INFLUENCE OF STRATEGIC CORPORATE SOCIAL RESPONSIBILITY ON COMPETITIVE ADVANTAGE IN COMMERCIAL BANKS IN KENYA

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Influence of Strategic Corporate Social Responsibility on Competitive Advantage in Commercial Banks in Kenya

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DECLARATION

This thesis is my original work and has not been submitted for a degree in any university.

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This thesis has been submitted for examination with our approval as the University supervisors.

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DEDICATION

This thesis is dedicated to my beloved husband, and my children, Esther, Timothy and Rehema.

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I would like to thank the Almighty God for the gift of life and for giving me good health to do this thesis. To him, I am forever grateful

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA:	Analysis of variance
CEO:	Chief Executive Officer
CFA:	Chartered Financial Analyst
CSR:	Corporate Social Responsibility
NSE:	Nairobi Stock Exchange
PWC:	Price Waterhouse Coopers
RBP:	Resource Based Perspective
RBV:	Resource Based View
R&D:	Research and Development
SPSS:	Statistical Package for the Social Sciences
TMT:	Top Management Team

DEFINITION OF TERMS

Commercial banks	it is an institution which receives deposits and lend customers, money and offers related services (Chege, 2013).
Competitive advantage	it is a benefit added over the competitor contributions to customer greater value either through lower prices or by providing additional profits and services that justify similar or possibly higher prices (Cole 2008).
Corporate social Responsibility	is a pledge to improving societal well-being through flexible business practices and donations of corporate resources. They are activities that enhance a firm's competitiveness and reputation (Zadek, 2005).
CSR Communication	is a process of imagining stakeholders' opportunities, delivery of CSR policy and managing of different organization communication tools designed to provide true and transparent information about a bank's or a brand's integration of its business operations, social, and environmental concerns, and interactions with stakeholders (Firat & Dholakia, 2012).
Customers	Refer to the clients who get financial services from the commercial banks (Sousa, 2010)
Employees	Refer to the staff working in the commercial banks (McWilliams & Siegel, 2001).
Resources	are the means through which banks accomplish their activities. They are the basic constitutive elements out of which firms' transforms inputs into outputs, or generate services (Mathew, 2003).

Stakeholder is a party that has a concern in a bank or organisation, and can either affect or be affected by the business (Hyatt, 2011). The primary stakeholders in commercial banks are its investors, employees, and customers.

Stakeholder involvement is the process by which a firm includes people who may be affected by the decisions it makes, or can impact the implementation of its decisions (Sousa, 2010).

Strategic corporate

Social responsibility is day to day operation of the firm and is central to the direction and the way in which its various business operations work together to achieve particular firm's goals which are value creating activities hence building competitive advantage for the firm (Chandler, 2014) or it can be any responsible activity that allows a firm to achieve a sustainable competitive advantage regardless of motive (McWilliams & Siegel, 2010)

ABSTRACT

In contemporary years, scholars and executives alike have dedicated their attention to the implication of corporate social responsibility practices as well as their relationship to a strategy which has led to Kenya banks devoting time in it. The banking industry is highly competitive and dynamic sector owing to globalization, technology advancement, privatization of public banks and the deregulation of financial services. Therefore, to curb these challenges and be sustainable in the fragile business environment, banks have shifted their focus toward strategic corporate social responsibility. Banks today engage in CSR with a strategic intent as it is considered to be a lasting investment that leads to improved competitive advantages, reputation, customer relations, and employee retention. Hereafter, CSR is considered to be a part of the strategic management field**.** Therefore**,** this study purposed to investigate the influence of strategic corporate social responsibility on competitive advantage in commercial banks in Kenya. It mainly focused on Strategic CSR Resources, Strategic CSR communication, strategic CSR Firm approach, Strategic CSR Stakeholders, and bank size as a moderating variable. The study results should assist commercial banks managers to strike a balance in strategic corporate social responsibility. A descriptive cross-sectional survey was used to collect data. The target population was 305 branches within Nairobi County, a sample size of 170 branch managers or community champions. Branch managers or community champions were administered with questionnaires in banks within Nairobi County which formed our sample size. Reliability was tested using Cronbach's alpha test to analysis the hypotheses developed for the study and appropriate statistical tests. This was achieved through structural equation modeling, correlation analysis, multiple and simple linear regression analysis, and lastly ANOVA. Data were processed through the use of SPSS and presented in pie charts, bar charts, and tables. The correlation coefficient was used to determine the nature of the relationships. The correlation coefficient between strategic CSR dimensions namely, Resources, communication, Firm Approach, and stakeholders was found to be significant. The study found that resources were oversupplied and were not having significant effect on competitive advantage. The research confirmed that strategic CSR communication significantly influences competitive advantage in commercial banks in Kenya. The study found that firm approach significantly influences competitive advantage in commercial banks in Kenya and lastly the study found out that strategic CSR stakeholder significantly influences competitive advantage in commercial banks in Kenya. Bank size does not moderate strategic CSR factors and competitive advantage except for strategic CSR Resources. The study, therefore, recommended that commercial banks in Kenya should not oversupply resources to allow them to remain competitive. Commercial banks in Kenya should continuously design good channels of communication. Internal and External communication should be clear and understood by every stakeholder. Managers and leaders in the sector should take emphasis on carrying out more research and development to come up with more innovative strategies to remain competitive enough. Core business integrated to CSR strategies place the banks way ahead of the competition and need to be looked into by the top management of commercial banks in Kenya. Top management in commercial banks in Kenya should allow employees to come out with innovative strategies and be part of the implementation. Customers should be involved in carrying out major CSR activities for this leads to customer retention and feel that they are part and parcel of the organisation. Top management agenda should be to maximize the shareholder' wealth while also increasing total value adds and this comes from stakeholder involvement. This study recommended further research should be done in commercial banks in Kenya to investigate strategic CSR activities that have the greatest influence in building competitive advantage.The study also recommends the same study to be carried out on other sectors.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The Kenya banking sector encompasses of commercial banks, microfinance institutions and most recently telecommunication companies. Research shows that 8.6 million accounts are active in commercial banks with the majority of the population relying on the other players in the market (Chege, 2013). According to Nzovah, (2012), competition is solid in the sector with aggressive sales and marketing activities, products/ services development and continuous innovation breakthrough being employed with the goal of gaining a sustainable competitive advantage.

The sector consists of homogenous products and services despite the different undertaking with ease of duplication in case of new products and, therefore, competitive advantage is not long lasting (Mbithi, 2015). According to Zekiri and Nedelea (2011), firms use different strategies to achieve competitive advantage. The strategies include differentiation strategies which involve offering different products and services, different delivery system or using a different marketing approach to achieve competitive advantage. A differentiation strategy provides a competitive advantage with long-term benefits in the understanding, structuring and optimizing on Corporate Social Responsibility. Effective use of Strategic CSR acts as a differentiator as it is not easily duplicated and provides a lasting positive impact on commercial banks (Chege, 2013).

1.1.1 Strategic Corporate Social Responsibility

Strategic corporate social responsibility is day to day operation of the firm and is central to the direction and the way in which its various business operations work together to achieve particular firm's goals which are value creating activities hence building competitive advantage for the firm (Chandler, 2014) or it can be any responsible activity that allows a firm to achieve a sustainable competitive advantage regardless of motive (McWilliams & Siegel, 2010). Strategic CSR approach is mainly pertinent because it generates social and economic benefits simultaneously which is designed to create profits and social benefits rather than profits or social benefits as stated by Milliman et al. (2017). According to Samina (2015), Firms could have corporate social responsibility programme of education and healthcare while polluting the environment and treating workers poorly. Strategic Corporate social responsibility is meant to face this problem by addressing any negative value chain impacts while supporting the banks strategy and the needs of the society (Werner, 2009). Consequently, the traditional corporate social responsibility is differentiated in motivation, implementation and impact from strategic corporate social responsibility (Samina, 2015).

According to Werner, (2009) strategic corporate social responsibility is increasingly becoming integrated into core business operations when properly designed and implemented to fit the needs of the community and corporation. Samina, (2015) argues that strategic corporate social responsibility ensures that business is focused on minimizing potential negative impact of its operations. Corporations are now more concerned with social responsibility (Halme, Roome, & Dobers, 2009). There is a trend towards promoting corporate changes with deep strategic implications that must be associated with strategies in the company in order to be efficient (Coutiho & Maledo,Soares, 2002). Strategic management is a decision making in a corporation that ends up determining objectives, policies, and plans in order to achieve goals.

According to Chandler (2014), Strategic corporate social responsibility is grounded in the day to day operations of the firm. Strategic corporate social responsibility is vital to the bank's value-creating activities, which are, in a vibrant business atmosphere defined by the events and selections of the bank's broad set of stakeholders, with the value being optimized when stakeholders convey and enforce their need, while the bank responds to those evolving needs.

Economic and social exchanges are essential interactions anchored on the collective set of values prevalent in society at any given point in time. The values determine the decisions we make and has a direct result to the success or failure of the firm's profit

(Chandler, 2014; Andrew, 2011). The impression of strategic CSR appeals on what we know about the monetary exchange and human psychology and is used to explain how markets function and value is created. Understanding these processes allow commercial bank managers' to build a strategic competitive advantage for the bank (Andrew, 2011).

Strategic corporate social responsibility is increasingly becoming central to the bank's success in the current century. Its acceptance and application have been found to have sustainable value creation for the commercial banks (Chandler, 2014; Sousa, 2010). Strategic corporate social responsibility provides commercial banks with solutions for balancing economic value and societal value. It informs how to manage the bank's stakeholders' relationships especially those with differing principles, distinguishing and reacting to threats and opportunities fronting stakeholders, developing sustainable business practices and deciding the banks capacity for philanthropic activities.

According to Andrew (2011), there are four components of the strategy formulation and decision, which are; market opportunities, corporate resources, and skills, values in communication and stakeholders. Commercial banks need to practice business strategy tools and concepts that formulate new models of social strategy as stated by Husted and Allen (2001). The corporate social strategy four elements are structure of the industry, resources of the firm, communication of ideologies and value and stakeholders relation, Thus there is a similarity of elements in both models. Molteni (2006) states that social responsibility is part of the corporate strategy as it can help corporate management and innovative solutions based on the expectations of the stakeholders. The author recommends an innovative model based on social responsibility, affirming that this can be a creative factor in the development of competition. His model included firm, communication of values, stakeholders and resources. This study will concentrate on Resources, Communication, Firm approach and stakeholders. The structure of the industry is recommended by the Andrew (2011) to be utilized when the model used to investigate different sectors at ago.

Studies done by Werner, 2009; Samina, 2018 an; International Emporos, 2018 shows below difference between traditional corporate social responsibility and strategic corporate social responsibility which forms the basis of this study.

Table 1.1: Summary between Traditional CSR and Strategic CSR

ITEM	Traditional CSR	Strategic CSR
1	The bank tends to reduce the harm caused by its value chain activities by becoming respectable citizen	Social dimension in a competitive context is taken by the bank as opportunity. In addition, the bank uses its advantages to improve its own competitive environment and improve society at large.
2	The bank focuses on corporate social responsibility which do not have a direct impact on their competitive advantage but benefit the society (like education or environment)	The bank benefit from the direct linkage between its core activities and the society which are clear and important. There is also little originality. This can be seen in the example of Microsoft IT professional development program helps communities and students to improve their education and curriculum while it assures the supply of IT professionals in the future.
3	The bank only follows the industry standards on social and environmental risks such as the global reporting initiatives. It keeps the best practices for the sake of it.	The bank set strategies that penetrates beyond the set standards or practices with a unique position that performs peculiarities from their competitors. These strategies make them differentiated and gain advantage helping them to serve a set of customers' needs and reduce their costs
4	There is no innovation by the bank from its competitors since CSR is responsive to it and tries to avoid any pressure from the future. Most of the times, the pressures are caused by irresponsible activities which make them to keep adjusting their practises from time to time	The bank fashions innovations that not only benefits it, but also society. An example of the hybrid car of Toyota. It invests in social activities that build the banks competitiveness in both long term and short term. The CSR activities are done in such a way that they cannot be differentiated from daily operation.

1.1.2 Competitive Advantage

Competitive advantage is significance added over the competitors by posing customers a greater worth, either through lower prices or by providing additional benefits and service that explain similar or possibly higher prices pointed out by Cole (2008). A study done by Papulova and Papulova (2006) states that real competitive advantage implies banks can satisfy customer needs more efficiently than their competitors. This can be achieved if and when the real value is added for customers and this can only be through strategic corporate social responsibility. The bank's competitive strategy shows the route to creating and maintaining the bank's competitive advantage by helping them create and manage resources (Porter, 1998) effectively

Various competitive advantages due to different CSR activities arises by facilitating the banks' expansion and growth (Branco & Rodrigues, 2006). The CSR activities are more likely to contribute to the bank's growth if they are brought in line with the bank's competitive strategy, whether it's involved or not. To fully achieve competitive advantage, the bank should at least engage in CSR for the right reasons and approach decision strategically as it would to other core business decisions.

As Barney (1991) argued, a bank only attain competitive advantage when it implements a value-creating activity not being simultaneously implemented by other competitors and when other banks are unable to duplicate the benefits of this strategy. The importance of strategic intent cannot, therefore, be overlooked. A study done by Diab (2013) focused on Cost, quality, flexibility and delivery dimensions to measure competitive advantage in Jordan hospitals. These dimensions were supported by D'Souza and Williams (2000) arguing that Cost, quality and time remained the competitive advantage scopes of the firm. The study focused on the three measurement of competitive advantage which are; Cost, Quality and Time.

1.1.3 Commercial Banks in Kenya

A commercial bank is an institution that receives deposits, lends loans and offers related services (Chege, 2013). The Kenya banking sector comprises of 38 commercial banks (Charter bank under statutory management, Fidelity commercial bank undergoing acquisition and Imperial bank and Chase bank under receivership have been excluded from this study), one mortgage finance company and 6 deposit-taking micro-Finance institutions of local and international origin (CBK, 2013). Due to regional integration taking place within Kenya's banking sector, new entrants such as Nigeria's United Bank for Africa (UBA), Lome-based Eco bank and the Gulf region banks such as Gulf African Bank and First Community Bank have been witnessed lately.

There are approximately 8.3 million bank accounts in Kenya, and with a total population of more than 40 million people, clearly there is still a room for further penetration of the market (Nzovah, 2012). The large banks such as KCB, Equity Bank, Co-operative Bank, Barclays Bank, Standard Chartered Bank, DTB, NIC Bank, CFC Stanbic, Commercial bank of Africa and HFC represent 80% of the market share. This leaves approximately 20 percent market share for the remaining banks, leading to cut-throat competition with little market gain. The remaining banks exhibit varying degrees of technical sophistication, capital market expertise, and technology innovation (Chege, 2013; Nzovah, 2012).

The banking sector in Kenya is very worthwhile but offer homogenous products and services. Marketing creativities to differentiate and create a lasting competitive advantage has increased over the years with the aim of attracting new while retaining existing customers.

Communication efforts have been fruitful in brand building and product/service awareness. However, this has not offered a long-term solution for banks that aim at long-term growth and stakeholder loyalty. To create a long lasting competitive advantage, banks have been forced to revise both long and short-term goals. The CSR activities have featured prominently as some of the strategies used by some of the commercial banks. Deliberate efforts have been undertaken by some banks to set aside annual budgets to run selected thematic CSR initiatives (Mbithi, 2015; Nzovah, 2012). The research was based on 305 branches within Nairobi County which carried CSR at branch level and listed on NSE as of 2016.

The banking sector is highly competitive and vibrant sector owing to Technology advancement, Privatization of public banks, globalization and deregulation of financial services (Zekiri & Nedelea, 2011; Chege, 2013; Sousa, 2010). Thus, to curb these challenges and be sustainable in fragile business environment, Commercial banks have shifted their focus towards strategic corporate social responsibility (Chandler, 2014). This shift is to find a sustainable solution which leads to competitive advantage with only 8.6 million accounts in the sector (Chege, 2013).

1.2 Statement of the Problem

In current years, scholars and executives alike have drawn their attention to implication of corporate social responsibility practices as well as their relationship to strategy which has led to Kenya commercial banks devote time in to it. The banking sector is highly competitive and dynamic due to technology advancement, Privatization of public banks, globalization and deregulation of financial services (Chege, 2013; Nzovah, 2015; Achua, 2008). According to Kisirkoi, (2017) commercial banks face serious challenges in competition which have resulted into failure of some banks. Competitive environment in the banking industry is quickly changing to the extent that banks must change by creating strategies that will make them a going concern or face the consequence of inability to fit in the turbulent environment (Kasurah, 2015). The banking survey (2016) rightfully acknowledges that banks have to out compete and out innovate in order to remain relevant. Husted and Salazar (2006) concluded that strategic investment creates better results for companies that try to achieve the maximisation of both yield and social routine simultaneously.

The overall goal of Kenya commercial banks' is to achieve a sustainable competitive advantage. However, this has been a challenge because the banks' products and service are homogenous, that is, they are of similar offering amongst players in the industry (Chege, 2013). Lack of differentiation in the sector has led to no significant and impactful long-term competitive advantage either. Studies show that if CSR is used strategically, it can provide an avenue for differentiation in the homogenous industry (Chege, 2013; Sousa, 2010; Porter & Kramer, 2006).

The study of competitive advantage and CSR has been undertaken in the banking sector but researchers have only focused on indvidual bank and CSR in general. Chege, (2013) focused on on CSR and competitive advantage in commercil banks in Kenya while Isakson (2011) researched on CSR: A study of strategic management and performance in Swedish firms. There is a scarcity of direct academic or the empirical proof on the strategic features that benefits banks on corporate social responsibility and the benefits to the society from CSR activities.Therefore this study focuses on investigating the influence of strategic Corporate Social Responsibility on competitive advantage in commercial banks in Kenya.

1.3 Objectives of the Study

1.3.1General Objective

The general objective of this study was investigating the influence of Strategic corporate social responsibility on competitive advantage in commercial banks in Kenya.

1.3.2 Specific Objectives

The specific objective for this study was,

i. To establish the extent Strategic CSR Resources influence competitive advantage in commercial banks in Kenya.
ii. To determine the influence of Strategcic CSR communication on competitive advantage in commercial banks in Kenya.
iii. To investigate influence of Strategic CSR Firm approach on competitive advantage in commercial banks in Kenya.
iv. To determine Strategic CSR Stakeholder on competitive advantage in commercial banks in Kenya.
v. To establish the influence of bank size in the relationship between strategic corporate social responsibility factors and the competitive advantage in the commercial banks in Kenya.

1.4 Research Hypothesis

The study was seeking to test the following hypothesis drawn from the specific objectives.

H_{01}. The extent of Strategic CSR Resources does not influence competitive advantage in commercial banks in Kenya.

H_{02}. The type of Strategic CSR communication does not influence competitive advantage in commercial banks in Kenya.

H_{03}. The level of Strategic CSR Firm approach does not influence competitive advantage in commercial banks in Kenya.

H_{04}. The level of Strategic CSR Stakeholders does not influence competitive advantage in commercial banks in Kenya.

H_{05}. The relationship between strategic CSR factors and competitive advantage in commercial banks in Kenya is not influenced by bank size.

1.5 Significance of the Study

The study is significant in assisting students of strategic management and practitioners to better appreciate influence of strategic corporate social responsibility on competitive advantage in commercial banks in Kenya. The key findings from the study will be provided in Forum such as strategic Manager Seminars, bodies and institutions to inform on strategic corporate social responsibility on competitive advantage to add to the strategic management body of knowledge.

The study acted as a guideline to the practitioners (managers), on how best to implement corporate social responsibility strategically to add value in the long term goal of the firm. The study will assist the management and consultants in the field and government bodies concerned with the growth and development of the banking sector. It will also help commercial banks in Kenya in enhancing the societal environment in which bank exists as to contribute to the wealth development of that society in long-term as they seek to increase their market size in the form of new customers.

