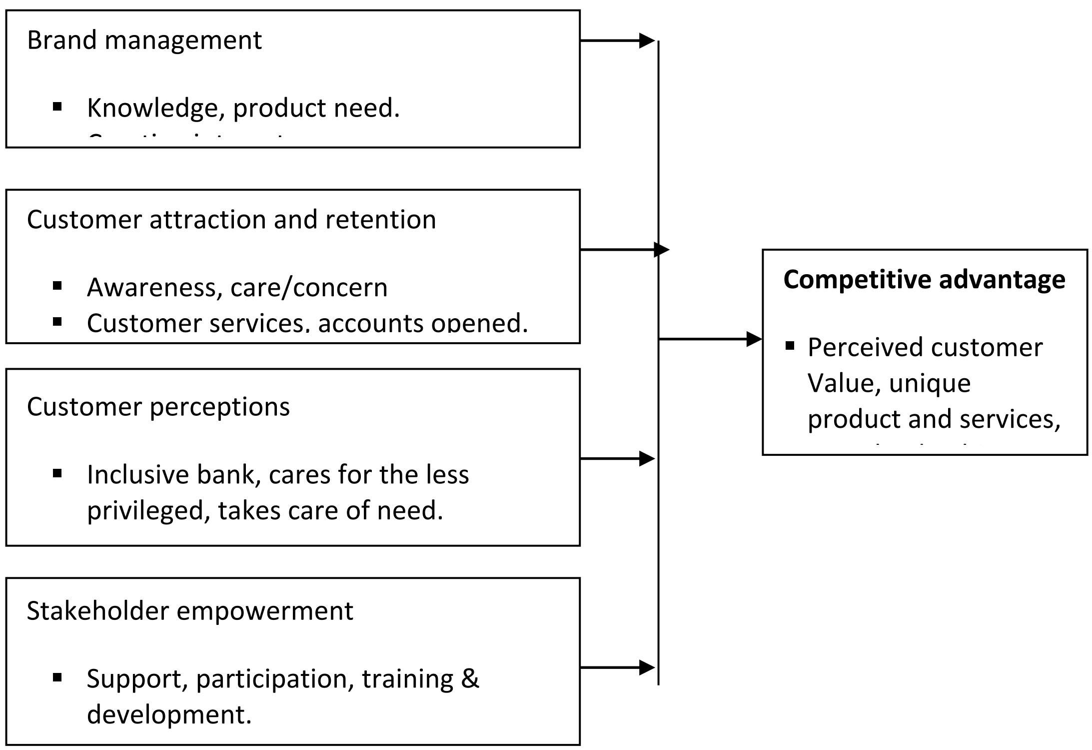
The theory observes that certain aspects of CEO leadership can affect the propensity of firms to engage in CSR. Leadership is about capacity: the capacity of leaders to listen and observe, to use their expertise as a starting point to encourage dialogue between all levels of decision-making, to establish processes and transparency in decision-making, to articulate their own value and visions clearly but not impose them. Leadership is about setting and not just reacting to agendas, identifying problems, and initiating change that makes for substantial improvement rather than managing change" (Pearce, 2008:40). Rowe (2001) states that strategic leadership is the ability to influence others to voluntarily make day-to-day decisions that enhance the long term viability of the organization while at the same time maintaining its short term financial stability. Davis (2004) defines strategic leaders are the ones having organizational ability with strategically orientation; translate strategy into action; align people and organizations; determine effective strategic intervention points; develop strategic competencies. A strategic leader displays a dissatisfaction or restlessness with the present; absorptive capacity; adaptive capacity; wisdom. Beatty and Quinn (2010, p. 3) define strategic leadership as a combined responsibility of the leader, the follower and the organization. Leadership presents challenges that call forth the best in people, and bring them together around a shared sense of purpose. With intentionality, alignment, and a higher purpose; the work between the leader and the followers can create a synergy.

A recent paper by Waldman et al (2004) applies strategic leadership theory to CSR. They noted that companies run by intellectually stimulating CEOs do more strategic CSR than comparable firms. These authors affirm that certain aspects of transformational leadership will be positively correlated with the propensity of firms to engage in CSR and that these leaders will employ CSR activities strategically.