1.6 Scope of the Study

The study focused on the commercials banks in Nairobi County. The study was carried out in Kenya and targeted all the registered banks operating under the Banking Act of Kenya in Nairobi County from 2016 to 2017. This meant that those institutions offering non-bank services were excluded from this study. The research used cross-sectional survey research design to investigate the extent to which strategic corporate social responsibility influence competitive advantage on commercial banks in Kenya. It restricted itself to Strategic CSR Resources, Strategic CSR communication, Strategic CSR firm Approach , Strategic CSR stakeholders and moderating effect of Bank size between strategic CSR factors and Competitive advantage in Commercial banks in Kenya.

1.7 Limitations of the Study

The findings of the study were restricted to commercial banks within Nairobi County in Kenya. Owing to sensitivity of information that was being sought to conduct the study effectively, the researcher was unable to control respondents responses on altitudes like failure to answer some questions to the questionnaires returned and regulations. To alleviate these risks coming up from the study, the researcher wrote an introduction letter assuring the respondents that the information obtained from them would be treated with a lot of confidentiality. There was the issue of some questionnaires getting lost and a slow return of the same. To counter this problem, the researcher did several follower ups through phone calls and collected the full filled up questionnaires and replaced the lost ones.

The respondents may have been biased when answering the questions and this could lead to presence of outliers and skewness of the data collected. To prevent this issue in the data collected, the researcher adjusted the outliers until they get closer to the other values in the set. The study had gotten an introduction letter from the Jomo

Kenyatta university of Agriculture and Technology which assured respondents and the branch managers of what the researcher was doing.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Several researchers have revealed how CSR initiatives can earn paybacks for a company. Companies that have engaged in CSR all over the world have elicited favorable responses from their key stakeholders (Ochoti, 2013). These CSR activities have strategically acted as a source of competitive advantage. A strategic management field in connection with corporate social responsibility has become increasingly important; this chapter, therefore, reviewed literature in an attempt to provide a basis for appropriate conceptual and theoretical framework for the integration of strategic corporate social responsibility as a source of competitive advantage in commercial banks.

2.2 Theoretical Framework

2.2.1 Stakeholder Theory

The stakeholder theory forms the basis on to examine the clusters which the firm should be responsible. As termed by Freeman (1984), the firm can be defined as a sequence of connections of the stakeholders that the manager attempts to manage. According to Freeman (1984), A stakeholder is any group or individual who can disturb or is affected by the achievement of the bank's objectives.

Stakeholders are typically analyzed into primary and secondary stakeholders. A primary stakeholder is defined by Clarkson (1995), as a group that is, without whose continuing contribution in the bank cannot survive as a going concern. The primary group includes shareholders, employees, and customer, together with what is termed as the public stakeholder group: the governments that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations may be due. The secondary groups are those groups that are influenced by the corporation but cannot transact and therefore not essential to the corporate survival.

The major divide within stakeholder theory is whether it is a coherent theory or a set of theories (Jones &Wicks, 1999). The big difference in the theory is, whether stakeholder theory is a normative theory based upon largely ethical plans or an empirical descriptive theory (Donaldson & Preston, 1995; Jones & Wicks, 1999). This remains a combative area within the literature (Jones & Wicks, 1999; Freeman, 1999; Donaldson, 1999). Regarding the issue of social responsibility, the central issue is whether stakeholder analysis is part of the motivation for business to be responsible and, if so, to which stakeholders. Corporate giving is approximately always helpful.

Stakeholder theory and Corporate Social Responsibility report two key questions namely; how economic and social factors should be measured from a corporate perspective and what is the relationship between economic and social success? When we use Donaldson and Preston's (1995) model of interaction between the corporation and its stakeholders with an emphasis on the corporation as the central element, understanding of the economic, social, historical, political, cultural and global environments is limited to direct interactions with the corporation itself. However, Matten et al. (2003) argue that the reconceptualization of CSR has both explicit policies and implicit norms, within the legal framework implying that CSR can be better understood if it is situated business practice.

Bringing Matten et al. (2003) situated perspective of CSR to stakeholder models also implies a shift from a corporate-centered model to a cultural systems perspective in understanding relations between corporations and their stakeholders. This perspective shifts the focus from the question of whether culture affects the manner in which CSR is portrayed in websites to the question of how institutional structures situated in cultural systems affect communication about CSR. The stakeholder theory is important to this study because it talks about stakeholders which are one of the factors being researched on.

2.2.2 Theory of the Firm

Firm perspective theory on corporate social responsibility has numerous strategic effects. Leading, corporate social responsibility can be an essential, intimate element of the bank's business and its source differentiation and therefore CSR should be considered as a form of strategic investment (McWilliams & Siegel, 2001). Even when CSR it is not directly related to the product feature or the production process, corporate social responsibility may be seen and presented as a form of creating and maintaining goodwill.

The Strategic suggestion of the theory of the firm perspective is that the resource-based view of the firm can be practical as a balanced development of corporate social responsibility. In the environment of Corporate Social Responsibility use, product differentiation can be used to distinguish between vertical and horizontal differentiation.

The vertical differentiation is when a product with corporate social responsibility features is perceived better by consumers. This type of distinction can enhance or uphold the reputation of the bank as well as allowing the bank to meet particular market demand (Fombrun & Shanley, 1990).

Equally, horizontal differentiation arises when some consumers prefer a specific product based on taste rather than quality, like choosing a particular car based on its color this could be due to different brands. The later cannot contribute to the firm's or enable the organization to charge a price with a markup. The strategic behavior of the firm concerning CSR can be evaluated through the resource-based view of the firm (RBV).

When an organization engages in CSR strategically linking its core business with benefits and performance, the socially responsible behavior may be studied drawing on the RBV of the Firm (Prahalad & Hamel, 1990; Barney, 1991). When companies generate competitive advantage by effectively managing their resources and capabilities which are valuable, rare, inimitable and non-substitutable (Barney, 1991), CSR can enhance competitive advantage by helping creation and management of such resources and competencies (McWilliams et al., 2006).

Creating competitive advantages is achieved by applying strategies that add value and create advantages for a given firm until another firm succeeds in doing so. Thus, to adopt the RBV when investigating CSR, resources and capabilities need to be seen as a ‘contested terrain’ (Branco & Rodrigues, 2006) and the RBV needs to be extended.

CSR actions have to create real and continuous results in the society for them to be considered a source of competitive advantage. The author notes that the economic and social objective has been distinct and controversial. Nevertheless, it signifies an increasingly out-dated in the new world order of open and knowledge-based competition

According to Porter and Kramer (2002), companies do not operate in isolation. They are socially integrated, and the ability to compete depends on the circumstances around their location resulting in either positive or negative consequences. The decision to process the strategy to adopt need to take to the account the consequence whether positive or negative. The impacts may affect not only the business but also to the stakeholders and the society at large.

Banks can use corporate social responsibility to build a competitive advantage and to create shared value (Porter & Kramer, 2006). By carefully prioritizing the needs of their stakeholders, banks can focus on the needs that make the most strategic sense. The long-term view to strategic CSR is recommended, leading to the move from corporate social responsibility to the corporate social integration as the success of the firm and that of the community become mutually reinforcing.

Zadek (2006) asserts that Banks that have adopted corporate social responsibility find it easy to meet new market expectation. According to Brammer and Pavelin, (2004), the approaches toward studying CSR based on economic theories have been found to suffer from various limitations. The limitations include prioritizing stakeholders who impact the performance of the firm. Different strategic CSR approaches have been found to have these limitations. The limitations of these approaches often require a combination of theoretical lenses when investigating CSR and its implications for firms (McWilliams et al., 2006). The theory of the firm is critical to this study because it discusses on Firm approach and resources in strategic corporate social responsibility which forms part of the research.

2.2.3 Communication Theory

Communication Theory was proposed by S.F. Scudder in the year 1980. It states that every living being which exists on planet communicates although the way of communication is different. The social view of communication theory considers communication as a result of interaction between the sender and the receiver. According to McWilliams & Siegel (2011), Strategic corporate social responsibility communication is directly dependent on the content of the speech and can produce trust and Validity when banks are trusted to operate consistently with social norms and expectations which can lead to price premiums. This communication theory is pertinent to this study since communication forms part of the discussion factors of strategic corporate social responsibility.

2.3 Conceptual Framework

According to Regoniel (2015), Conceptual framework is the researcher understanding of how the particular variables in the study connect to each other. Thus, it identifies the variables required in the research investigation.

Strategic CSR Resources are the means through which banks accomplish their activities (Mathew, 2003). They are seen as the essentials elements out of which firms transforms inputs to outputs or generate services. According to Barney (1999), resources are most challenging to imitate when the path dependent. Galbreaths (2008) argue that strategic CSR Resources are classified as Tangible (Physical and financial assets), Intangible (corporate reputation, employees knowledge and Loyalty) and, Personal based (employee training, Culture and commitment). Resource based perspective suggests that commercial banks generate sustainable competitive advantage by effectively manipulating and directing resources and capabilities that are often than not rare, imitable and, substitutable. Grounded on this review, the studies aimed at establishing extend strategic CSR resource influence competitive advantage in commercial banks in Kenya.

Strategic CSR communication is critical component in achieving a successful strategic CSR intention and vital CSR activities (McWilliams et al., 2009).

According to Luo& Bhattacharya (2009) efficient strategic CSR communication is essential for banks' competitive advantage. Isaksson (2010) adds that both structure (design) and timing of strategic CSR related information are essential parts of strategically planned CSR communication. Optimistic customers and market responses resulting from strategic CSR activities are improved by enlarged market communication leading to competitive advantage (McWilliams & Siegel, 2001). Isaksson (2010), states that strategic CSR communication includes design, internal and external communication. Based on this review, the study set out to determine the influence of strategic CSR Communication on competitive advantage on commercial banks in Kenya.

According to McWilliams et al. (2007) strategic CSR is essential, inseparable portion of the firm's business and its differentiation strategy. The strategic behaviour of the firm concerning CSR can be evaluated through the resource base view of the firm (Branco & Rodrigues, 2006). Brammer et al. (2007) states that, the impact of strategic CSR on firm can not only be explained through the analysis of fundamentals intangible sources such as knowhow, corporate culture and reputation, but also be accounted by the interaction of individuals and groups within the firm and the ability to build and maintain external relationships with the stakeholders. Hence are crucial for building and maintaining a sustainable competitive advantage and enhancing banks' growth. Siegel and Vitalian (2007), say that firm approach includes Research & development, Advertisement and core business. Based on the review, the study was investigating influence of strategic CSR firm on competitive advantage in commercial banks in Kenya.

According to Van Marrewisk (2003), strategic CSR is voluntary bank activities demonstrating an inclusion of social and environmental concerns in the business operation and interaction with stakeholders. Stakeholders are important to commercial banks and their involvement contributes to competitive advantage of the firm (Porter& Kramer, 2006). Jamali (2008), states that strategic CSR activities in commercial banks are supposed to turn attention to stakeholders beyond direct profits maximization. Including stakeholders in strategic CSR makes commercial banks maximize shareholders' wealth while increasing total value add (Wallace, 2008).

According to Abreu et al (2005), stakeholder comprises of, customer, employees, shareholders, and Government. Grounded on this review, the study focused to determine the influence of strategic CSR stakeholders on competitive advantage on commercial banks in Kenya.

According to Papilova and Papulova (2006) competitive advantage is critical to the commercial banks in Kenya. Kisirkoi (2017), states that commercial banks face a serious challenge in competition which have resulted into failure of some banks. The bank's competitive strategy shows route to creating and maintaining the bank's competitive advantage (Porter, 2008). Competitive advantage includes cost, Time and quality (Diab, 2013). Strategic corporate social responsibility is increasingly becoming central to banks success in the current century (Chandler, 2014). It provides the banks with solutions for balancing economic value and societal value. According to Andrew (2009), Strategic CSR includes Resources, communication, firm approach and stakeholders. Banks size refers to total asset employed in that bank as stated by Isaksson (2010) and supported by Waddock and Graves (1997).Commercial banks are affected by sizes when it comes to application of strategic CSR. Due to this review, the study sought to establish the moderating effects of bank size on the relationship between strategic CSR factors and competitive advantage on commercial banks in Kenya. This review of literature has led to formulation of the relationship between the variables under investigation as shown in Figure 2.1.

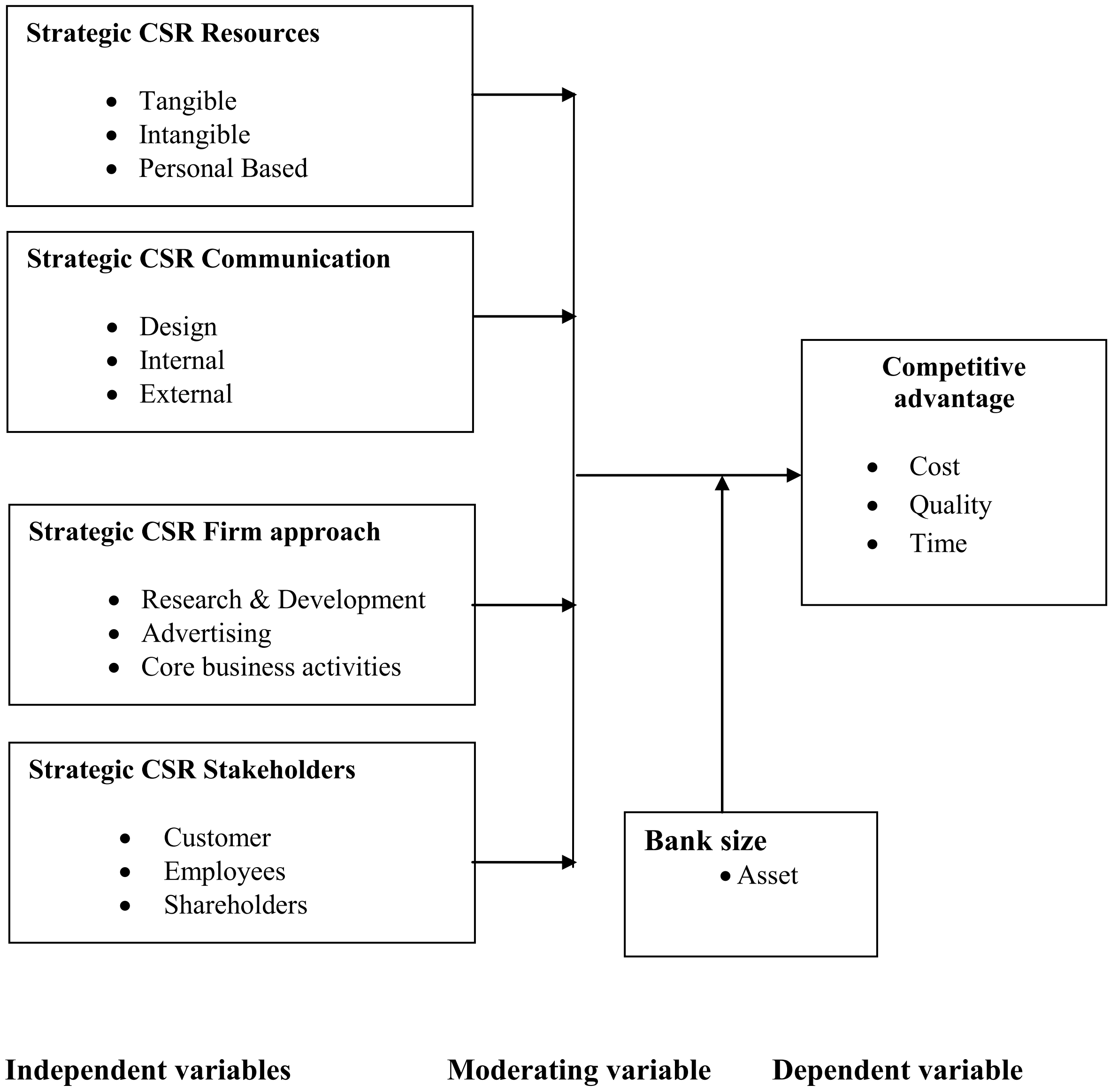

Figure 2.1: Conceptual framework

2.4 Empirical Review

2.4.1 Competitive Advantage

Competitive advantage is again added over what the competitors are offering by posing customers better value, either through lower prices or as long as there are extra benefits and service that authenticate alike prices as stated by Cole (2008). The real competitive advantage infers that banks can please customer needs more professionally than their competitors as stated by Papulova and Papulova (2006).

The competitiveness can be achieved if and when the real value is added for customers through strategic corporate social responsibility. The company's competitive strategy shows the route to creating and maintaining the firm's competitive advantage (Porter, 1998) by helping firms create and manage resources effectively.

Different strategic CSR activities contribute to different types of competitive advantage while facilitating the bank's expansion and growth (Branco & Rodrigues, 2006). CSR activities are more likely to contribute to a firm's growth if they are brought in line with the bank's competitive strategy, no matter whether it involves cost leadership or differentiation. Branco and Rodrigues, (2006), states that to fully captive competitive advantage, the bank must use the right CSR approach and adopt the same for the right reasons while approaching the decision for the CSR initiatives strategically like any other core business decisions.

According to McWilliams and Siege (2001), strategic CSR enhances product differentiation as well as constituting a barrier to entry. Strategic CSR may be a specific asset that makes other assets more valuable than they otherwise would be. McWilliams and Siege, (2001) state that having a reputation of quality has been as shown to be valuable to the firm. Strategic CSR attributes and activities increase perception, and therefore a value of quality which acts as a source of sustainable competitive advantage.

A study done by Adams (2015), states that, banks that use some of its CSR budgets to help educate young adults in financial literacy is strategic in nature. The well financially educated adults are unlikely to go into unintended debt since they will realize their need for a range of financial products, many of which will be provided by the banks. Therefore, secondary creativities to raise financial knowledge might indirectly reduce bad debts as well as increased demand for its products.

Some empirical studies done on competitive advantage strategies suggest an organization that has adopted CSR strategically, enjoy capabilities such as low price, high quality, higher dependability and shorter delivery time as compared to it competitors (Mentzer et al., 2000). These competencies boost the bank's overall performance (Mentzer et al., 2000). Strategic CSR leads to co-creation of value based on the competencies of the company and the customer which leads to resources that are hard to imitate (Arungai, 2015). Cole (2008) contends that quality is an underlying factor in competitive advantage and arises from a product offered being perceived as of higher physical quality than the competitor‘s product or from providing excellent customer service.

Sustaining competitive advantage requires that banks to set up obstacles that make imitation difficult through scales investment to improve the advantage, making this a long-run cyclical process; this can be achieved through Strategic corporate social responsibility, which studies show that it is hard to duplicate or imitate (Chege, 2015). Competitiveness appears as the second last link in the learning chain. Its meaning differs for profit-making market organizations and non-profit ones. In both cases, however, regardless of their nature, they have elements in common that refer to client satisfaction: opportunity price; quality of products and processes; design and timeliness (flexibility, response capacity) of the goods or services offered. Competitiveness is increasingly based on quality, the speed of response, technological superiority, product or service differentiation (Tolentino, 2000).

A bank can use social initiatives to improve its competitive setting, increasing the quality of the business environment in the places it operates. Focusing on context allows the bank to increase its potentialities in support of social responsibility actions and contributions toward a society in a structured fashion (Zadek, 2005). Thus the bank’s schedules should be directly connected to its core business in order to exploit the potential of the actions (Porter & Kramer 2002)

A study by Diab (2013) focused on cost, flexibility, and delivery as well as quality dimension to measure competitive advantage in Jordan private hospitals. The four dimensions of competitive capability used were operationalized as follows: Cost: the focus being cost reduction especially to customers who are price sensitive. Flexibility: the organization‘s ability to provide a variety of and different levels in the target market through its ability to keep pace with development in technology, and design products and services according to customer expectations. Quality: the ability of a product or service to meet customer needs and expectations. Most managers agree that cost and quality will continue to remain the competitive advantage dimensions of a firm (D‘Souza & Williams, 2000). A study done by Hong, Callaway, and Kunnathur (2010) argue that the important features of delivery performance improvements as related to delivery speed and reliability reduced cost and quality. Delivery speed is the skill to decrease the time between order taking and customer delivery to as close to zero as possible. Flexibility can be focused to achieve a variety of operating attributes such as the ability to respond to special service requests.

Quality indicates the effectiveness of firms to retain customers and focuses on delivery dependability, responsiveness, order flexibility, and delivery flexibility. Time-based competition is the ability to reduce lead times and cycle times which assumes close collaboration with suppliers.

However, cost, quality, and speed of delivery are some of the critical competitive priorities for the banking industry. There is a great recognition of time to market as a basis for competitive advantage (Holweg, 2005). Porter, (1998), poist that competitive advantage is the extent to which an organization can create a defensible position over its competitor's Price/cost, quality and time have been identified as critical competitive capabilities (Treacy et al., 1999). Based on studies which were done by Thatte (2007) and Azmi et al. (2012) respectively, and the contributions of Kavitha, Karthkeyan, and Devi (2013), Li et al. (1997) have demonstrated three dimensions of competitive advantage: Cost, quality and time have been utilized. Therefore, there are three dimensions of competitive advantage which can be drawn from the models of competitive advantage which include: cost, time, and quality.

The conception of competitive advantage happens through the application of strategies that enhance value and produce paybacks for one company when another company fails to do so as stated by Barney (1991). A firm can gain competitive advantage through internal resources or a group of internal resources from the bank. Porter & Kramer (2006) suggest that Corporate Social Responsibility activities in a bank can lead to a chance innovation, competitive advantage and the firm will gain sufficient benefit when using its resources that the bank needs to weight one social benefit against another, and at the same time look at the cost associated with the activities.

The ability to cut cost is a critical aspect for banks' source of competitive advantage. The cost is classified as direct or indirect, fixed or variable, short or long-term. Furthermore, the cost can also be articulated conferring to its purpose. A further cost of quality can be subdivided into failure, appraisal, and prevention costs (Juran, 2004). Banks have compromise cost and products and services characteristic. Generally, most organizations opt to cut cost by striping fixed cost and adopting continuous control to raw materials, reducing cost on employees compensation rates while achieving a higher level of productivity (Dilworth, 1992).

The other measure of competitive advantage is quality. Quality is the fitness for use, where fitness is well-defined by the customer as suggested by Juran (2004). Weinberg (2011) describes fitness more holistically as value to some person. Quality can be attained by adding exclusive traits to products to improve their competitive appeal to benefit customers in the final stages (Al-Rousan & Qawasmeh, 2009). Adam and Elbert, (1996), suggest that quality can be achieved by adopting product design to its purpose, and the quality of conformity which is the organizational capability to transform inputs into comfortable outputs (Hill, 1993), outputs in accordance with the specific design characteristics and the focus on quality will be reflected in competitive advantage and profitability of the organization.

Time represents a competitive advantage in a firm. Lead-time initially used by Hayes and Wheelright (1984) is rephrased as time in this study. It is seen as the total time that an activity requires to be executed from the beginning to the end. Banks can consider the time as a factor of competitive advantage. The delivery time can be a basis of competitive advantage when banks try to reduce the age of time between getting and accepting customer orders and provisions of products or services to customers (Stonebrake & Leong, 1994). It is also a measure of the bank's adherence to delivery schedules agreed upon with customers.

The speed of product development is the period between product awareness generation to accomplishing the final design or production (Evans, 1993). Parasuraman et al. (1985) define responsiveness as speed and timeliness of service delivery, it includes all willingness and readiness of banks employees to provide for services, prompt response to customer needs, implying quick problem solving, prompt service and convenience in the banking industry. These elements should be legitimized by society. To achieve this objective, strategic CSR actions should be in harmony with societal expectations. Thus, the combination of intangible resources, such as the efficient execution of centered projects and ethical management can be a differentiating source of benefits that can cap in the competitive advantage of an organization. Nonetheless, it is significant to say that competitive advantages through Corporate Social Responsibility can only accumulate if the profits to society exist, as such aids should be implicit in the philosophy of social strategies (Husted and Allen, 2001). To be a source of competitive advantage, Strategic CSR actions must create real and consistent results for the society.

In conclusion, CSR can enhance competitive advantage by helping the creation and management of source resources and competencies that are valuable, rare, inimitable and non-substitutable (McWilliams et al., 2006). Creating competitive advantage is achieved by applying strategies that add value and create advantages for a given bank, until another bank succeeds in doing so. It is important to mention that creating a competitive advantage through CSR occurs if there is a benefit to society. In order to be the source of competitive advantage, CSR actions have to create real and continuous results for society. Banks do not function in isolation from the society around them. Their capability to compete depends heavily on the conditions of the location where they function from (Porter & Kramer, 2002).

2.4.2 Strategic CSR Resources

Banks engage in corporate social responsibility because they believe that there is a level of competitive advantage occurs to them. From a resource-based perspective, Corporate Social Responsibility is understood as providing internal or external paybacks or both. Investments in socially responsible activities may have internal profits by helping a bank to develop new resources and competencies which are related as stated by Branco et al. (2006). According to Barney (1991), the establishment of competitive advantage happens through the application of strategies that add value and it beneficial to one company where another has failed. Competitive advantage can be achieved through internal resources from the bank. However, to obtain this advantage the bank's resources must be valuable, rare, not easily imitated by rivals and not easily bought or sought (non-substitutable)

According to Barney (1999), resources are most challenging to imitate when they are path dependent (resources have a specific history which tends towards firms having highly specialized skills), casually ambiguous that is the action to create them are not fully known and socially complex (Some resources, such as reputation or firm's culture, are difficult to change on the short term). Commercial banks are society embedded actors and therefore have a responsibility to carry out social activities that provide members with the products and services that will fulfill their needs (Mathew, 2002). A single bank usually performs these activities. They control the resources needed for such activities, build the processes through which resources are used and establish relations with each other and other economic agents, making choices about all these things regarding their own goals. Resources are the means through which banks accomplish their activities. They are seen as the essential constitutive elements out of which firms transforms inputs into outputs, or generate services (Mathew, 2003).

Resources include the assets that commercial banks use to accomplish the activities they are engaged into converting inputs to outputs and can be classified as tangible (physical and financial assets) or intangible (corporate reputation, employees knowledge and experience, and skills and their commitment and loyalty). However, according to Russo and Fouts (2006), resources cannot be productive in isolation and can only become a source of competitive advantage if they are used by commercial banks to perform their activities. Thus the analysis of the use of resources and a source of competitive advantage needs to consider a bank's abilities to assemble, integrate and manage this bundle of resources. Branco et al. (2006) argue that capabilities are seen as referring to the actions through which resources are used and that commercial banks engage to get something to accomplish their objectives. Therefore, they refer to a bank's capacity to deploy different resources in a coordinated fashion to achieve a competitive advantage.

Capabilities are the outcome of organizational learning. They belong to the organization as a whole and are built from learning individual members or individual business units. The capability is seen regarding banks' ability to integrate and extend the learning and experience of its members (Mathew, 2003). Capabilities refer to organizational methods, promised in by people who must tolerate over time as people stream in and out of the firm (Wright et al., 2001).

The resources are used by commercial banks to develop and implement their strategies. Since different commercial banks have different bundles of resources which are difficult to imitate, the ability of the bank to implement the strategies will always differ. Branco et al. (2006) state that management task can be seen as being that of assembling a bundle of resources and develop capabilities needed to capture as many of the services from these resources as possible. The resources are divided into tangible resources, intangible and personal based resources (Galbreaths, 2005).

According to Moldaschl and Fischer (2004), tangible assets are physical and financial assets. He states that whether physical or financial assets are easiest to imitate or substitute even if they are valuable and rare. On the other hand, intangible resources are difficult and costly to create because they tend to be historically contextualized path dependent, socially complex and causally ambiguous (Barney, 1991). Therefore they are a source of competitive advantage for the banks than tangible assets. Intangible resources and capabilities as suggested by Barney (1991) are accumulated over a period and cannot be acquired on tradable factor markets. These aspects make them almost impossible to imitate and contribute to banks' competitive advantage.

Intangible resources are defined as non-physical factors that are used to produce goods and services or the ones that are expected to be of economic benefit to the bank in the future (Branco & Rodrigues, 2006). They include intellectual property assets, organizational assets, and reputational assets. Intellectual property asset such as copyright, patents, registered designs, and trademarks are afforded legal protection through property rights. Such legal protection can be used by banks to create barriers to competitive duplication. Numerous academic researchers view corporate social responsibilities as a treasured core intangible resource or as a collection of resources that can be a basis of competitive advantage where social creativities of a given firm cannot be imitated by their competitor (McWilliams et al., 2006).

Reputational assets though not legally protected by property rights can be path dependent assets characterized by high levels of specificity and social complexity, thus creating a strong resource position barrier to the competitors. Reputation is built not bought, thus being a non-tradable asset that may be much more difficult to duplicate than the tangible assets. These assets can inform external constituents about the trustworthiness, credibility, and quality of the bank (Branco et al., 2006; Mathew, 2002). Therefore reputational assets can be key drivers in the CSR of external constituents with positive reactions towards the banks' visa a vis its competitors, thus impacting positively on banks success.

According to Branco et al. (2006), social capital to the relationship among individuals through which institutions influence resource flow. Social capital leads to the identification and shared representations, interpretation, and system of meaning among parties and play a fundamental role in understanding how engaging in CSR may contribute to a bank's long-term survival and success. The RBP suggest that commercial banks generate sustainable competitive advantage by effectively manipulating and directing resources or capabilities that are often than not rare, imitable and non- substitutable.

According to Russo and Fouts (2006), commercial banks which assume a proactive environmental policy often redesign their delivery process and physical resources to enhance internal methods for waste reduction and operational efficiency. A Commercial bank may enjoy competitive advantage so long as the new processes are unique and provide an opportunity to outperform the competitor. Reputation of the firm effects the ability to influence public policy by raising a bar for compliance and hence enhancing competitive advantage.

According to Fombrum et al. (2000) banks obtain benefits from CSR and its disclosure because it helps the banks and their employees to build community ties and becomes socially integrated.

It supports commercial banks to form reputational capital that advances their ability to assign more gorgeous contracts with suppliers and government, to charge premium prices for products and service offered and to reduce the costs of capital. Corporate social responsibility not only generates reputational gains that increase a bank's ability to appeal resources, enhance performance and build competitive advantage but also mitigates the risks of reputational loses that can result from alienating key stakeholders.

Ashley (2002) states that Corporate Social Responsibility is presently a source of competitive advantage that banks should employ in the pursuit for greater keenness and better results.

In the field of strategic Corporate Social Responsibility, the load on internal resources is expressed in numerous studies (Branco & Rodrigues, 2006; McWilliams & Siegel, 2001; McWilliams *et al.*, 2006; Russo & Fouts, 2006). Starting from the assumption that CSR can be considered an internal resource of the firm. In order to form a competitive advantage, Strategic Corporate Social Responsibility actions should be valuable, rare, inimitable and non-substitutable (Barney, 1991). CSR can be viewed as a group of resources with a different dimension, that is internal such as corporate values, ethics and stakeholders relations with the bank (Donaldson & Preston, 1995; Freeman, 1984), social projects, and corporate reputation.

Business managers face two other scopes linked to strategic Corporate Social Responsibility: centrality and specificity (Burke & Logsdon, 1996; Husted, 2003). Centrality is excellent as far as Corporate Social Responsibility activities are joined with corporate mission. Specificity is high when Corporate Social Responsibility accomplishment imitability faces hurdles that are hard to overcome. On the other side, centrality is small when Corporate Social Responsibility activities are far from the firm core activities. Low specificity arises where actions are easily replicated. Hence, a group of intangible resources, such as good corporate authority, efficient performance can be a separating source of competitive advantage. Though, it is paramount to say that there is only the making of competitive advantage through strategic corporate social responsibility, if the benefits to society exist, as such benefits should be linked to the facts of social policies (Husted & Allen, 2001).

For CSR to be a source of competitive advantage, the CSR actions should create real and consistent results for society. The heightened concern with external parts as an internal value to strategic social results to a reflection to the course of actions, analysing and anticipation of the effects of corporate behaviour monitoring for both the positive and the negatives effects (Alessio, 2003). It has been observed that commercial banks, in which strategic corporate social responsibility is embedded find it easy to meet the expectation of the new markets, such as dealing with corruption, human rights, environmental management in the supply chain.

Personal based resources involve concerts such as culture, training, commitment, loyalty, and knowledge. Organizational assets such as culture, human resource management policies and organizational structure can also resist the imitation efforts of competitors as they represent high levels of asset specificity and time compression diseconomies. These assets are seen as contributing order stability and quality to the banks. Contracts such as franchise or licensing agreement may be important resources for the banks as they are legally enforceable and thus competitors may be prevented from replicating the benefits demanded from such agreements (Mathew, 2003).

Human resource activities include those which improve employees' attitudes on workplace quality for they are seen as fulfilling these four characteristics (Ballow et al., 2003; Wright et al., 2001; Fulmer et al., 2003). Human resources activities can thus create competitive advantage by developing a skilled workforce that effectively carries out commercial banks CSR strategy leading to improved financial performance and sustainable competitive advantage. The author further asserts that cost cutting can be achieved through effective management of the human resources thus enhancing the employee's productivity. In effect, CSR can have positive effects on employees' motivation and morale as well as on their commitment and loyalty to the bank.

Study done by Fulmer et al. (2003), suggest that, socially responsible employment practices such as fair wages, a clear and safe working environment, training opportunities, health and education, benefits for workers and their families, provision of baby care facilities, flexible work hours and job sharing can bring direct benefits to the bank. These practices increase morale and productivity while reducing absenteeism and staff turnover. The bank benefits lead to the bank saving the cost of recruitment and training of new employees. Research shows that banks' social responsibility actions matter to its employees (Backhaus et al., 2002; Peterson, 2004).

2.4.3 Strategic CSR Communication

CSR communication is a critical component in achieving a successfully strategic corporate social responsibility intentions and vital CSR activities (McWilliams & Siege, 2001). Communication should be strategically planned as it affects attitudes towards banks'. According to Isaksson, (2010), both the structure (Design) and the timing of corporate social responsibility related information are essential parts of strategically planned CSR communication. Corporate social responsibility communication can produce trust and validity when banks are trusted to operate consistently with social norms and expectations which can lead to price premiums effects and increased quality perception(Isaksson,2010). These optimistic customer and market responses resulting from corporate social responsibility activities are further improved by enlarged market communication (McWilliams & Siegel, 2001).

Corporate social responsibility can however only provide benefits if it is communicated internally and externally with a multitude of available new communication channels (like blogs, twitter, youtube) (Isaksson, 2010). Thus becomes progressively challenging to design communication strategies to portion its outcomes and decide when to communicate (timing). In order to gain from corporate social responsibility, firms are thus recommended to take strategic management approach towards their CSR planning, to structure and align it with firm's objectives and to decide when and how to communicate CSR efforts to the marketplace (Isaksson,2010, Du et al., 2010).

According to Luo and Bhattacharya, (2009), Strategic CSR should be appropriately communicated to support firm level objectives, commercial banks should ensure that the customer notice and understand corporate social responsibility information. Thus communication of corporate social responsibility must be efficient. Commercial banks must, therefore, evaluate what and how to communicate strategic corporate social responsibility specifics without being perceived as solely self-serving (Du et al., 2010).

According to Noha (2009), one way to overcome this potential issue is to apply a more holistic approach by embedding corporate social responsibility information as an extension of the normal market or product communication. It is important to ensure that the employees are aware of all corporate social responsibility activities through internal marketing since it is likely and expected that the market responds to CSR information. Research also suggests that some communication approaches are preferred than others. While a proactive approach is viewed as preferable, there appears to be no one best way of communicating behaviors to carry corporate social responsibility messages (Wagner et al., 2009; Ziek, 2009). However, for the banks to avoid Corporate Social Responsibility connected market communication becoming counterproductive, they should act responsibly to support their behavior with information. Dissimilar, if the banks do some hostile act in the marketplace and consumers, customers or other stakeholders become aware of the fact, they should immediately communicate the wrongdoing, why it happened and what they are doing to mitigate and rectify it (Wagner et al., 2009). The worth of communication strategies can low perceive banks dishonesty; external CSR communication should follow observed behavior in a reactive yet pre-emptive way (Isaksson, 2010).

According to Orlitzky et al. (2003) CSR Communication design for commercial banks should include both hard and soft issues. Social policies, programs, and organizational structures are considered hard issues, while organizational culture and employees values and norms are soft issues. Hence CSR communication should be holistic (Carroll & Shabana, 2010).

Wagner et al. (2009b), states that it is vital as commercial banks engage with stakeholders in the market environment (Customers and suppliers) through economic transactions and with their regulators, environmental organizations, and unions to address social and political issues. Workforces employed in sales, marketing, and customer services are often the first to hear and learn about market concerns regarding environmental practices and other CSR related concerns. Commercial banks should use this feedback to enhance the quality of CSR communication hence retaining their customers' loyalty. Customer satisfaction leads to competitive advantage (Lam et al., 2010).

The top management team is vital as credibility derived from CSR communication can be leveraged across banks brand. Market feedbacks can also be enhanced by accumulative market strength (Advertising cost) to positively affect competitive advantage (Luo & Bhattacharya, 2009; McWilliams & Siege, 2001). Altogether, this transforms into the optimistic relation between broadening market communication and strategic corporate social responsibility (Noha, 2009).

According to Fombrum, (2000) Strategic CSR Communication must be appropriately timed and designed and viewed as a concept since banks investing in strategic CSR can create market-based intangible assets. These can be achieved in banks through brand and customer loyalty, reputational capital and improved sales performance. Luo and Bhattacharya (2009) states that strategic CSR communication creates a reputation for reliability and honesty customers assume that the products of a reliable and honest bank are of high quality.

A study done by Maak (2008), argues that strategic CSR is an important part of the bank's identity and integrity which are pertinent to communicate internally and externally. Since both positive and negative banks behaviors affect external stakeholders and internal stakeholders, internal communication is an important issue as well (Isaksson, 2010). Internal communication instills banks identification and feeling of oneness and organizational belongings with the bank. Employees with direct customer interaction improve sales performance when the organizational identification is enhanced. Internal communication is fundamental to extract value from external CSR communication that has been positively embraced by stakeholders at large as suggested by Lam et al. (2010). A well-structured internal communication, not only saves time and cost but also lead to a great performance of the banks. Competitive advantage for the banks will be embedded in the quality of internal communication.

A study done by Murray and Montanari (1986), suggests that a well-crafted internal communication strategy in the field of CSR holds power to increase interdependencies between internal and external stakeholders and can enhance existing relationships. Employees can feel that their daily tasks are supported by CSR activities making them more secure in their job roles leading to a higher competitive advantage for the banks.Commercial banks that undertake CSR activities with strategic intent, that is, intention to gain a competitive advantage should initiate a respectful and honest communication with their customers (Noland & Phillips, 2010). Thus as the relationship commercial banks have with their customers makes up the market in which they operate in favourable.

According to Du et al. (2010), external CSR communication must be efficient just like any other market communication. The key questions are what to communicate and how to communicate a bank's strategic CSR efforts without being perceived as a solely serving. When the risk is worked out sub-optimally is that communication of Corporate Social Responsibility might not profit the communicating bank but instead risk skepticism and cynicism among customers and investors defeating the communication purpose (Isaksson, 2010).

A communication strategy for CSR thus plays a vital role and affects the attitude towards a bank (Wagner et al., 2009b). It is, therefore, suggested that communication of stratetgic CSR is done in line with the customers' expectation as they are part of everyday market communication. Strategic CSR holds the potential to entice stakeholders in the banks of improved credibility, reputation, and integrity. According to Maak (2008), strategic CSR becomes an important component of the bank identity; it is recommended that responsible firms should support their behaviors with information. This makes strategic CSR an issue that not only benefits from intensive communication but requires it to remain competitive. A well external communicated CSR can support a bank's objective which is to have a sustainable competitive advantage (Lopez et al., 2007; Luo & Bhattacharya, 2009).