Conceptual framework

Kombo and Tromp (2006), define a conceptual framework as a research tool intended to assist the researcher develop awareness and understanding of the situation under scrutiny and to communicate it. It forms part of the agenda for negotiation to be scrutinized and tested, reviewed and reformed as a result of investigation. In the words of Peters (1989), a conceptual model or design identifies each of the series of logical steps, variables, and assumed interactions-bridging the gap from beginning to end of the total process by which the research is dependent upon.

A variable is a characteristic or feature that the researcher manipulates in order to find its effects on another (Kothari, 2007). An independent variable causes a change or effect in others without itself being affected while the dependent variable is that which is influenced or affected by other variables. The dependent variable in this study will be competitive advantage while the independent variables include brand management, customer attraction and retention, customer perceptions and stakeholder empowerment. This is illustrated in figure 2.1 below.



Independent variables **Dependent variable**

Figure 2.1 Conceptual framework

Empirical Review

A study by Siegel (2000) assessed the relationship between strategic CSR, Resource-Based Theory, and sustainable competitive advantage. To provide a roadmap for managers to accomplish this objective, the authors integrate the resource-based theory (RBT) framework with concepts and tools from economics, such as hedonic pricing, contingent valuation, and the new literature on the economics of industrial organization, where CSR is referred to as the private provision of public goods. The authors demonstrated, through this research, how RBT can provide a structure for determining the strategic value of CSR. They then discuss the conditions under which CSR can contribute to sustainable competitive advantage. This research was a conceptual review of issues relating to CSR. Their findings indicated that firms must control the triple-bottom-line, or the environmental, societal, and economic aspects of the firm's performance, especially with the strategic aspects of the resource-based view of the firm as its foundation.

Husted and Allen (2007) also looked at the issue of value creation through strategic CSR areas. Their conclusions from their findings suggest that managers need to understand how CSR is similar to and different from other traditional corporate market activities if they are to pursue value creation through CSR. They add that avenues for future research to explain how CSR may be integrated into firm processes to create resources (assets) and capabilities (routines) that may lead to competitive advantage and superior economic performance.

In another research, Bursted and Allen (2008) assessed the relationship of global and local (country-specific) CSR to international organizational strategy. The results of their study are consistent with the proposition that institutional pressures, rather than strategic analysis of social issues and stakeholders, are guiding decision-making with respect to CSR. They conclude that multinational firms should respond to pressures for integration and responsiveness from salient stakeholders if they need to be successful.

Mutunga (2013) assessed CSR and employee motivation in selected banks in Kenya. He noted that customers in the banking sector are given more priority in CSR since their deposits and loan transactions had significant impact on the companies' profitability. This leaves the bank employees unattended to in relation to CSR issues. This was found to be inadequate since employees also want to feel part of the community. Murila (2013) assessed awareness and knowledge of CSR by internal and external stakeholders in a Kenyan firm and observed that management and the local community know about CSR but employees assumed it was something done for the community since they were less involved. His research was a case study and adopted questionnaires as its main data collection instrument.

Aroni (2009) evaluated emerging trends in CSR practices adopted by Kenyan listed firms. The study stressed a general look at CSR especially environmental concern, not just financial gains. Good corporatism is not just giving back to society but also avoiding acts that are malfeasance in nature. The paper contributes to literature by identifying the progress being achieved in undertaking CSR activities in Kenya. Finally, Wando (2010) addressed the effects of CSR of Sugar companies in Western Kenya on the growth of SMEs in the region. All the companies in the region have adopted a socially oriented program and therefore, have a moral responsibility to give to society in addition to running a profitable endeavor with the target community being involved at all stages of their operations. This was a correlation study with questionnaires as the primary data collection tool. The research concludes that companies should wholly involve community participation in the formulation and implementation of CSR programs to ensure sustainability of business relation with societal expectations.