One of the core tasks is to ensure that both the customer and the market understand the communicated strategic CSR information. It is essential to allocate sufficient resources promptly to achieve the banks objective of sustained competitive advantage (Du et al., 2010). This can be achieved by increasing the market intensity which is advertising cost or uses a range of communication tools (KPMG, 2011). When Corporate Social Responsibility activities are communicated and agreed, it can act as insurance protection which yields moral capital from enhanced credibility and reputation (McWilliams & Siegel, 2001).

2.4.4 Strategic CSR Firm approach

Strategic Corporate social responsibility is a vital, intimate element of the bank's business and its differentiation strategy hence a form of a strategic investment (McWilliams & Siegel, 2001). Even if it is not directly related to the production process or product features, strategic corporate social responsibility (CSR) may be seen presented as a form of creating and maintaining goodwill. The theory of the firm perspective on corporate social responsibility has several strategic implications. First, strategic corporate social responsibility can be an essential, inseparable portion of the firm's business and its differentiation strategy. It should, therefore, be measured as a form of strategic investment (McWilliams & Siegel, 2001). The second strategic association of the theory of the firm perspective is that the resource-based view of the firm can be applied as a logical development of strategic corporate social responsibility. The strategic behavior of the firm concerning corporate social responsibility can be evaluated through the resource-based view (Branco & Rodrigues 2006).

McWilliams and Siegel, (2006), state that when a bank engages in corporate social responsibility strategically and corporate social responsibility is linked with benefits for the firm, and its performance, socially responsible behavior may be represented on the resource-based view of the bank. According to Barney, (1991) when companies generate competitive advantage by effectively managing their resources & capabilities, which are valuable, rare, inimitable and non-substitutable, corporate social responsibility can enhance competitive advantage by helping creation and management of such resources and competencies. Creating competitive advantage is achieved by applying strategies that add value and create an advantage for a given firm. The firm can continue to enjoy the advantages until another firm succeeds in doing so (McWilliams & Siegel, 2006).

The impact of strategic CSR on the banks performance should not only be explained only through the analysis of fundamentals intangible sources such as know-how, corporate culture, and reputation, but can also accounted by the the interaction of individuals and groups within the bank and the ability to build and maintain external relationships with stakeholders (Brammer et al., 2007, Branco & Rodrigues, 2006), hence are crucial for building and maintaining a sustainable competitive advantage and for enhancing banks growth.

Banks, whose strategic corporate social responsibility has been incorporated to the core business activities, will be able to meet the new market expectation as the struggles with competition, human rights, and environmental supply chain management (Zadek, 2006). As stated by Filho et al. (2010) alignment of business strategy social responsibility activities to the core business activities is crucial to achieving an efficient strategic CSR.

According to Jensen (1988), CSR has been related to the theory of the firm which assumes that management of the firm is to maximize profits. Based on this perspective, strategic CSR can be viewed as a form of investment. One way to assess investment in strategic CSR is as a mechanism for product differentiation. According to McWilliams and Siegel (2006), commercial banks can create a certain level of CSR by embodying its products and services with strategic CSR attributes or by using strategic CSR related resources in its production process.

Essential contingency factors implied by the theory of the firm approach to strategic CSR include research and development, advertising, organization size, diversification, government sales, consumer income, labour market conditions, and stage in the industry life cycle (McWilliams & Siegel, 2000, 2001; Siegel & Vitaliano, 2007). In this study, we will focus on research and development, Advertising and core activities for the firm approach.

Research and development investment done by commercial banks results in both strategic CSR related process and product innovations which are valued by the consumer (Husted & Salazar, 2006). According to Hull and Rothenberg (2008), Research & Development is away a bank can obtain competitive advantage with the long-standing theoretical literature linking investment in R&D with improvements of the bank in long run.Strategic CSR can be viewed as a type of investment used as a mechanism for product differentiation where strategic CSR can be positioned in the context of resources in which commercial banks CSR policies would improve the quality of processes for developing products and services hence competitive advantage for them (McWilliams & Siegel,2006).

Innovative strategies through R&D employed by commercial banks have a substantial impact on the processes which are timely in order to create new products and services that have a competitive advantage as stated by Carlson et al. (2013). Researchers contend that it is important for commercial banks to look beyond their narrow focus of social responsibility and take social concerns into consideration in strategic management decisions as this will ensure business interest in the long term by creating a close bond with their community (McWilliams & Siegel, 2001). Further research shows that consumers prefer products and invest in firms that care for the environment and maintain good citizenship which helps commercial banks to build good reputation and image as valuable resources that can create a competitive advantage for it (Quazi & Obrian, 2000).

According to McWilliams and Siegel (2000), R&D is considered to be a form of investment for commercial banks in technical capital (Cost) that results in knowledge enhancement which leads to product and process innovation thus it allows the banks to enhance productivity. Studies by Clark and Griliches, (2013); Bean and Andrews (2011) confirm a positive correlation between research and development investment and firm growth. Investment in research and development involving innovation related with corporate social responsibility process and products is attractive to consumers. McWilliams and Siegel (2001), state that using a differentiating strategy in order to obtain a competitive advantage through the use of strategic CSR resources may include investment in research and development.

Advertising is of great importance to the banks' consumers this is because for strategic CSR differentiation to be successful potential consumers must be aware of the CSR characteristics otherwise they will purchase a similar product without such attributes (McWilliams & Siegel, 2006). Some of commercial banks characteristics might not be evident to the buyer at first glance on the services and the products they offer and therefore advertising plays an important role in raising awareness of those individuals who are interested in purchasing products and services with CSR attributes.

According to Brammer and Millington (2008) advertising distinguishes between two types of goods, which are search and experience. Search is the goods of quality and style which can be determined before purchase. These attributes can be established by examining the product before buying. For example the banks' loans of which by advertising will be informing the consumer of the availability of the products and its price. Experience goods are products consumed before their true value can be known and advertising will provide more information usually trying the product is to establish the brand name. Consumers typically assume that products of a reliable and honest firm will be of high quality. This calls for the banks to be honest in the advertisement of their product and services which they offer to their consumers for them to gain trust hence gain a competitive edge.

Bank's advertising that provides information about strategic corporate social responsibility attributes can be used to form a sustained reputation for quality, and reliability that are important but difficulty to determine by search alone (Jensen, 1988). Advertising can be used to foster product differentiation allowing the banks to charge a premium price.

Evolving the right corporate social responsibility strategy, involves an understanding of what differentiates an organisation, its mission, value and core business activities as stated by Smith (2003). The more closely tied a social activity is to the bank's business, the greater the opportunity to bulk the bank's resources & capabilities and benefits society as shared by Porter and Kramer (2006). A configuration of business strategy, social responsibility actions, and core business activities should occur in commercial banks in order to achieve efficient corporate social strategies as stated by Filho et al. (2010).

2.4.5 Strategic CSR Stakeholder

According to Van Marrewisk (2003), corporate social responsibility is voluntary company activities demonstrating an inclusion of the social and environmental concerns in the business operations and interactions with its stakeholders, implying that stakeholders are of great importance when it comes to corporate social with both positive and negative consequences. Focusing on Corporate Social Responsibility in emerging countries, found that banks tend to focus on stakeholders such as employees, customers, and shareholders. The outcome revealed that the managers–stakeholder relationship is affected by the qualities of power, legitimacy, and urgency when it comes to strategic CSR. Therefore stakeholders are of paramount importance when engaging in strategic CSR activities.

The way banks include shareholders, employees, customers, society, government, and other stakeholders is usually a vital feature of the corporate social responsibility concept, and since firms have multiple stakeholders and limited resources, the role of stakeholders should be assessed keenly. Strategic Corporate social responsibility covers dissimilar magnitudes that can be considered internal resources, such as corporate values, business ethics, and relationship with stakeholders, social projects and corporate reputation as discussed by McWilliams et al. (2006).

According to Porter and Kramer, (2006) companies or banks can use corporate social responsibility to build a competitive advantage and create share value. By carefully prioritizing the needs of the stakeholders, commercial banks can focus on the need that makes the most strategic sense. Stakeholder theory is related to Strategic Corporate Social Responsibility by Paloza and Papania (2008) and states that stakeholders' valuation of bank's corporate social responsibility activities will affect the banks share price, consumer support and the loyalty of the employees. This means that different stakeholders have different views on Corporate Social Responsibility activities based on their expectations and interest.

Shareholders needs cannot be met without satisfying the other stakeholders' needs to a certain degree according to Jamali (2008). Corporate social responsibility activities in commercial banks are supposed to turn attention to a consideration of other stakeholders beyond direct profit maximization. Even when a commercial bank seeks to serve its shareholders as a primary concern, its success in doing so is likely to be affected by other stakeholders (Foster & Jonker, 2005; Hawkins, 2006). Including stakeholders make commercial sense in allowing the bank to maximize shareholders' wealth, while also increasing total value added (Philips et al., 2003; Wallace, 2003). It is therefore vital for commercial banks to understand that they can only be considered responsible if only they demonstrate social behavior is satisfying the expectation of at least half of each stakeholder.

A study done by Abreu et al. (2005) in Portugal enterprises identified five key stakeholders who are consumer, suppliers, the community, the government, and the environment. Their research suggests a clear inclination on the part of firms operating in Portugal to attend to the external dimension of corporate social responsibility. This is a clear indication that the banking industry has to attend to both internal and external stakeholders for them to reach sustainable competitive advantage. The approach for defining strategic CSR was outlined by Uhlaner et al. (2004) in the Spanish model, as the capacity to please a wide range of elements within and outside the bank.

Uhlaner et al. (2004) suggested two categories of stakeholders in his conclusions, the economic, and social suggesting the salience of economic stakeholder's clients and employees over the social ones including sports clubs, the church, and the environment. Their research is a clear indication for the banking industry to put more emphasis on their consumer and employees in CSR activities for them to gain a sustainable competitive advantage.

A stakeholder approach was used by Papasolomou et al. (2005) , in the context of Cypriot business, and their rationale for using a stakeholder approach is those stakeholders invariably affects or are affected by organizations and therefore can be seen as imposing on them responsibilities. Their study acknowledged six groups as key stakeholders. Included were employees, customer, shareholders, suppliers, the community and the environment and delineate relevant CSR actions visa a Vis each cluster respectively.

Cypriot firms gave the greatest care to employees and consumer in their quest for Corporate Social Responsibility, moderate attention to the community stakeholders and limited attention to suppliers, investors, and the environment. As from the above studies, this research will focus on employees, customer and shareholders (partners) as the major stakeholders and how they play an excellent role for the organization to achieve its competitive advantage (Becker et al., 1996).

A customer can be defined as the person or organization that buys products or services from a business (Ruekert's, 1992). For corporate social responsibility to be of benefit to the bank applying it, CSR must be operationalized in a manner that is aligned with the bank's business activities. It must make sense to the customers. For it to be successful, banks' Corporate Social Responsibility hard work must be based on some aspect that is within the customers' tolerance or sense-making. Henceforth, banks' must obtain information about their customers' concerns that extend beyond the value proposition that the customer acquires in the market exchange process. Once examined about the bank, the chosen corporate social responsibility deliverables should consequently be applied in the bank's CSR program (Ruekert's, 1992). Kohli and Jaworski's (1990) and Mulyanegara's (2010) Suggests that market orientation regarding customer orientation and coordinated market interaction be aligned with CSR. Thus, a chosen corporate social responsibility deliverable should be affiliated with the customer’s favorite and must be designed and communicated promptly. This will make the firm be ahead of the competition. Timely services to customer lead to customer trust and loyalty because of the satisfaction they acquire.

The purpose of strategic CSR is to achieve more favorable customer perceptions of a commercial bank and its goods and services and to communicate their CSR initiatives to positively touch bank-level performance. The market orientation is solely to focus on customers for the same reasons; the conjunct use of these concepts are logical and should provide improved academic and practitioner understanding. Thus, there is a crossroad where Corporate Social Responsibility and customer intercept (Kohli & Jaworski’s (1990).

With banks having the purpose of making the price in the form of products and services, a win-win situation of both the customers and the owners should be the target (Freeman et al., 2004). This translates into that commercial bank’s value proposition must be in alignment with customers’ interests, or formation of new collaborations due to none conformity(Freeman et al., 2004). Thus, firms’ that fail to manage their customers’ interests will lose customers as competitors are given an opportunity (Uhlaner et al., 2004).

This is arguably a reoccurring challenge as external forces that is, increased international competitiveness, rapid technology changes, and decreased product life cycles, lead managers to increase market focus and attention to a wider variety of customer approaches, wants and requests (Ruekert, 1992). In today’s marketplace, banks’ customers are increasingly better prepared, have better available information, and are generally more demanding (Appiah-Adu & Singh, 1998). The quality of service and product with which the banks offer will determine whether the customer will stick or move to the competitor. The products and service provided should be safe and fit with their intended use avoiding false and misleading advertising disclosing all substantial risks associated with the products (Jamali, 2008).

Employees are a strategic resource when they are more productive than employees of a competitor, and the results can be seen at ease in recruiting new talented and motivated team (McWilliams & Siegel, 2001).Strategic CSR practices have assumed an important role in the process of employees including the function of being productive. White and Rodrigues (2006) argue that investing in strategic CSR activities generates an important impact on the creation of key intangible resource associated with employees. McWilliams and Siegel, (2001) state that the implementation of strategic CSR activities enables the company to develop human capital capabilities such as the ability to attract highly motivated employees' hence high production.

According to Surroca, Tribo and Waddock (2010), CSR strategies contribute to the accumulation of human capital. First, commercial banks commitment to CSR strategy tends to attract better employees and retain them, reducing turnover and cost of recruitment and training, second, CSR strategy influence attitudes at work favouring moral aspects of the employees. It also contributes to the initiatives of collaborators that can improve company competitive advantage and lastly the adoption in a proactive CSR strategy leads to the conception of human resource practices with high commitment, encouraging employee's participation in improving the CSR management (Hart, 1995). The accumulation of human capital derived from CSR practices becomes a source of competitive advantage and thereby improving the performance of the organization (Husted, 2003; Becker et al., 1996).

Shareholders are essential in the operation of the company. They are commonly considered the owners of the corporation. Currently, some corporations are leveraging the relationship with shareholders and drawing from their expertise to come up with social policies to address social problems. Research shows that involvement of the shareholders in strategic CSR improves the performance of the organization (Davies et al., 1994). Strong shareholders are a source of competitive advantage to the banks. According to Sousa (2013), the relationship between the organization and the shareholders involves idiosyncratic features that are very difficult to copy because of their intangibility. Also, the company's relationship with the shareholders is, and it involves different specific asset which provides a greater degree of complexity if the competitor wants to emulate. Strong shareholders improve the image and reputation which brings stability to the organisation and lives the Customers satisfied (Ochoti, 2013).

2.4.6 Bank Size

Bank size or firm size refers to total assets employed in that firm as stated by Isaksson (2010); supported by Waddock and Graves (1997). Isaksson, (2010) states that the literature review reveals that firm size or bank size in our case is frequently used as a control variable. The reason why researches should control bank size is that performance varies substantially across the industries.

A well-accepted view is that large banks may face fewer pressures or gain little recognition from corporate social responsibility, given their comparatively lower visibility as the same time larger firms are more resistant to influence and, therefore, are less socially responsive (Udayasankar, 2007). According to Brammer et al. (2006), the impact of bank size on CSR is directly proportional to the access of resources. Larger banks are associated with greater resources-slack, and this was found to be significantly affecting their CSR commitment. Smaller firms or banks often have constrained or inadequate resources, which may make it unviable for them to engage in strategic CSR initiatives.

Large firms may also have more evolved administrative processes and deal with the external environment differently given their business exposure (Donaldson, 2001). As a result, their internal systems would also be more advanced; the more advanced is the management, the higher is the response to social issues (Brammer et al., 2006)

According to McWilliams and Siegel (2001), showed that the commercial banks that participate in strategic CSR are likely to experience improved performance and hence rewarded for their participation. The strategic value of corporate social responsibility is becoming increasingly recognized among the banks (Porter & Kramer, 2002). Numerous bank-level features, however, are likely to affect commercial banks CSR participation and understanding these effects is essential as commercial banks attempt to derive strategic value from the CSR. Out of this, the issue of bank size is identified as both vital and relatively unexamined (Madden et al., 2006). Adams and Hardwick, (1998) stated that the size of the bank affected strategic motivation, thereby having a positive effect on CSR participation.

The bigger the bank, the more significant the social impact to the scale of their activities (Cowen et al., 1987). Moreover, therefore it has been deemed that the social responsibility fall of the shoulders compared to the smaller banks. Donaldson (2001) emphasizes the role of the firm's architecture in affecting strategic CSR outcomes. A well-accepted view is that large banks tend to be more visible and so are likely to be more socially responsible. By comparison, smaller banks may face lesser pressure or gain little recognition from CSR, given their comparatively lower visibility (Meznar & Nigh, 1995). Hence the large bank has a more significant competitive advantage over the small banks since consumers tend to buy socially responsible products as perceived of high quality.

A study done by Brammer and Millington (2008), states that the impact of bank size on CSR participation is related to the issue of access of resources, large banks are associated with higher resource slack, and this was found to significantly affect their strategic CSR commitment. Small banks often have reserved or insufficient resources which may make it unrealistic for them to engage in corporate social responsibility initiatives (Johnson & Greening, 1999).

The third attribute associated with bank size tends towards the organizations. Large banks may have more evolved administrative process and perceive and deal with the external environment differently given their business exposure (Miles, 1987). As a result, their internal system for dealing with the management issues would be more advanced leading to greater responsiveness to social issues promptly as argued by Brammer and Millington (2008).

Commercial banks that face resource limitation are more likely to apply available strategic CSR resources towards enhancing their competitive advantage through more traditional means of competition. By comparison, commercial banks with resource slack are better able to make charitable donations and invest in CSR initiatives (Johnson & Greening, 1999). Commercial banks with higher cash flows can better respond to a wider set of stakeholders pressures through discretionary activities such as strategic CSR initiatives (McQuine et al.,1988), whereas banks with lower profits cannot engage in such discretionary behaviors given that shareholders and creditors demand (Brammer & Millington, 2008). This may inhibit the participation of the banks in strategic CSR activities. Resources-rich banks, on the other hand, face moderately fewer limits and may be more motivated to discharge social responsibilities.

Many strategic outcomes such as increased managerial utility and enhanced stakeholder relationship are associated with CSR to the extent that a bank's choice of CSR initiatives might be strategic (Van de Ven & Jeurissen, 2005). As stated by Freeman (2000) CSR participation can help the banks to secure more common resources such as capital at a lower cost than the competitors since strategic CSR initiatives are positively associated with risk reduction. According to Donaldson, (2001) banks with well-defined decision-making processes and management structures are likely to be timelier in participation of CSR initiatives since their systems for dealing with external issues are better developed. According to Jones, (1999) banks may gain a competitive advantage on the basis of differentiation strategy and would find strategic CSR initiatives particularly useful.

According to McWilliams et al. (2001), strategic CSR participation can enhance various stakeholder relations taking to consideration bank size. Isaksson (2010), bank size is frequently used as a moderating variable because performance and competition of the organization a various within the industry. Madden et al. (2006), states that bank size is both vital and relatively unexamined arguing that bank size can affect strategic motivation, thereby having a positive effect on strategic CSR participation. Different studies have used size as a moderating variable, Isaksson (2010) used size as a moderating variable between strategic CSR and Performance, Madden et al. (2006); Udayasankar (2007) CSR and firm performance and, Pauly et al. (2013), organizing corporate social responsibility in small and Large firms: size matters. These studies evidence the importance of size and the current study was investigating the effect of moderating effect of bank size in the relationship between strategic CSR factors and competitive advantage.