Research Methodology

A research design is a master plan specifying the methods and procedures for collecting and analyzing the needed information (Mugenda & Mugenda, 2003). It specifies the framework or blueprint for the research. The design also specifies the research methods chosen to determine the information needed as well as define the sampling method, sample size, measurement and data analysis process. The research design of this study was a case study of Equity bank's wings to fly program. Thomas (2011) defines case studies as analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more methods. The case that is the *subject* of the inquiry will be an instance of a class of phenomena that provides an analytical frame — an *object* — within which the study is conducted and which the case illuminates and explicates. A case study, therefore, uses one entity for in depth analysis of the issue under investigation. The method was selected and deemed suitable in order to provide a thorough analysis of one entity (Equity bank) from which generalizations were made.

Findings

Discussion

Brand Management and competitive advantage

The researcher intended to find out whether the respondents were aware of Equity bank brands and if they understood the products provided by the bank. Table 4.1 below shows the summary of findings on the variable.

Table 4.1 Brand management through CSR strategies

Statement	Strongly agree		Agree		Neither agree nor disagree		Disagree		Strongly disagree		
	f	%	f	%	f	%	f	%	f	%	
I am aware of Equity bank products and services	240	81.91	38	12.96	14	4.77	1	0.3	0	0.00	100
The company ensures I know about its activities	150	51.19	104	35.50	38	12.96	1	0.3	0	0	100
I have developed an interest in the bank because of its scholarship program	289	98.63	4	1.37	0	0.00	0	0.00	0	0.00	100
Equity is the most affordable bank	213	72.70	98	33.45	5	1.71	0	0.00	0	0.00	100
The products and services by the	188	64.16	105	35.84	0	0.00	0	0.00	0	0.00	100

bank are geared towards the needs of customers.											
I would not mind associating with the bank due to its image as a protector of the disadvantaged	290	98.98	3	1.03	0	0.00	0	0.00	0	0.00	100
Equity has managed to market itself as the darling of the lowliest	278	94.88	14	4.78	1	0.3	0	0.00	0	0.00	100

Table 4.1 above, shows that the respondents were highly aware of Equity bank products and services and are represented by a huge portion (81.91%) of the respondents who strongly agreed with the statement and those who agreed (12.96%). This is supported by the fact that none of them expressed any form of disagreements with the statements.

There was however, a mixed response to the question of whether the bank made it possible for its customers/scholars to know about the Equity bank products with a total of 12.96 per cent respondents indicating indifference to the question. Asked to suggest why scholars would not know about the efforts of the bank in getting scholars to know the bank products, one corporate affairs manager noted during the interview that the bank did not have a direct marketing approach to the scholars but had used the scholarship program itself as a means of generating interest in the bank. He, however, noted that this would be captured in the companies' future strategies.

There were a 98.63 per cent of respondents who agreed that the scholarship program had generated so much interest for them in the bank with less than two percent only agreeing and no one doubted the efforts made in generating customer interest through the program. This implies that the CSR activities related to the scholarship were an eye opener for most disadvantaged students and they gained some of their information about the bank through it.

To answer the question that Equity was the most affordable bank and most of their products or services were geared towards satisfying the needs of their customers, the respondents again expressed high levels of agreement with 72.70 percent accepting that it was affordable and 64.16 per cent accepting that their services were tuned to customer needs. These findings are in agreement with The Banking Survey (2013) report which ranked the bank among the most affordable and with services/products that meet defined customer needs.

In line with the discussions above, almost every respondent (98.98%) agreed that they would associate with the bank since it had shown that it takes care of the disadvantaged in society. Another 95 per cent would not mind doing the same because of the belief that the bank has managed to market itself among those perceived as the lowliest in society as a bank that was concerned about their welfare. These discussions show that there was a general approval of the company brands since the image it has created in society is that of a caring one.

Customer attraction and influence on competitive advantage

The second objective aimed to determine whether attraction and retention of customers would be achievable through the Equity wings to fly CSR program. The summaries of findings are indicated in table 4.2 below. The values 1-5 reflect the intensity of responses where 1 is strongly disagree, 2 is disagree, 3 is neither agree nor disagree, 4 is agree and 5 is strongly agree. The values after each statement reflect the frequency of responses and percentages respectively.