2.5 Critique of Literature

Literature review shows that commercial banks are dynamic and very competitive due to globalization, technology advancement and deregulation of financial services (Achua, 2008; Sousa, 2010). According to Oyiela (2011) the banking sector has pace of change across the globe creating a vastly more competitive environment. Most of the banks react to these changes by using different strategies. Lack of differentiation in the commercial banks has led to failure of some banks as stated by Ksirkoi (2017) and has not achieved a sustainable competitive advantage (Chege, 2013). According to Zekiri and Nedelea (2011) firms use different strategies including differentiations to attain competitive advantage. Literature review shows that Strategic corporate social responsibility benefits are of morally external concerns to the bank, the actions to participate in CSR activities are driven by personal reason with the bias of the chief executive officers (Luo & Bhattacharya, 2009; Adams, Licht, & Sagiv, 2011; Walls, et al., 2012). Opinions against such behavior have frequently been deliberated in that social or environmental. The worry being that such initiatives will be undertaken by individual donation or government through tax revenues and not by firms unless legislated (Friedman, 2007). Though Friedman (2007), deliberated that banks should focus on profit growth for its shareholders, this classical economic disagreement against corporate social also claims that firms should do so within the framework of the society's norms.

The review of literature has also reviewed that banks must first tend to profit, for without profit there are no funds available to engage in any type of corporate social responsibility as discussed by Drucker (2010) and partially agreed with Friedman (2007). Though, Drucker (2010) distresses that profit shall be the only social responsibility of a bank and pressures that strategic corporate social responsibility is vital and must be addressed. Drucker's opinion is that banks must prepare upright to do well and that they are the best suited as the firms can trust easily pledge resources when a result is seeming to be an opportunity that optimally makes a mutual gain (Drucker, 2010).

According to Marak, (2008), the managers should take note of some potential issues of conduct as the issues may grow and become a concern to the firm if the importance escalates over time. This is because various stakeholders, customers or activists, apply pressure on a bank to engage in a specific matter –bank-related or not. Dedicated managers and directors can then choose to respond and deliberate the matter regarding potential gain the banks have (Moon & deLeon, 2007; Orlitzky et al., 2003). Such feedbacks could classically develop around intangible asset conception in the form of brand enhancement or improved reputation (Melo & Garrido-Morgado, 2012), legitimacy or integrity (Porter, 2008; Porter &Kramer, 2006).

Certain suggested ways are to rebound possible success through risk management and view corporate social responsibility investments through the corporate eyes of research and development (Drucker, 2010). Drucker compares the aspects of research and development with corporate social responsibility and claims them to be similar. Drucker contends that corporate social responsibility activities further make it possible to convert some social problem into an economic activity that can benefit a firm if the CSR activities are viewed lasting and as rather tentative (Drucker, 2010).

Consequently, corporate social responsibility grasps the power to deliver economic wealth for the bank and to the society in the form of productive capacity, human competence, and job creation (Drucker, 1984; Porter & Kramer, 2006). These developments can advance the reduction of the risk of problems with third parties, media, and government (Nielsen & Thomsen, 2010). Referring to Friedman's (1970) intelligent could today be said to be within the opportunity of both profit maximization and responding to a society's standards as supported by Carroll & Shabana (2010). Caring for what interests a firm's customers (or other stakeholder categories) is decidedly pro-shareholder (Drucker, 1984; Freeman et al., 2004).

Literature review reveals that followers of strategic corporate social responsibility further view to research claims unplanned and dishonest corporate social responsibility to be counterproductive and instead risk negative allegations from their stakeholders (Carroll & Shabana, 2010; Wagner et al., 2009). Banks are therefore stimulated to undertake a strategic approach if they want to benefit from their corporate social responsibility efforts (Kelly, 2009; Luo & Bhattacharya, 2009). The firm is therefore adviced to apply the same decision frameworks that they use for other strategic management decisions. (Porter & Kramer, 2006).

One way to thoughtful and amount intended CSR activities is to structure the idea into observable social impact, and social programs targeting firm-specific goals or needs or regarding social policies which act to guide organizational decision making. It is significant to bring into line corporate social responsibility energies with bank-level objectives in a strategic management fashion (Orlitzky et al., 2003).

The additional classification method is to focus on the justification of strategic CSR. Carrol and Shabana (2010) propose classifying corporate social responsibility activities and their opportunity into one or more of the following: cost and risk reduction; strengthening legitimacy and reputation; shaping competitive advantages and creating win-win situations through mutual value creation (Carroll & Shabana, 2010).

Researchers have not fully concentrated their studies on the influence of strategic CSR on competitive advantage. Regardless of what grouping system one relates, it is important to have the top management attention and the commitment of all the staff in order to extract the indented benefit of CSR in a firm (Gummesson, 2008; Marcel, 2009; Olson, 2008).

2.6 Research Gaps

Sousa (2010), researched on Strategic Corporate Social Responsibility Management for Competitive advantage, a case of Carrefour. The study focused on Market opportunities, resources and competencies, organisational values and stakeholders. It only confirmed itself to Strategic CSR management, however the current study focuses on Strategic Corporate Social Responsibility on Competitive advantage three dimensions; Cost, Quality and Time. The current study dealt on Strategic CSR

Resources, Strategic CSR communication, Strategic Firm approach, and Strategic CSR Stakeholders.

A study done by Isaksson (2010) on Corporate Social Responsibility: A study of strategic management and performance in Swedish firms dwelt on CSR and performance while the current study focused on Strategic CSR on Competitive advantage. A study carried out by Chege (2013), on Corporate Social Responsibility and Competitive Advantage on Commercial banks focused on corporate social responsibility activities and competitive advantage dimensions; Cost leadership, differentiation, Cost Focus and differentiation focus. The current research competitive advantage dimensions were, Cost, Quality and time. The study by Chege (2013) did not emphasis on CSR factors while the current study concentration on strategic CSR factors; Strategic CSR Resources, Strategic CSR Communication, Strategic CSR firm approach, and Strategic CSR stakeholders.

Proof shows that Kenya commercial banks face challenges on competition due to changes across the globe (Oyiela, 2011) and particularly owing to stiff competition, substitute products and globalization (Githinji, 2015). Studies point out that strategic corporate social responsibility acts as a differentiator in a competitive environment (Sousa, 2010; McWilliams et al, 2009; Isaksson, 2010). There is few if any study which has been carried out on influence of Strategic CSR on Competitive advantage in commercial banks in Kenya.

Moreover the preceding research emphasis, visible strategic corporate social responsibility researchers endorse that new effort should be directed toward how firms create mutual value with their immediate stakeholders, that is, the customers (Wood, 2010), how to increase the interaction between firms and their customers through meaningful approach (Du et al., 2010) and to assess how strategic CSR communication can provide win-win outcomes (Nielsen & Thomsen, 2010; Ziek, 2009). Essentially, supporters claim Strategic corporate social responsibility to be in the firms' best long-term interest. With this in mind, it is noteworthy that strategic corporate social responsibility has in general been ignored in the CSR research field (Gadenne, et al., 2009). Notwithstanding the normal relation between strategic corporate social responsibility and stakeholders, few studies explore the interaction with customers or employees (Lee, 2008). It is thus essential to focus on Strategic CSR and Strategic management instead of assuming a performance focus only CSR in general (Wood, 2010).

2.7 Chapter Summary

To sum up, this chapter addressed theoretical models and frameworks which highlights strategic CSR as well as competitive advantage. Specifically, the chapter analysed the stakeholder theory, Theory of the firm and Agency theory.

Based on the emerging dimensions of strategic CSR and competitive advantage as presentment in the empirical models and theoretical frameworks a conceptual framework is constructed mapping together an array of the variables of interest in the focus of this study.

In addition, the premised dimensions of strategic CSR and competitive advantage is thoroughly defined whereby vital indicators for each of them is extracted in the field of strategic CSR, the hypothesized dimension is summarized as follows; Resources in CSR, CSR communication, Firm approach in CSR and Stakeholder involvement in CSR which forms the independent variables. On the side of competitive advantage is summarised as, cost, quality and time. This relationship is as presented in the conceptual framework followed by the empirical review of the literature which is supported by them. Research gaps for this study are scrupulously scrutinized and identified.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter discussed the methods of the study. It described the research design, study population, data collection instruments, and pilot testing. It also discussed the type of data collected, data collection techniques and methods of data analysis. The statistical measurement model used in the analyses and the tests for hypotheses were provided in this chapter.

3.2. Research Design

The study used logical positivism philosophy. This was because the study used both quantitative and qualitative tools of questioning and descriptive. The research used a descriptive cross-sectional survey research design. Arungai (2015) applied descriptive research design to assess the role of service innovative on competitive advantage in the banking sector. Descriptive cross-sectional approaches as applied in this study was aimed at making predictions regarding the occurrence of the phenomenon under the study and by taking a sample of the population at one point at a time (Elahi & Dehashti, 2011).

3.3 Target Population

The target population consisted of branch managers and community affairs champions from commercial banks within Nairobi County. There are 38 banks within the Nairobi County with 378 branches which were our population. The banks which performed CSR at branch level were only 27 with a total of 305 branches which formed our target population.

3.4 Sampling Frame

According to Turner (2003), a sampling frame is the set of source materials from which sample is selected. In this study, the sampling frame consisted of the branch managers and community affairs champions in the branch network of the 27 banks in Kenya located in Nairobi County whose branches totaled to 305 branches. The list was drawn from the Bank supervision annual report (2016) done by the central bank as summarized in Table 3.1

3.5 Sample and Sampling Techniques

The sampling embraced a mixed method approach to sampling techniques involving simple sampling and random sampling scheme. Simple sampling was used to select branch managers and branch community champions to administer questionnaires. In order to arrive at a representative sample of the target population, two stages were involved in this study. Stage one involved clustering together the 27 banks in Kenya and stratified them into two main cluster categories, that is, Large and small banks as categorized by assets. This clustering was guided by information derived from the bank supervision annual report (2016). According to the report banks are classified into peer groups of large, medium, and small. Large banks occupy 65.32 % of market share with a totalling asset of 2,404,194,000, 25.90 % of market share goes to medium banks holding 981,099,000 assets, and the rest of the market share goes to small banks with a total asset of 310,651,000. NSE has categorized the banks into two main categories; large and small and for the sake of this study, main focus was on the two main categories which are large and small. Stage two involved selecting the target respondent from each of these two sub-clusters in each bank category. Stratified simple random sampling technique was applied to select individuals who were included in the sample.

Table 3.1: Sampling frame, Target population, and sample

Sampling	**Unit**
Large Banks Branches	156
Small Banks Branches	149
Total	305

3.5.1 Sample Size Determination

The sample size determination formulas and procedures for categorical data (Cochran, 1977; Bartlett et al., 2001) were adopted and calculated according to the following formula:

$$\mathbf{n}=\frac{z^2 \times p(1-p)}{e^2}$$

Where: **n** = required sample size

z = Confidence Level at 95% (standard value of 1.96)

p = population reliability; where p is 0.5 which is taken for all developing countries population

e = Margin of error at 5%

$$\mathbf{n}=\frac{1.96^2 \times \mathbf{0.5(0.5)}}{\mathbf{0.05^2}}$$

=385 (this figure is obtained after rounding up 384.16).

To adjust the sample size for finite population the following formula was used

$$\text{Adj n}= \frac{nN}{n+N}$$

N is known 385

$$n=\frac{305*385}{305+385}$$

= 170 branches

3.6 Data Collection Instruments

This study applied questionnaires. The objective of this study was to investigate the influence of strategic corporate social responsibility on competitive advantage in commercial banks and the key instruments that were used included self-administered questionnaires as well as secondary data.

A standardized questionnaire that captured the various variables under study was adopted. A questionnaire is an instrument that gathers data over a large sample, and its key objective is to translate the chosen objectives into specific questions to elicit the answers for each of the questions and provide data for hypothesis testing. The use of questionnaires with standardized data enabled the study to collect a large amount of data from a sizeable population in a highly economical way, and it also allowed easy comparison (Namusonge, 2010). The general Part (Part A) of the questionnaire was to get the general profile of the respondents which included; Position held, Branch name, Bank name, Level of education, Gender, and a number of employees within the branch.

Part B of the questionnaire had general information on corporate social responsibility. Respondents' were supposed to tick the activities which were carried out at the branch level. It also employed a 5 point Likert scale that was to measure Strategic CSR Resources, Strategic CSR communication, strategic Firm approach to CSR, and Strategic CSR Stakeholder. The responses that were outlined on the Likert scale ranged from: Strongly agree (5 points), Agree (4 points), Neutral (3 points), Disagree (2 points) to strongly disagree (1 point). There was an open-ended and closed question in which the respondents were to give the different reasons that determine their adoption of strategic corporate social responsibility of commercial banks, compare the competitive advantage of those commercial banks.

Part C contained Likert scale that measured three dimensions of competitive advantage on the cost of service, quality of service, and time. The responses that were outlined on the Likert scale stretched from Very low (1 point) Low (2 points), Average (3 points), High (4 points), Very high (5 points).

Part D is secondary data which focused on two categorize of banks; large and small. This was according to the asset base of the commercial banks as per Bank supervision annual report 2016 and as categorised by NSE.

3.7 Data Collection Procedures

Data collection exercise was programmed to take place in Nairobi County. It was envisaged to last for a maximum of three weeks. Before actual collection of data began, the researcher sought a research permit from the Entrepreneurship, Technology, leadership and management Department of the Jomo Kenyatta University of Agriculture and Technology. Preliminary visits were made to some of the banks head offices to enable the researcher familiarizes with the bank offices locations and to collect preliminary information from particular banks, departments applicable in the banking industry, reports, websites, and journals.

The researcher delivered the questionnaires face to face to the respondents by visiting them in the banks (in the case of branch managers) and branch community champions. The study noted down the telephone numbers of the respondents which enabled it to make a follow-up in collecting the questionnaires.

The study adopted a drop and picks method of the questionnaires, and it required the respondents to fill out the questionnaires in three weeks' time to give them ample time to respond to the questionnaire items. The questionnaires were collected after three weeks, and preparations for data analysis and presentation ensued.

3.8. Pilot Test

In order for the instrument to be valid and reliable, the items in the questionnaires were carefully designed and scrutinized before a pilot study was carried out. A pilot study was important because it enabled the researcher to test the validity and reliability of the research instruments. The pilot study was done on one bank picked through random sampling before the main data collection exercise commenced were the questionnaires were administered to the senior manager in charge of a branch or branch community champions in one of the commercial banks which comprised of 15 branches. The rule of thumb was applied, that 1% of the respondents were picked for a pilot study. (Nachmias & Nachmias, 2008) These respondents were not allowed to participate in the main study. The pilot study comprised of 4% of the sample. Consequently, ten questionnaires were administered through the drop and picking method. The branches were randomly selected. In the study out of the questionnaires administered, a total of 7 questionnaires were returned on time for inclusion into the analysis. This was representing 70% of the pilot sample which is in the acceptable range. Mugenda and Mugenda (2003); Elbanna (2008); Nachmias and Nachmias (2008) all agree that the response rate of 50% or less is adequate for analysis.

The study population was the banking industry and the respondent were branch managers or community affair champions in the branches. The participants in the pilot study were excluded from the main study. For the purpose of more efficient data collection, two independent research assistants were trained on the tools before embarking on the data collection process.

The study findings were used to improve the tool and corrections were made on the final instrument in light of observations relating to individual item or variables. The pilot study was used to review the instruments for ambiguity, lack of clarity and to test the reliability status of the items.

3.8.1 Reliability Analysis

The reliability of the questionnaire was evaluated using Cronbach's alpha; a measure of the internal consistency of the questionnaire instrument. The value of the Cronbach's alpha coefficient ranges from 0-1. Cronbach's Alpha is an index that is used to ascertain the reliability of the research instruments. Cronbach's Alpha is important to a researcher since they can know if the instruments will give reliable and consistent responses, even if the questions are replaced by similar ones. A variable is stable if it gives a stable response from a similar set of questions. The formula used was as below.

$$\alpha = \frac{n}{n-1}\left(1 - \frac{\Sigma Vi}{Vtest}\right)$$

n = number of questions
Vi = variance of scores on each question
Vtest = total variance of overall scores on the entire test

3.8.2 Validity Test

Validity is the degree to which data collecting instrument measures what it is supposed to measure (Cooper & Schindler, 2011). Validity is the accuracy of data collecting instruments. It helped in determining whether the respondents understood the direction and instruction on questionnaires (Cooper & Schindler, 2011). The study used content validity to test the accuracy of data collecting instruments. A judgment procedure of assessing whether a tool is likely to provide valid data is to request the opinion of an expert in a particular field to review it and give suggestions on content improvement (Mugenda & Mugenda, 2003). The opinion of two experts in research methods was sought to review data collecting instruments. This helped in improving the questionnaires before proceeding to the field for final data collection in locations in which the pilot survey took place. Results of their responses were analysed to establish the percentage of representation.

Content validity formula used. The formula was as;

Content validity = Number of judges declaring an item valid/number of items.

3.8.3 Tests of Multicollinearity

Multicollinearity occurs in the data when two or more independent variables are highly correlated. From the perspective of this study, this problem was solved by collecting data from the entire population. Two major methods used in helping detect the presence of multicollinearity: tolerance test and Variance Inflation Factor (VIF).

Tolerance = $(1-R_i^2)$

VIF $= \frac{1}{(1-R_i^2)}$

Where R^2 is a coefficient of determination obtained when X_i (i=1, 2, 3…..p) is regressed on all remaining independent variables in the model.

3.9 Data Analysis and Presentation

In this study, both descriptive and inferential data analysis techniques were used. According to Mugenda and Mugenda (1999), the first step in data analysis is to describe or summarize the data using descriptive statistics. Data were edited, coded, classified and summarized into categories. In order to make the data collected amenable to statistical analysis using the Statistical Package for Social Sciences (SPSS) version 18, the data were coded as follows: For nominal data, for example, representing demographics of the respondents and other characteristics of the bank studied such as, male = 0 and female = 1. In categorical data where Likert scale is used representing, 1- 5 where, 1 imply strongly disagree, 5- imply strongly agree was used. Descriptive data analysis started during data collection. Descriptive data were analysed by use of frequencies and central tendencies and presented in form of tables, pie charts, and bar graphs. For inferential purposes, a number of steps and/or analysis were necessary so as to achieve the goal which envisaged in this study.

The stepwise multiple regressions were used to measure the linear relationships that existed between the study variables and competitive advantage. After running the above model, Step-wise multiple regressions was used to eliminate or retain variables whose effect on the response is insignificant and in this way construct a most appropriate model (Anderson et al., 2007).

The next analysis involved the analysis of the relationships between the independent variables in the study. In order to achieve this, Pearson correlations coefficients were computed. Pearson Correlation coefficient was used to measure the degree of the influence between linear related variables.

In this study, the correlation between strategic CSR constructs (CSR resources, CSR communication, firm approach to CSR, and stakeholder involvement in CSR) were computed. Analysis of correlations between independent variables helped detect and control multicollinearity among variables.

The next stage involved multiple regression analysis. In order to explain the effects of the four dimensions of strategic CSR on competitive advantage, multiple regression techniques were applied where; Beta coefficients and t-values were computed at 5% level of significance. The beta coefficient in the regression analysis indicated how effectively, the predictor variable influenced the criterion variable. By using ANOVA, the significance of the regression model was tested through the F value and the corresponding p-value. When the overall model is significant, then the study predicts the individual significance of each variable. In addition, Kolmogorov-Smirnov was also used to test the normality of the study variables. These data analysis techniques were applied by Gunday *et al.* (2011), Hassan *et al.* (2013) to measure the effects of innovations on firm performance.

3.9.1 Model Specification

This study adopted multiple regression models that attempted to predict the extent to which each of the four independent variables (X_1, X_2, X_3, and X_4) and moderating variable (Z) influences the dependent variable (Y) through the strategic corporate social responsibility of the commercial banks in Kenya. The influence of X_i, i= (1, 2, 3, 4) and Y was expressed in the following functional relationship

$$\mathbf{Y = f(X_1, X_2, X_3, X_4, Z) + \varepsilon}$$

Where,

Y Competitive advantage

X1 was the extent of Resources used in CSR,

X2 was the type of CSR communication,

X3 was the extent of Firm approach in CSR activities

X4 was the level of stakeholder involvement in CSR

Z was the be bank size

ε was the stochastic disturbance error term.

To achieve the objectives of the study, the following three multiple regression models were developed to show the steps or the order in which the variables in the study were tested hierarchically.

Model 1

$Y= \beta_0+ \beta_i X_i+\varepsilon,(I =1,2,3,4)$ ………………………..(1a)

$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ \beta_4X_4 +\varepsilon$…………….. ..(1b)

Y Competitive advantage

β_0 was the Y intercept/ constant

β_1 was the coefficient of independent variable X_1 where i=1,2,3,4

X1 was the extent of Resources used in CSR,

X2 was the type of CSR communication,

X3 was the extent of Firm approach in CSR activities

X4 was the level of stake holder involvement in CSR

Z_1 was the bank size

ε was the stochastic disturbance error term.

This model was used to establish the influence of the independent variables (Resources, CSR communication, firm approach and stakeholder involvement) and the dependent variable (Competitive advantage).

The model included the ordinary predictors of competitive advantage in the commercial banks before any moderating moderation effect of size of the bank.

Model 2

$Y= \beta_0+ \beta_i X_i+ \beta_j Z_j +\varepsilon,(i =1,2,3,4, j= 1)$ ………………………..(2a)

$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ \beta_4X_4 + \beta_j Z_j +\varepsilon$…………….. …….(2b)

Where,

Z_j was the moderating variable (dichotomized size)

B_j was the coefficient of the moderator as a predictor

The rest of the variables were defined by model 1. These regression models were used to test whether the moderating variable moderated Strategic corporate social responsibility variables and competitive advantage in commercial banks in Kenya.

Model 3

$Y = \beta_0 + \beta_i X_i + \beta_j Z_j + \beta_{ij} X_i Z_j + \varepsilon$……………………………………………..… (3a)

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_j Z_j + \beta_{ij} X_i Z_j + \varepsilon$…………………………(3b)

Where:

$X_i Z_j$ was the interaction term between variable X_i ($i = 1, 2, 3, 4$) and moderating variable

β_{iz} is the coefficient of the interaction term

3.9.2 Research Model

Table 3.2: Operationalization of variables

Type of variable	Name	An operationalized indicator of the variable
Dependent Variable	Competitive advantage	The product, technology, process, experience, market, culture, financial, sustainability, time, cost and quality
Independent Variable	Resources	Efficiency, the performance of staff, saving on cost, benchmarking against industry standards, monitoring, existing records and documents and measuring
	Communication	Availability of communication channels for all employees and customers, Proper communication reachable for all stake holders, use of new communication technology, Design of communication, accessibility of communication media and level of communication
	Firm approach	Research and development efforts for developing technologies needed by the organization, proper advertising for firm products, mission and vision which is compatible with the core business, proper understanding by the employees of the core business
	Stakeholder involvement	Continuous feedback, Customer satisfaction, employee retention, number of conflicts, an increase in the number of change requests, number of participation of stakeholders and change in stakeholder risk tolerance value
Moderating Variable	Bank size	Number of assets

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter presents the analysis, interpretation, and findings of the results. The aim of this section was concurrent with the realistic data collected according to delimitation and its sample selection criteria. The study adopted different statistical approaches to examine the influence of strategic CSR on competitive advantage in commercial banks in Kenya.

The chapter represents a descriptive data analysis followed by qualitative analyses. Frequencies and percentages were used to represent descripive statitics. Diagnostics tests on all independent variables and dependent variable were conducted using the Kolmogorov –Smirnov test. Hypothesis testing was done through ANOVA which details the results of the study performed to test model and hypothesis. It outlined the response rate, assesses the reliability and confirms the validity of the study constructs. The chapter further outlines the demographic characteristics of the respondents. The chapter exhibits the results of the statistical analysis as well as test the Hypothesis and concludes with a broad discussion of the results and findings of the study.

4.1.1 Response Rate

Data was collected from branches in commercial banks in Kenya within Nairobi County which carried out CSR. The sample of the study consisted of 170 respondents. A total of self-administered 107 questionnaires were filled out of 170 yielding a respondent of 62.9% as displayed in Table 4.1. This data was considered sufficient for analysis. According to Mugenda (2003), a response rate of more than 50% was enough to analyze and draw conclusions. Elbanna (2008) accepted 25 % response rate as within acceptability limits for analysis. Given the above preceding discussions, the study obtained a response rate of 62.9% which is acceptable and was considered adequate for further analysis, reporting, and publication

Table 4.1: Response Rate

Item	Respondents	Response Rate
Filled Questionnaire	107	62.90%
Unfilled Questionnaire	63	37.10%
Total	170	100%

4.1.2 Demographic characteristics of the respondents

This section presents demographic information about the respondents involved in this study.

Position held by the employees for each branch was represented by Table 4.2 below which shows Branch operation Managers were more available to fill in the questionnaires since they run the branches in the absence of the Branch managers whom we found they were either in a customer meeting or official meetings at the head office. The respondents were well represented across different role within the branches. We found that most of the respondents were community event champions and were aware of the corporate social responsibilities carried out within the branches.

Table 4.2: Position held in the branch

	Frequency	Percent
SME Banker	3	2.8
Branch Manager	13	12.1
Branch Operation Manager	20	18.7
Cash Manager	1	.9
Credit Manager	8	7.5
Custodian	8	7.5
Customer Advisor	8	7.5
Customer Service	13	12.1
Quality manager	1	.9
Relationship Manager	17	15.9
Sales Rep	5	4.7
Teller	10	9.3
Total	107	100.0

Branches were randomly selected as represented in Table 4.3. CBD had the highest number of respondents who returned the questionnaires. Majority of the commercial bank's branches are concentrated within the town center. This is supported by reports displayed in Appendix III: list of the banks.

Table 4.3: Branch location and count

No.	Place	Count
1.	CBD	52
2.	Westland	21
3	Industrial area	11
4	Mombasa road	10
5	Upper hill	2
6	Yaya	7
7	Eastleigh	2
8	Kayole	1
9	Karen	1
	Total	107

The respondents were requested to give some employees in their branch. Figure 4.1 below displays the frequencies of employers per branch. 11 branches had 10 employees which looks like the acceptable minimum of employees the branches should have.

The number of employees ranged from the lowest branch having 7 staff and the highest 100. Majority of the branches seems to range their employees from 9 employees to 26 employees as shown on figure 4.1.

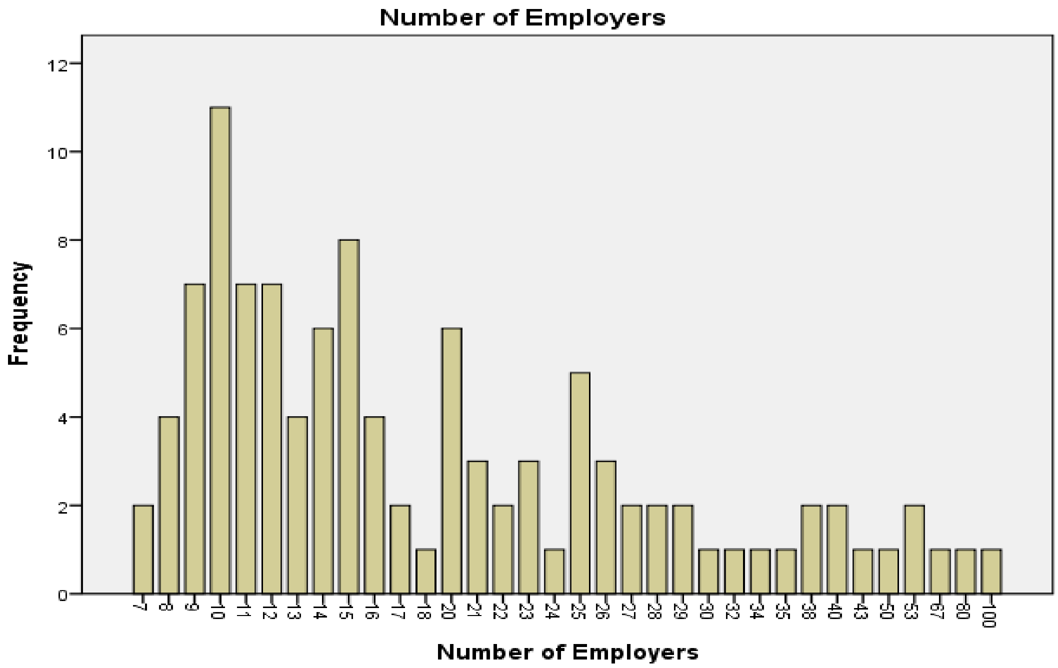

Figure 4.1: Number of the employees in the bank per branch

4.2 Validity test

Validity is the extent to which a test measures what it is supposed to measure. According to Mugenda (2003), Validity is the notch to which the outcomes got from the analysis of the data truly represents the phenomenon under study. Face validity was carried out through a relevant literature review, including by use of accepted methods used in other relevant studies. To ensure content and construct validity, preliminary questionnaires were pretested with a sample of respondents from managers from one bank‘s branches within Nairobi county for comprehension, logic, relevance, and validation. A70% respondent was realized in the pilot data collection and was found adequate for final data collection. Corrections were made as appropriate in the final tool.

4.3 Descriptive Analysis of variables

Descriptive analysis is meant to provide background to the study before further analysis can be carried out. This was done through presentations of percentages, frequencies, means, and standard deviation by means of tables and graphs.

4.3.1 Corporate Social Responsibility Activities done by the bank

The respondents were queried on the corporate social responsibility they are mainly involved in. Majority of the branches carried out community development as their main CSR activity. This shows that banks are aware of the community they operate from and are willing to have an impact on them. Another major area branches were focusing on was education sponsorship as shown by table 4.5 below. This to say that branches saw education to be paramount in the society in achieving their goals. Health promotion for staff was a key activity which the branches focused on with (42.9%) feeling that it was an important activity. Respondents agreed that environment protection was critical CSR activity which the branches needed to focus on at 42.9% while little focus was on enterprise development and water sanitation which was at 20% and 11.8% respectively of the CSR activities undertaken by the branches as detailed below on table 4.5.

Table 4.5: CSR Activities

CSR Activities	Yes (%)
CSR: Education	46.5
CSR: Health	42.4
CSR: Environment Protection	42.9
CSR: Community Development	65.9
CSR: Water and Sanitation	11.8
CSR: Enterprise Development	20.0

4.3.2. Competitive Advantage

The study was interested in knowing whether the banks were experiencing competitive advantage and whether these advantages were connected to CSR activities. The respondents were asked to rank the statement on the cost of service, quality of service and time taken to deliver service to customers.

On the cost of service, 66.8% of the respondents said that opening bank account charges were low, interest rates on loans was low at 52% , and Money transfer, ATM withdrawal charges, new and replacement of ATM, bank statement and Saving charges were average at 52.1%,53.3%, 52.1%, and 55.6 % respectively .

Respondent agreed that quality of service was high that implied that banking hall, staff courtesy, customer care, customer satisfaction levels, convenience banking and timely sharing of information was of high quality. The rating was ranging from 98.9 to 88.7%. Time taken delivering service was high as shown by the respondent who felt time take to introduce new service and time taken in cheque clearing was high. This was proved by the detailed Table 4.6.

Respondents agreed that measures taken by the branches to enhance competitiveness in the banking industry were; Staff Knowledge, flexibility, speed to deliver service and finally new Technology through creativity and innovation. These were supported by the majority of the respondents. These results are supported by a study done by Diab (2013) in Jordan private hospitals. The study indicated that there were four dimensions of competitive advantage, which were; cost, which is a reduction of cost especially to customers who are price sensitive, flexibility, which is the ability of an organisation to keep pace with the development in technology and design products and services according to customer expectations. The Quality which is the ability of a product or service to meet customer needs and expectations and finally the speed in delivery of service which is the ability for firms to meet quoted or anticipated delivery dates and quantities (D'Souza & Williams, 2000).

Competitive advantage constructs, when computed using the indices of quality of service, and time taken to deliver service did not correlate with the independent variables, however when restricted to each of the component cost of service showed it is a good measure of competitive advantage and hence the research will drop the two and competitive advantage will be referring to the cost of service in this study.

Table 4.6: Competitive Advantage

	VL	L	A	H	VH		
	%	%	%	%	%	Mean	Std.Dev
Opening bank account charges	38.3	28.0	22.4	3.7	7.5	2.1402	1.19313
Interest rate on loans	26.2	22.4	41.1	3.7	6.5	2.4206	1.11624
ATM withdrawals charges	12.1	35.5	44.9	2.8	4.7	2.5234	.91472
ATM card cost	7.5	29.9	47.7	8.4	6.5	2.7664	.94748
Bank statement charges	16.8	28.0	42.1	7.5	5.6	2.5701	1.03807
Over counter withdrawals charges	38.3	18.7	34.6	3.7	4.7	2.1776	1.13115
Money transfer charges	12.1	20.6	56.1	4.7	6.5	2.7290	.96710
Banking hall appearance	.9	.9	13.1	19.6	65.4	4.4766	.82811
Staff Courtesy		1.9	3.7	37.4	57.0	4.4953	.66409
Customer care		.9	6.5	30.8	61.7	4.5327	.66329
Privacy of customer information		.9		25.2	73.8	4.7196	.51017
Customer satisfaction level		.9	4.7	37.4	57.0	4.5047	.63504
Convenience banking to customers		1.9	2.8	29.9	65.4	4.5888	.64359
Timely sharing of information between bank and customer		1.9	9.3	31.8	57.0	4.4393	.74197
Cheque clearance	16.8	14.0	29.9	19.6	19.6	3.1121	1.34113
Interaction time with teller	17.8	24.3	17.8	25.2	15.0	2.9533	1.34854
ATM enquiry time	10.3	32.7	13.1	22.4	21.5	3.1215	1.35082
Time to introduce new service	4.7	29.0	20.6	24.3	21.5	3.2897	1.22866
Waiting time in the bank	23.4	29.9	17.8	16.8	12.1	2.6449	1.33355
Account opening time	24.3	25.2	17.8	14.0	18.7	2.7757	1.44267
Loan approval	21.5	21.5	28.0	12.1	16.8	2.8131	1.36071

VL= Very Low, L=Low, = Average, H=High, VH=Very High

4.3.3. Bank Size

As regards to whether bank acquires large size to reduce the risk of failure, a majority of the respondents were in agreement that commercial banks in Kenya acquire large size in order to reduce the risk of failure as shown by table 4.7.

Most of the respondent agreed that commercial banks in Kenya acquire large asset base so as to reap the benefits of large-scale of economies. This was represented by 94.6% of the respondents. Generally, commercial bank in Kenya were acquiring large size due to relevant development in information technology which was supported by a majority of respondents and finally commercial banks in Kenya acquired large size so as to attain wider customer coverage which leads to satisfaction.

Table 4.7: Bank Size

	SA (%)	A (%)	N (%)	D (%)	S D (%)
Bank size: Reduce risk of failure	47.3	25.9	6.3	10.7	9.8
Bank size: Economies of scale	62.5	32.1	.9	4.5	
Bank size: Revolution on information technology	68.8	26.8	2.7	1.8	
Bank size: Satisfy of customer	62.5	26.8	7.1	3.6	

SA= Strongly Agree, A= Agree, N=Not sure, D=Disagree, SD=Strongly Disagree, n=107

4.3.4. Strategic CSR Resources

A majority (83.2.1%) of respondents agreed that there was an adequate budget allocation for staff recruitment to carry on CSR activities. This is supported by the number of employees each branch has. The findings indicate that branches allocated adequate budget for both staff training and development as attested by a majority of the respondent at 91.6%. This was evidenced by table 4.8 below. Health and safety of staff were crucial in the branches as supported by most of the respondents at

85.9%. There is still some room to take care of the staff health and safety. There was a great level of employee trustworthiness as portrayed by most of the respondents in the branches. This was evidenced by 90.7% of the respondents. From the findings, a unilateral opinion according to 83.2% of the respondents agreed that there was a great level of efficient execution of innovative social projects by the employees. This meant that employees are allowed to come up with innovative ideas on corporate social responsibility.

Most of the respondents agreed that their bank's employees had a great level of experience and skills on banks products and CSR activities which was confirmed by 96.3%. That the bank's employees have a great level of commitment and loyalty was established by 95.3% of the respondents. Finally, the study findings indicated that 95.4% of the respondents observed that the employees had great level of knowledge on banks' products and CSR activities. From the study, findings indicated that personal based resources; that are employee experience and skills, employee commitment and loyalty and lastly employee's knowledge of the banks' products represent high levels of specificity. This is because they have the majority support of the respondents as supported by a study done by Mathew (2003) that stated personal based assets are seen as contributing order stability and quality to the firm. From the findings, a unilateral opinion according to 79% of the respondents who stated that there was a low level of budget allocation for employee health and safety to support commercial banks in Kenya took the issue of health and safety seriously. This is detailed in Table 4.8.

The high mean and standard deviation support the holistic resource allocation. These findings agree with Branco et al. (2006) who consider investment in socially responsible activities have internal benefits by helping a firm develop new resources and capabilities which are related.

Table 4.8: Strategic CSR Resource Allocation

	SD	D	NS	A	SA		
	%	%	%	%	%	Mean	Std Dev
Budget Allocation for staff recruitment	1.9	3.7	11.2	41.1	42.1	4.1714	.91417
Budget allocation for staff training and Development	1.9	2.8	3.7	41.1	50.5	4.3714	.81166
Budget allocation for Health and Safety for staff	1.9	1.9	10.3	27.1	58.9	4.3905	.89330
Great level of employee trustworthiness	2.8	1.9	4.7	34.6	56.1	4.4000	.89443
Great level of efficient execution of innovative social projects	1.9	6.5	8.4	41.1	42.1	4.1524	.96855
Great level of experience and skills by employees	1.9	.9	.9	32.7	63.6	4.5524	.74654
Great Level of employee commitment and loyalty	.9		3.7	48.6	46.7	4.4000	.65925
Great level of employee knowledge on banks product	2.8		1.9	50.5	44.9	4.3333	.78037
Low level of budget allocation for employee health and safety	67.6	11.4	5.7	7.6	7.6	1.7619	1.29736

SA= Strongly Agree, A= Agree, N=Not sure, D=Disagree, SD=Strongly Disagree, n=107

The researcher asked the respondents to name some of the resources their branches used to achieve its CSR activities. Using open-ended questions whose response was analysed using content analysis. Majority of the respondents were of the opinion that the branches needed money and availability of human resources to accomplish the task of CSR. This was evidenced by Table 4.8 above, that there is an adequate budget allocation and human expertise in terms of staff skills, experience, and trustworthiness.

4.3.5. Strategic CSR Communication

The study sought to establish the influence of Strategic CSR communication on competitive advantage. As reported in table 4.9, most of the respondents agreed that there was a clear process of CSR communication at a departmental level according to 88.8% of the respondents. The study revealed that there was a clear mode of communication in their bank on CSR activities according to 90.7% of the respondents. With regards to the level of internal CSR communication, 86% of the respondents indicated that their communication was proactive. Majority of the respondents cited that there is a great level inflow of information on CSR activities as reveal by 80.4%.

Top management supported new technology in communicating CSR activities to their customers. This was depicted by 86.9% of the respondents. From the findings, a unilateral opinion according to 82.3% of the respondents who stated that the banks level of external CSR communication was proactive. Majority of the respondents cited that the bank's level of external communication was efficient and clear. This was supported by 86% of the respondents. With regards to lack of clear CSR communication, 73.2% disagreed with the statement. This is demonstrated in Table 4.9.