Table 4.2 Customer attraction and retention through CSR

Statements	5 Freq (%)	4	3	2	1
The wings to fly program has made me aware of Equity banks' concern for others	233(79.52%)	54(18.43%)	6(2.05%)	0(0)	0(0)
I would open an account with the bank and enjoy their services	290(98.98)	0(0)	3(1.02%)	0(0)	0(0)
I have an account already with equity bank because they offer me the best chance in life and employment	17(5.80%)	0(0)	0(0)	276(94.20%)	0(0)
Working for and with the bank would be my pleasure	279(95.22%)	11(3.74%)	3(1.02%)	0(0)	0(0)
I would not close my account or advice anyone to do so because you stand to gain more from the bank	250(85.32%)	18(6.14%)	25(8.53%)	0(0)	0(0)
I am not equally attracted to other banks as I am to equity because it cares for the common people	165(56.31%)	89(30.38%)	30(10.24%)	9(3.07%)	0(0)

The respondents approved that the wings to fly program has made them aware other bank's concern for others by more than 79 per cent agreeing with the statement. Although the key respondents were young men and women who are venturing into the world of academics, they observed through a majority of 98 per cent that they would consider opening accounts with the bank in future. There were however, a huge proportion of the respondents who had not yet made steps to open accounts. As mentioned earlier, these were still under age individuals who did not possess national identity cards which are a requirement for opening and operating an account.

The fact that most respondents would choose to work for Equity bank as a result of their exposure to the bank through the wings to fly program was confirmed by more than 95 per cent of the responses. The corporate affairs managers confirmed that many students undergoing education through program had been making many enquiries concerning jobs in the bank. They noted that the internship programs for those waiting to join universities or those already in campus was a common feature of the program and they hoped to nurture the youth through it. Stone, Woodrock and Machtynger (2002) confirmed that customer relationship management is important because acquiring customers is usually much more expensive than keeping them. Customer lifetime value is typically the revenue that one customer can spend with you directly or through referral and recommendation over a nominal period

In relation to customer retention, a large percentage (91.46%) indicated that they would not close their accounts if they had one or even advice anyone to do so because of the belief that the services and products are helpful. 86.69 per cent observed that they would not be as equally attracted to other banks as they are to this bank due to its scholarship program. Thirty respondents, representing 10.24 per cent of the responses seemed indifferent about this question. Indeed, the company has created proper channels for reaching out to its customers through the educational sponsorship program.

Customer perceptions about the bank through the CSR program

The third objective aimed to determine the influence of customer perceptions on the company's' competitive advantage. The summary of findings is presented in table 4.3 below. Again the values from 1-5 reflect the strength of the responses from the lowest (strongly disagree) to the highest (strongly agree).

Table 4.3 Customer perceptions and CSR

Statements	5	4	3	2	1
Equity bank is meant for the poorest segment who had been seen as ignored by other banking institutions	233(79.52%)	44(15.02%)	4(1.37%)	1(0.34%)	0(0)
At Equity bank everybody is considered important	187(63.82%)	99(33.79%)	7(2.39%)	0(0)	0(0)
There is something for everyone at Equity bank	246(83.96%)	47(16.04%)	0(0)	0(0)	0(0)
Equity cares for the social and economic needs of all	280(95.56%)	11(3.75%)	2(0.68%)	0(0)	0(0)
Equity is a Kenyan bank that understands the needs of the locals	288((98.29%)	5(1.71%)	0(0)	0(0)	0(0)

and does what it can to satisfy these needs					
It has shown the way for others on the need to promote one of the most vital element of society; education	275(93.86%)	16(5.46%)	2(0.68%)	0(0)	0(0)

The respondents' perceptions about the bank are generally positive with more than 75 per cent having a strong feeling that the bank caters for the needs of the poor and the rich alike. The respondents observed that everyone is considered important at the bank and that the bank offers products and services that suit the needs of all. These findings conform to Porter and Kramer's' (2006) assertion that if corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, or a charitable deed, it can be a source of opportunity, innovation and competitive advantage.

The respondents assert that the scholarship program shows that the bank shows concern for the most important aspects of young peoples' lives; education. This seems to build a strong relation between the consumers and the bank. Ferus-Comelo (2014) also agrees that CSR can be helpful since it can help customers get in touch with organizations and to influence their attitudes towards the organization, its products and services.

Stakeholder Empowerment and Competitive Advantage

The final objective aimed to determine the relation between empowerment of stakeholders and its effects on competition. Respondents were asked to rate their answers with regard to stakeholder empowerment issues on a scale of 0-6 where 0 meant never, 1 – rarely, 2 – once, 3 – once in a while, 4 – Dont know, 5- many times, and 6 – always. The following table shows the responses.

Table 4.4 Stakeholder empowerment

statements	**0**	**1**	**2**	**3**	**4**	**5**	**6**
I participate in the mentorship program for the bank	66(22.53%)	102(34.81%)	125(42.66%)	0(0)	0(0)	0(0)	0(0)
I participate in other development/training programs initiated by the bank	150(51.19 %)	140(47.78%)	3(1.02%)	0(0)	0(0)	0(0)	0(0)
I have received some form of support, financial or otherwise, and I	0(0)	30(10.24%)	255(87.03%)	0(0)	0(0)	8(2.73%)	0(0)

believe this will make my dreams come true							
I am allowed to be involved in the activities of the bank in my area whenever there is an opportunity.	0(0)	0(0)	0(0)	7(2.39%)	0(0)	8(2.73%)	280(95.56%)
I will become part of the Equity family and work for them anytime if I get an opportunity.	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	293(100%)
The bank has showed that one can still achieve their dreams in life through studies and through the banks' programs	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	293(100%)

This being the newest group of Equity scholars, it was still notable that they had participated in some training and development program by the bank and that they gained immensely from it. 42.66 per cent had been involved in the mentorship program for the bank or had actually attended a training and development (47.78%) program at least once in the past one year.

A reasonable percentage (87.03%) had received some form of support either in the form of money or otherwise. The corporate affairs managers interviewed confirmed that students would get full shopping every time they reported to school at the beginning of the term. They had also interacted with previous scholars' currently pursuing further studies through the same foundation and that these helped challenge the existing students to work harder and achieve more in life.

Watkins (1999) remarked that it is necessary to strike a careful balance between the needs of the consumer and the needs of the organization. This assertion contrasts Sardu et al (2011) who lamented that although community participation is a component of community empowerment; it often remains a theoretical exhortation for most organizations. This objective has been tactfully achieved by the bank through their empowerment and mentorship programs for students who are pursuing education.

Determining Competitive advantage through CSR

Burke and Logsdon (1996) had indicated that firms need to assess the value created for them by CSR programs. This study sought to determine this relationship by assessing the concept through the lenses of the below variables. The findings are as in table 4.5 below.

Table 4.5 Competitive advantage

	5	**4**	**3**	**2**	**1**
Does the Wings to fly scholarship program provide real value for beneficiaries in the market?	236(80.55%)	53(18.08%)	4(1.37%)	0(0)	0(0)
Would you say the wings to fly scholarship program is unique?	277(94.54%)	14(4.78%)	2(0.68%)	0(0)	0(0)
Is there a readily available substitute for the wings to fly scholarship program?	0(0)	2(0.68%)	0(0)	31(10.58%)	260(88.74%)
Does the program allow for the realization of potential?	248(84.64%)	40(13.65%)	5(1.71%)	0(0)	0(0)
Is the organization aware of and realizing the advantages associated with the program?	20(6.83%)	39(13.31%)	222(75.77%)	18(6.14%)	0(0)
Would you say the Wings to fly scholarship program is difficult for others to imitate?	201(68.60%)	80(27.30%)	2(0.68%)	9(3.07%)	1(0.34%)

As indicated in table 4.5 above, competitive advantage was measured using measures such as specificity, uniqueness, voluntarism, products or services with no substitutes and difficulty or costly to imitate. The responses above indicate that the company actually provides real value (80.55%) for its customers. They also agreed that the program may not be easily substituted. The corporate managers confirmed that the other companies that have tried to introduce the same concept and that they may not be too successful since they do not possess the same capacity as Equity bank.