These results agreed with a study done by Murray and Montanari (1986), which stated that a well-crafted internal communication strategy in the field of CSR holds power to increase inter-dependencies between internal and external stakeholders and can enhance existing relationship and also supported by Maak (2008) which states that Strategic CSR becomes important components of a firm identity and thus recommended that responsible firms should support their behaviours with information.

The researcher sought to establish some of the communication channels used in the branches within commercial banks in Kenya. It was found out that most of the branches in commercial banks use Sms alerts, press release, emails and printed media to reach out to their customers concerning CSR activities and products in commercial banks in Kenya. This predicts that the banks' top management team have embraced new technology in passing information to their customers. The findings were supported by Luo and Bhattacharya (2009) who stated that CSR can only provide benefits if it is communicated internally and externally with a multitude of available new communication channels (that is, blogs, flicker, twitter, YouTube and Sms alerts). They continue to argue that CSR should be communicated to support firm level objectives

Table 4.9: Strategic CSR Communication

	SD	D	NS	A	SA		
	%	%	%	%	%	Mean	Std. Deviation
Clear process	.9	1.9	8.4	43.0	45.8	4.3084	.78201
Clear mode of communication of bank's CSR activities	.9	3.7	4.7	58.9	31.8	4.1682	.75842
The banks level of internal CSR communication is proactive	.9	2.8	10.3	44.9	41.1	4.2243	.81621
Great level of flow of information on CSR activities	.9	5.6	13.1	43.0	37.4	4.1028	.90005
Top management support on new technology to communicate CSR activities	.9	4.7	7.5	55.1	31.8	4.1215	.80927
Level of external communication is proactive	.9	3.7	13.1	47.7	34.6	4.1121	.83922
Level of external communication is efficient and clear	.9	5.6	7.5	53.3	32.7	4.1121	.83922
No clear process of CSR communication at departmental level	72.9	9.3	4.7	10.3	2.8	1.6075	1.13899

SA= Strongly Agree, A= Agree, N=Not sure, D=Disagree, SD=Strongly Disagree, n=107

new communication channels (that is, blogs, flicker, twitter, YouTube and Sms alerts). They continue to argue that CSR should be communicated to support firm level objectives.

4.3.6. Strategic CSR Firm approach

An analysis of the perception of the respondents was sought through opinion statement which elicited a response through a five point Likert scale. Results were demonstrated by mean, standard deviation, frequencies, and percentages

When respondents were questioned on whether there was great level of investment in research and development by the bank, 79.4 % were in agreement with the statement. This item returned a mean of 4.1420 which is very high according to the scale. To appreciate whether the bank had a great level of innovation on research and development on CSR activities, it was found that 78.5 % were positive and agreed to the statement that Research and Development were prevalent in the branches.

The participants were required to share their views on whether the bank used most of media channels to advertise bank products, 85.9% agreed compared to 14.1% who disagreed, implies that most of the banks advertised their products on media channels. To check the level of product information awareness created through advertisement by the bank, 83.2% showed that there was great level of awareness which the banks created through advertisement.16.8% disagreed that there was high level of advertisement carried out by the banks on CSR activities, while 75.7 % agreed that there were great levels of CSR advertisement which occurred. This may suggest more advertisement needs to be carried out. Most of the respondent agreed that the employees had a great level of understanding of the core business in line with CSR activities as shown by 83.2% while 87% agreed that there is a high level of compatibility between the bank's CSR activities and the bank's mission and vision. From the study findings, 86% disagree with the statement that there is a low level of advertising of CSR activities in their bank. The results were supported by Table 4.10 below

Table 4.10: Strategic CSR Firm Approach

	SD %	D %	NS %	A %	SA %	Mean	Std. Deviation
Great level of investment on R&D	5.6	4.7	10.3	51.4	28.0	3.9159	1.03815
Great level of innovation on R&D for CSR activities	.9	6.5	14.0	45.8	32.7	4.0280	.90552
Most of the media channels are used to advertise bank's products	2.8	6.5	4.7	33.6	52.3	4.2617	1.01253
Great level of information awareness created through advertisement	3.7	10.3	2.8	37.4	45.8	4.1121	1.11022
High level of advertisement on CSR activities	.9	11.2	12.1	47.7	28.0	3.9065	.96674
There is great level of employee understanding of core business	1.9	7.5	7.5	43.0	40.2	4.1215	.96847
There is great level of compatibility between bank's CSR activities and Mission &vision	.9	6.5	5.6	42.1	44.9	4.2336	.89632
Low level of advertising of CSR activities	72.0	14.0	2.8	10.3	.9	1.5421	1.02129

SA= Strongly Agree, A= Agree, N=Not sure, D=Disagree, SD=Strongly Disagree, n=107

The study sought to assess the extent branches faced challenges in advertising their products and CSR activities. According to the majority of the respondents reached out, budget constraints were their biggest challenge. This may prevent most of the customers' access information which could assist them. These were according to the response from the question on what are some of the challenges faced by the bank in advertising its products.

4.3.7 Strategic CSR Stakeholders

The study findings indicate that 73.8% of the respondents agreed with the statement that there was a great level of participation of customers on CSR activities in their bank. However, 26.2% did not agree with the statement. This is an indication that the commercial banks need to increase the level of participation by customers. 72.9% of the respondents agreed that there was a great level of customers' involvement in CSR activities with 27.1% disagreeing that there was involvement of customers in CSR activities. From the findings, a unilateral opinion of 71.1 % respondents agreed that there was a great level of stakeholder risk tolerance value in the commercial bank in Kenya while 28.9 % which is a minority of the respondent disagreed with this statement. This is an indication that, more needs to be done on stakeholder risk tolerance for the benefits of the commercial banks.

A substantial number of the respondents of 78.5% accepted that employees were allowed to choose CSR activities while agreeing that there was a great level of employee engagement on the bank's CSR activities as shown by 86% of the respondents. 82.2.7% were of the opinion that the bank received constant feedback from the partners on CSR activities while 68.2% support the issue of government involvement on bank's CSR activities. 31.8% disagreed with the statement that commercial banks frequently involve the government on CSR activities. There is a great need for the banks to partner with the government for better results. The study findings on stake-holder involvement are in harmony with a study carried out by Jamali (2008) focusing on CSR in developing countries which found that firms tend to focus on stakeholders such as employees, customers, and partners. The results showed that the managers' stakeholder relationship was affected by the attributes of power, legitimacy and urgency when it comes to CSR. Results of the responses are detailed in Table 4.11.

Majority of the branches faced competition from other branches of different banks. The technology was also a key issue which was facing the branches and lastly, most of the branches indicated that their customers were multi-banked and therefore it was hard to retain them.

Table 4.11: Strategic CSR Stakeholder

	SD	D	NS	A	SA		
	%	%	%	%	%	Mean	Std. Deviation
Great level of Participation of customers on CSR activities	5.6	15.0	5.6	55.1	18.7	3.663	1.115
Great level of customer involvement in CSR activities	1.9	15.9	9.3	52.3	20.6	3.738	1.021
Great level of change in stakeholder risk tolerance value	4.7	3.7	20.6	44.9	26.2	3.841	1.010
Employees are allowed to choose CSR activities	5.6	10.3	5.6	42.1	36.4	3.934	1.159
Great level of employee involvement in CSR activities	1.9	7.5	4.7	46.7	39.3	4.140	.946
Bank frequently receives constant feedback from partners on CSR activities	1.9	5.6	10.3	48.6	33.6	4.065	.913
Bank frequently involves government on CSR activities	6.5	5.6	19.6	37.4	30.8	3.803	1.136
Low level of employees involvement in CSR activities	80.4	9.3	4.7	4.7	.9	1.364	.851

SA= Strongly Agree, A= Agree, N=Not sure, D=Disagree, SD=Strongly Disagree, n=107

4.4 Variable Assumptions

Table 4.12: Reliability Test

Strategic CSR Variables	**Cronbach's Alpha**	**No of Items**	**Mean**	**STD Deviation**
Strategic CSR Resources	0.735	9	4.2167	0.36431
CSR Communication	0.771	8	4.034	0.41060
Firm Approach	0.796	8	4.0824	0.34977
Strategic Stakeholder	0.814	8	3.9622	0.36666
Competitive advantage	0.868	21	3.6852	0.48162

The study reported an overall Cronbach's alpha value of 0.779 for the questionnaire instrument (Table 4.12) above. Independent variables reported Cronbach's alpha values of 0.735, 0.771, 0.796, 0.814 for; Strategic CSR resources, Strategic CSR communication, strategic CSR Firm Approach and Strategic CSR Stakeholders respectively. These values were above 0.70 thresholds as recommended by Zinbarg, (2005) implying that the data collected had achieved a relatively high level of consistency and could be generalised to be representative of the target population and could be used for further analysis.

Having met the required reliability threshold, the items corresponding to each variable were aggregated by taking the average mean and standard deviation. From the descriptive, it was found that Strategic CSR Resources had the highest rating while displaying second lowest variation in responses (M=4.2167, SD= 0.36431). Strategic CSR Firm Approach(X3) exhibited the second highest rating and lowest variation between the responses (M= 4.0824, SD=0.349777), Strategic CSR Communication (X2) displayed moderate rating and moderate variation between responses (M=4.034, SD=0.41060), Strategic CSR Stakeholders (X4) displayed the lowest rating and moderate variation between responses (M=3.9622, SD=0.36666). Based on the rating, Strategic CSR Resources (X1) cannot be a good predictor since it has the highest rating and low variation, while strategic CSR Stakeholder (X4) is a good Predictor. The aggregation is illustrated in Table 4.12 above

4.4.1 Normality Test

Regression can only be accurately estimated if the basic assumptions of multiple regressions are met. To test normality assumption Kolmogorov-Smimov and Shapiro-Wilk tests were used. The results were as shown in Table 4.13.

Table 4.13: Results Kolmogorov- Smirnov and Shapiro- Wilk Normarity test

Tests of Normality	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Strategic CSR Resources	.169	107	.000	.908	107	.000
Strategic CSR Communication	.142	107	.000	.963	107	.001
Strategic CSR Firm Approach	.146	107	.000	.947	107	.000
Strategic CSR Stakeholder	.118	107	.000	.970	107	.004
Perceived relationships	.123	107	.000	.900	107	.000
Competitive advantage	.131	107	.000	.960	107	.000
a. Lilliefors Significance Correction						

Kolmogorov-Smimov and Shapiro-Wilk tests were used to test whether the distribution as a whole deviated from a comparable normal distribution. According to Field (2009), if the test is non- significant ($p > .05$) it means that the distribution of the sample is not significantly different from a normal distribution (that is, it is probably normal). If, however, the test is significant ($p < .05$) then the distribution in question is significantly different from normal distribution (i.e. it is non-normal) with ($p < .05$) for CSR resources, CSR Communication, Firm Approach and Stakeholder involvement in CSR results shown in Table 4.13 shows that the results were significant even after conversion. This then means that the distribution was different from normal.

To test the significance of parting from normality, Q-Q plots were done and the results were shown in figures 4.2, 4.3, 4.4 and 4.5.

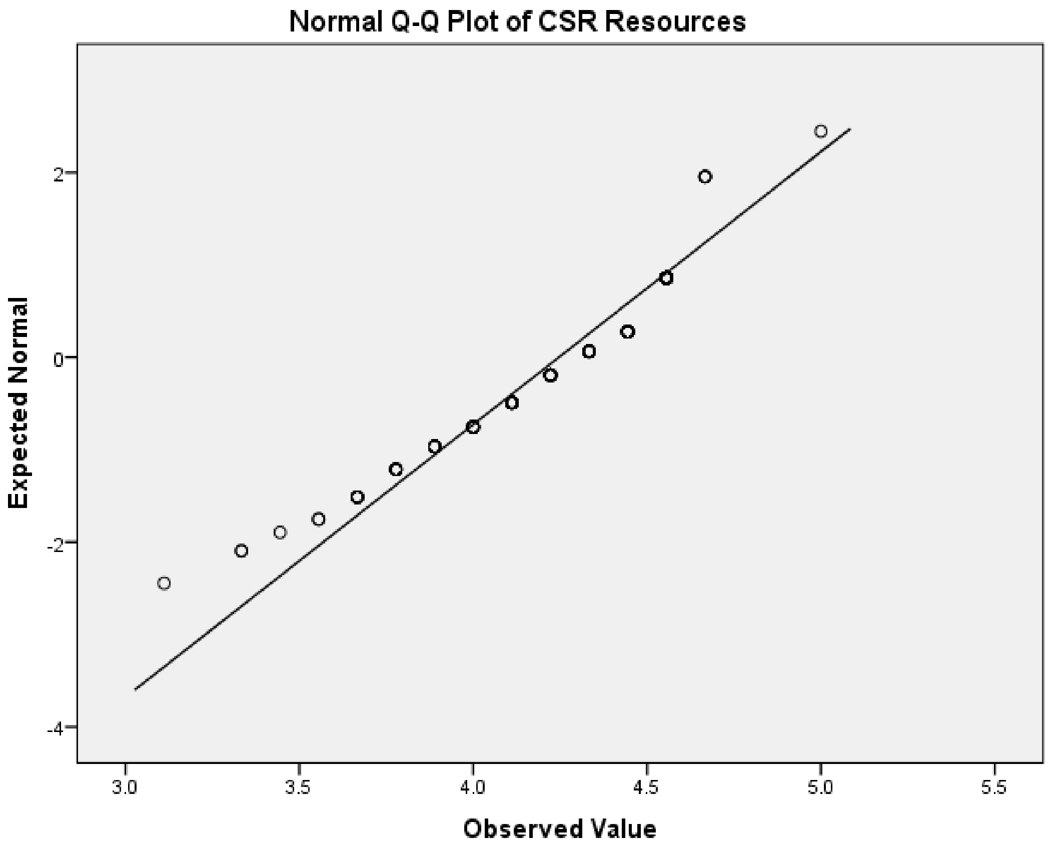

Figure 4.2: Normal Q-Q Plot for Strategic CSR resources

A close look at the Q-Q plot on Figure 4.2 demonstrations that the departure from normality for CSR resources was not ample, consequently indicating that the data was close to normal and could thus be used to run regressions

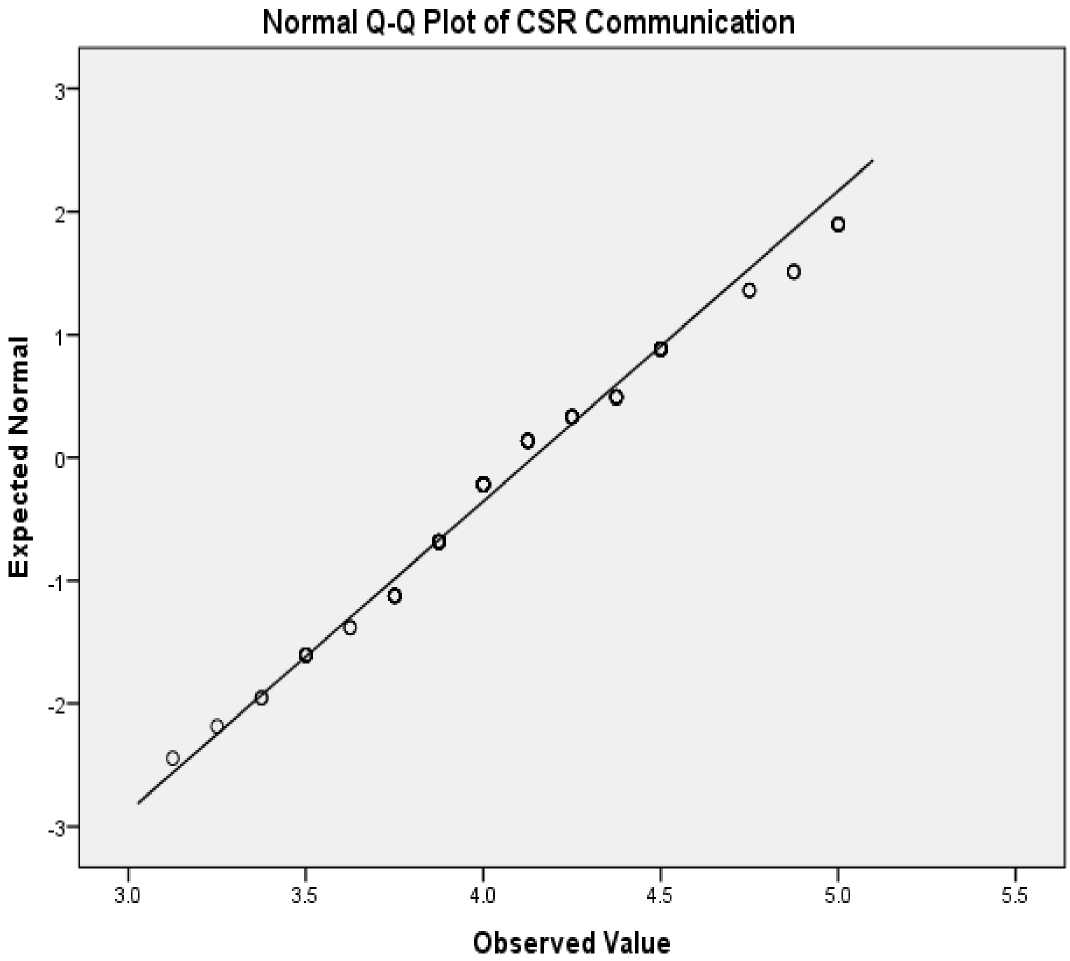

Figure 4.3: Normal Q-Q Plot for Strategic CSR Communication

Figure 4.3 displays that normality distribution for CSR communication was approximately distributed along the normal line indicating that the data close to normal and therefore can be used to run regressions.

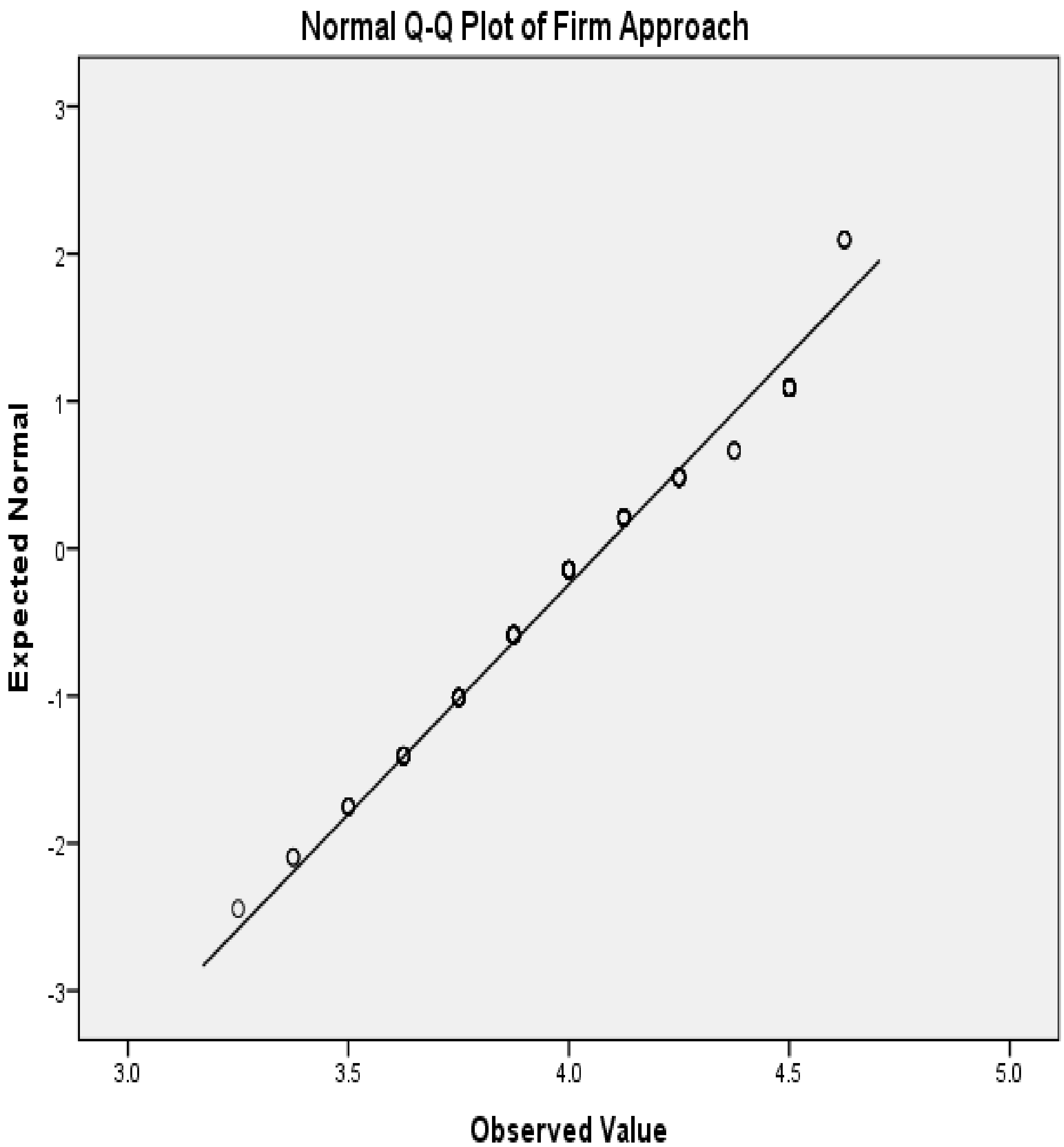

Figure 4.4: Normal Q-Q Plot of Strategic CSR Firm Approach

In observing Figure 4.4 it designates that the departure from normality for the Strategic CSR firm approach was not much, indicating that the data was neighbouring to normal and therefore could be used to run regressions.