The scholars also agreed that the program allows its beneficiaries to fully utilize their potential (84.64%) as has been witnessed by the previous success stories of the scholars who had already graduated from schools, universities of colleges. However, the respondents seemed to be unaware whether the organization was aware of the advantages of the programs although the corporate managers confirmed that they knew they were reaping heavy from the program since its inception, for instance, that their customer numbers had risen substantially in areas where they did not previously have a presence. It was noteworthy as well to realize that the Equity program was not easy to imitate. This was accepted by some 68.60 per cent of the respondents and another 27.0 per cent who approved of the idea.

Conclusions

This study has established that the banks' brands have been largely marketed by the scholarship program and that many beneficiaries of the fund would be willing to spread word about the bank because of the project. Although there was no direct link between the program and awareness of the brands, the channel was a significant avenue for marketing the banks' products and services.

There has been a remarkable success in relation to the usage of the program to attract and retain bank customers. The responses have indicated that more scholars who go through the program would be willing to support the program and participate in its activities for long term prospects. This could be considered for future growth and development of the bank together with its customers.

Regarding customer perceptions, the study has shown that the program had helped generate very positive and fond memories of the bank which can be used to build strong customer relationships and thereby develop a connection between the company products/services and customer needs. The bank has managed to tap into its resources, a crop of robust and ignored segment of the population and gained immensely from the relationship.

Lastly, the mentoring and training programs associated with the wings to fly program has been a successful strategy that not only prepares young people for the job market but also trains well equipped leaders for the future. This program has also created a positive work atmosphere and given hope to the young peoples. The unrivalled policy has been and can continue to provide great strengths for the bank in its quest to retain supremacy and stability through the scholarship program.

Acknowledgement

I would like to appreciate the contributions of my Supervisor Dr. Esther Waiganjo for her invaluable support, critique and advice during the design, preparation and compilation of this project. I also wish to salute my family for being patient and understanding even when I had to stay away from them for long evenings when they needed my presence because of classes. May God bless them.

References

Alan D. Smith, (2007). Making the case for the competitive advantage of corporate social responsibility, *Business Strategy Series*, 8 (3), pp.186 – 195

André H.J. Nijhof, A.H.J, Ronald and Jeurissen, J.M. (2010). The glass ceiling of CSR: Consequences of a business case approach towards CSR, *International Journal of Sociology and Social Policy* 30(12) 28-46

Anibel Ferus-Comelo (2014). CSR as corporate self reporting in Indias tourism industry, *Journal of Product & Brand Management* 13 (2) 345-450

Arevalo, J.A., Aravind, D. (2011). CSR practices in India, Approach, drivers and barriers, *Corporate Governance* 11 (4) 243-255

Aroni, J.M. (2009). *An Evaluation of Emerging Trends in CSR Practices adopted by Kenyan firms: A Case Study of Selected firms at NSE.* Unpublished MBA project, Kenya Methodist University.

Baron, D.P. (2001). Private Politics, Corporate Social Responsibility, and Integrated Strategy, *Journal of Economics & Management Strategy*, 10, (1),p 7–45

Beverland, M (2005). Brand management and the challenge of authenticity, *Journal of Product and Brand Management*, 14 (7), pp201-221.

Bouvain, P., Baumann, C., Lundmark, E (2013). CSR in financial services: A comparison of Chineses and East Asian Banks vis a vis American banks, *International Journal of Bank Marketing* 31 (6) 225-247

Boyle, E. (2007). A process model of brand co creation: Brand management and research implications. *Journal of Product & Brand Management* 16 (2)

Buciuniene, I., Kazlauskaite, R. (2012). The linkage between HRM, CSR and Performance outcomes, *Baltic Journal of Management* 7 (1), 546-570

Burke, L., Logsdon, J.M. (1996). How Corporate Social Responsibility pays off , *Long range Planning*, 29 (7), 495-502

Chomvilailuk, R, Butcher, K. (2010). Enhancing brand preference through CSR initiatives in the Thai banking sector, *Asia Pacific Journal of Marketing and Logistics* 22 (3) 330-345

Ditlev-Simonsen, C.D., Fred Wenstøp(2013). How stakeholders view stakeholders as CSR motivators**,** *Social Responsibility Journal* 9 (1) 233-256.

Drews, M. (2010). Measuring the business and societal benefits of CSR, *Corporate Governance* 10 (4), Holme, C. (2010). CSR: A strategic issues or wasteful distraction, *Industrial and Commercial Training* 42 (4).

Husted, B.W., Allen, D.B. (2006). Corporate social responsibility in the multinational enterprise: strategic and institutional approaches, *Journal of International Business Studies* 37, 838–849.

Husted, B.W., Allen, D.B. (2007). Strategic Corporate Social Responsibility and Value Creation among Large Firms: Lessons from the Spanish Experience, *Long range planning*, 40(6), 594-610

Jens Blumrodt, J., Desbordes, M.,Bodin, D. (2013). Professional football clubs and CSR, *Sport, Business and Management: An International Journal* 3(3).

Kisero, J. (2013, November 14). State firms' reforms: The far reaching political implications. Daily nation.

Lewis, S (2003). Reputation and corporate responsibility**,** *Journal of Communication Management* 7(4).

Logman, M (2004). The Logman model: A logical Brand management model,

Logman, M (2007). Logical brand management in a dynamic context of growth and innovation, *Journal of Product & Brand Management* 16(4).

Lombard, D. (2012). Using CSR to motivate and train staff at VocaLink, *Strategic HR Review* 11(1).

Macrae, C., Mark David Uncles, M.D., (1997). Rethinking brand management; the role of brand chartering **,** *Journal of Product & Brand Management* 6 (1).

Mugenda, O & Mugenda, A (2003). *Research Methods: Qualitative and Quantitative Approaches.* Nairobi: ACTS.

Murila, S. (2013). *Corporate Social Responsibility: A Case Study of East African Portland Cement Company Kenya Limited,* unpublished MBA project, American World University.

Muriuki, T. N. (2008). Corporate Social responsibility link to strategy among mobile telephone service providers in Kenya. Unpublished MBA project. University of Nairobi. Kenya.

Mutunga, C. (2013). *An Assessment of CSR and Employee Motivation in selected banks*, Unpublished MBA project, Daystar University.

Nakamura, E. (2013). The impact of shareholders' types on CSR: Evidence from Japanese firms. *Journal of Global Responsibility* Volume: 4 Issue: 1

Ngirachu, J. (2013, November 17). MPs apply brakes on shs.5.9bn relief for troubled sugar firms. The daily nation. Kenya. Sunday

Njoroge, J. (2009). Effects of the global financial crisis on corporate social responsibility in multinational companies in Kenya. Covalence Intern Analyst Papers. International journal of marketing studies. 3(1), 1-10.

Nzioka, P. & Gicobi, M. (2013, November 19). Parastatal chiefs brace for major changes.Daily nation.Kenya.Tuesday

Oloko, M. (2012) Influence of relationship marketing on Performance of commercial banks in Kenya, Education Research Journal, Vol. 2 (2): pp. 37-42.

Porter, M.E., Kramer, M.R (2006). *The Link between competitive advantage and corporate social responsibility*, Boston, FSG

Sardu, C, Mereu, A, Sotgiu, A and Contu, P. (2011). A bottom-up art event gave birth to a process of community empowerment in an Italian village, *Global Health Promotion* 19: 5

Särndal, C, Swensson, B; Wretman, J. (2003). *Model Assisted Survey Sampling*. Springer. pp. 9–12. ISBN 978-0-387-40620-6.

Thomas, G. (2011) A typology for the case study in social science following a review of definition, discourse and structure. *Qualitative Inquiry*, 17, 6, 511-521

Virakul, B., Koonmee, K., McLean, G.N (2009). CSR activities in Award winning Thai companies, *Social Responsibility Journal* 5 (2).

Wando, S.M (2010). *Effect of CSR of Sugar companies in Western Kenya on growth of SMEs in the region*, unpublished MBA project, Masinde Muliro University of Science and Technology.