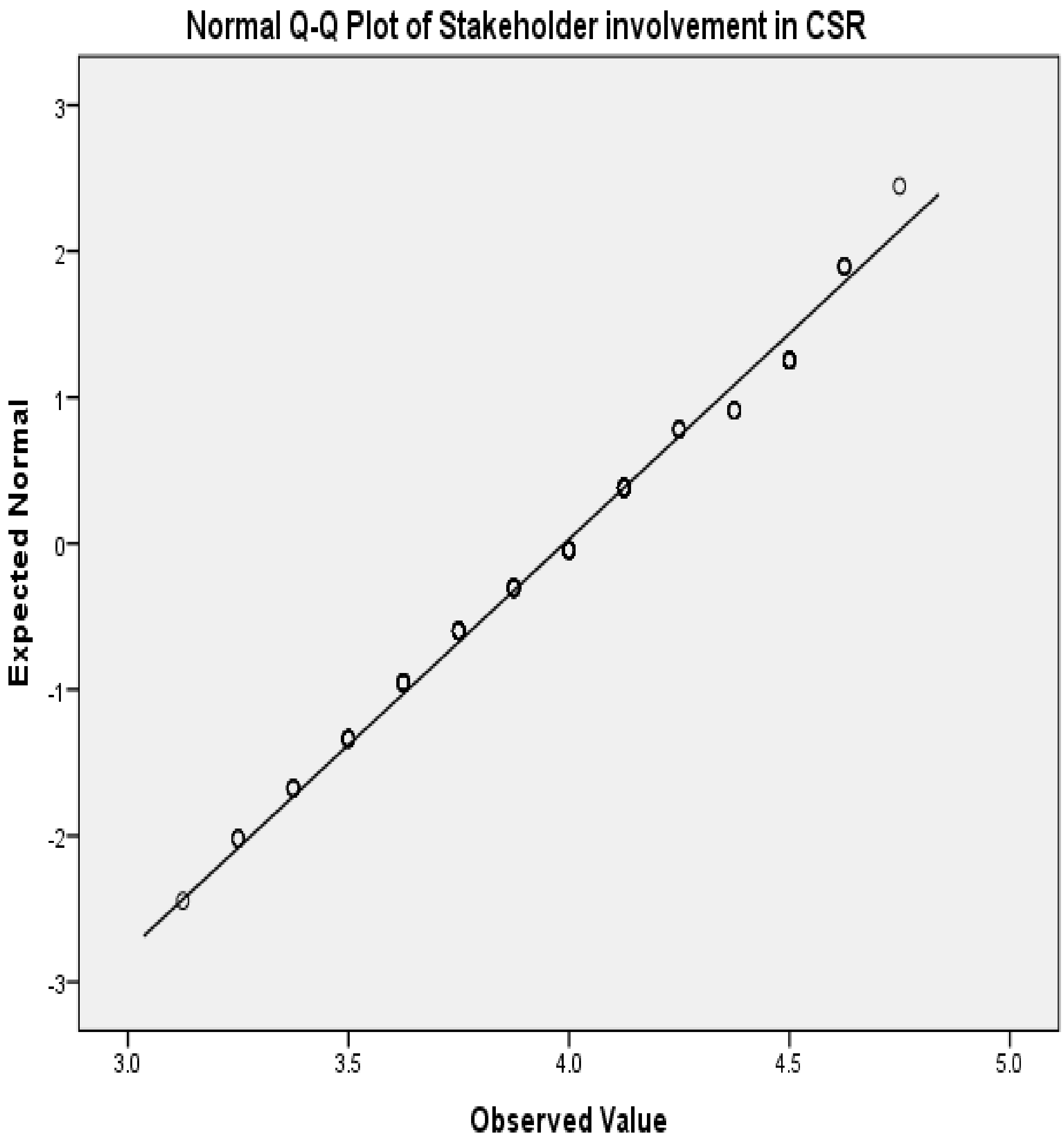

Figure 4.5: Normal Q-Q Plot of Strategic CSR Stakeholders

In observing Figure 4.5 it labels that the parting from normality for Strategic CSR stakeholders was not much, indicating that the data was bordering to normal and therefore could be used to run regressions.

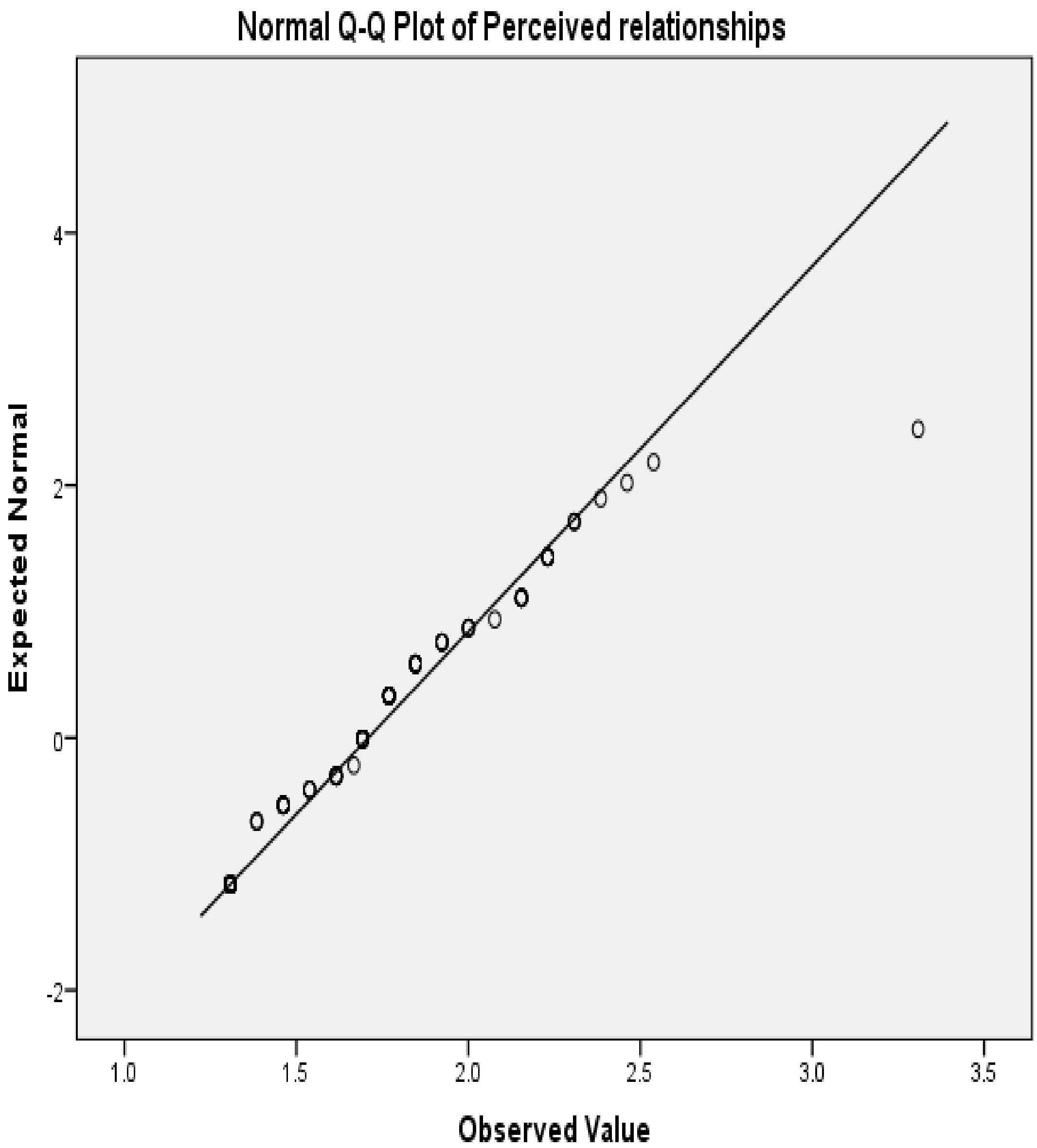

Figure 4.6: Normal Q-Q Plot of perceived relationships

In observing Figure 4.6 it indicates that the parting from normality for perceived relationships for the variables was not much, indicating that the data was bordering to normal and therefore could be used to run regressions.

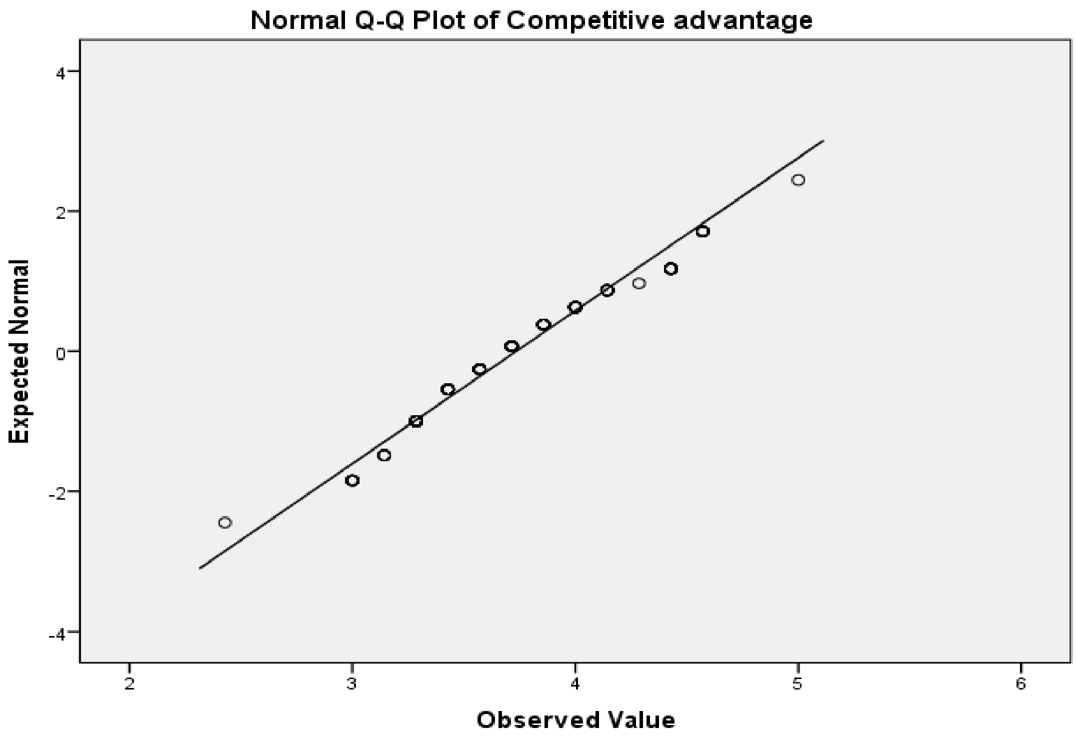

Figure 4.7: Normal Q-Q Plot OF Competitive Advantage

Figure 4.7 shows that the departure from normality for competitive advantage was not much, indicating that the data was bordering to normal and therefore could be used to run regressions.

4.4.2 Linearity Test

This is the capability to deliver results that are right comparative to the concentration of the analyte in the test samples. This is displayed by the table 4.14. It displays the correlation coefficient values between dependent and independent variables and between the independent variables themselves. The examination of the correlation coefficients helps in accepting or rejecting the null hypothesis that there is no correlation between the explanatory variables. The degree of the linear relationship between two variables in correlation ranges between +1 and -1. A correlation of +1 implies that there was a perfect positive linear relationship between variables hence concern of multicolinearity problem (Sekran, 2003).

Table 4.14: Correlations

		X1	X2	X3	X4	Bank Size	Y
X1	Pearson Correlation	1	.586**	.114	.147	.039	.077
	Sig. (2-tailed)		.000	.241	.130	.692	.433
	N	107	107	107	107	107	107
X2	Pearson Correlation	.586**	1	.424**	.338**	.065	.192*
	Sig. (2-tailed)	.000		.000	.000	.509	.048
	N	107	107	107	107	107	107
X3	Pearson Correlation	.114	.424**	1	.691**	-.154	.236*
	Sig. (2-tailed)	.241	.000		.000	.114	.014
	N	107	107	107	107	107	107
X4	Pearson Correlation	.147	.338**	.691**	1	-.392**	.223*
	Sig. (2-tailed)	.130	.000	.000		.000	.021
	N	107	107	107	107	107	107
Bank Size	Pearson Correlation	.039	.065	-.154	-.392**	1	-.175
	Sig. (2-tailed)	.692	.509	.114	.000		.071
	N	107	107	107	107	107	107
Y	Pearson Correlation	.077	.192*	.236*	.223*	-.175	1
	Sig. (2-tailed)	.433	.048	.014	.021	.071	
	N	107	107	107	107	107	107

**. significant of correlation at the 0.01 level (2-tailed).

*. significant of correlation at the 0.05 level (2-tailed).

X1=Resources, X2= Communication, X3= Firm Approach, X4 =Stakeholders

At 0.01 level significant, strategic CSR resources was positively correlated to strategic CSR communication at (r=.586, p-value <0.0001), strategic CSR Communication was positively correlated to strategic CSR Resources at (r=0.586, p=0.001),Strategic CSR communication was positively correlated to CSR Firm approach at (r=. 424, p =0.0001), Strategic CSR communication was positively correlated to Strategic CSR stakeholder at (r=.338, p value <0.0001) and communication was positively correlated to competitive advantage at

(r= 0.192, p= 0.048). Bank size is not correlated to Strategic CSR communication as evidenced by (r= 0.065, p=0.509).

CSR Firm approach was positively correlated to Strategic CSR communication at (r= 0.424, p=0.001) and Strategic CSR stakeholders at(r=.691, p =0.001). Competitive advantage positively correlated to CSR firm approach at 0.05 level significant at (r=0.236, p= 0.014). Bank size was not correlated to CSR firm approached as shown by the results (r=-0.154, p = 0.114).

Strategic CSR stakeholders was positively correlated with Strategic CSR communication (r=0.338, P value < 0.001), positively correlated to CSR Firm approach (r=.0.691, p value< .0.001) and negatively correlated to bank size (r=-0.392, p value <0.001). Competitive advantage is correlated to stakeholder involvement at 0.05 level significant as evidenced by (r= 0.223, p<0.001).

Competitive advantage was positively correlated to strategic CSR Communication at (r=0.192, p= 0.048), firm approach(r= 0.236, p= 0.014), Strategic CSR stakeholders (r=0.223, p= 0.021)

On the overall, the correlation coefficients were far much less than 0.8 thresholds indicating that there was no concern for multicollinearity (Kennedy, 1985).

4.4.3 Multicollinearity Test

Multicollinearity can be defined as the phenomena in which a predictor variable can be linearly predicted from other with some substantial degrees of accuracy. Multicollinearity was tested using Tolerance and variance inflation factor. The VIF values ranged from 1.584 to 2.219 which were within the required range of below 10 as stated by Miles (2014). Tolerance values were all below 1 as they ranged from 0.451 to 0.631 which is statistically acceptable range as used by McWilliams (2010). The values are depicted in table 4.15.

Table 4.15: Collinearity Test

No	Variable	Tolerance	V.I.F
1	CSR Resources	.631	1.584
2	CSR Communication	.528	1.894
3	CSR Firm Approach	.451	2.219
4	CSR Stakeholder	.475	2.106

4.5 Inferential Test

4.5.1 Influence of strategic CSR Resources on competitive advantage in Commercial banks

There was no correlation between resources and competitive advantage in commercial banks in Kenya. This was evidenced by ($r = 0.077$, $p = 0.433$), shown in table 4.16. The study concluded a negative relationship between resources and competitive advantage. As the level of resources increases, competitive advantage decreases.

4.5.2 Effect of strategic CSR Resources on Competitive Advantage in commercial banks

Regression analysis was carried out for resources and competitive advantage in commercial banks in Kenya as shown in Table 4.16.

Simple regression was fitted to the data and was found to be just below significant ($F (1,105) = 0.619$, $p=0.433$). Since the model was not significant, the null hypothesis $H_{01:}$ $\beta_{01} = 0$ (the extent of Resources used in CSR does not influence competitive advantage in commercial banks in Kenya) could not be tested. The conclusion is that the model does not exist and therefore resources cannot be used to predict competitive advantage.

Perhaps this demonstrates that resources in the banks are sufficiently supplied, and there are other factors which affect competitive advantage in commercial banks branches in Kenya.

This was in variation with a study done by Branco and Rodrigues, (2006) argued, there is a relationship between resources used in CSR and competitive advantage. Resources are the means through which banks accomplish their activities. They are seen as basic constitutive elements out of which firms transforms inputs into outputs or generate services as stated by Mathew (2002). This study supports this argument because commercial banks seem to have enough resources as evidenced by the Mean above 4 and standard deviation. At this level, competitive advantage in commercial banks in Kenya is affected by other factors other than resources. According to Fulmer et al. (2003) socially responsible employment practices such as fair wages, clean safe working environment, training opportunities, health, and education benefits for workers and their family brings direct benefits to the banks by increased morale, productivity while reducing absenteeism and staff turnover. Majority of the respondents agreed that staff training, Health, and safety, commitment and loyalty were paramount as evidenced by 91.6%, 85.9% and 95% of the respondents. Therefore, this study supports the findings of Fulmer et al. (2003).

Table 4.16: Regression analyses of Resources and competitive advantage

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.077[a]	.006	-.004	.81831

a. Predictors: (Constant), X1 (Resources)

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.415	1	.415	.619	.433[b]
	Residual	70.311	105	.670		
	Total	70.726	106			

a. Dependent Variable: Y= Competitive advantage
b. Predictors: (Constant), X1 Resources

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.015	.652		4.623	.000
	X1	.125	.159	.077	.787	.433

a. Dependent Variable: Y (Competitive advantage)

4.5.3 The moderating effect of bank size in relation to CSR resources and competitive advantage

When the three models were run, the study found significant in the third model that bank size has a moderating effect on CSR resources and competitive advantage in the commercial banks in Kenya.

The model was found to be significant (F (1,103) = 4.780, P=0.004). The hypothesis $H_{01:}$ β_{01} =0 (Bank size does not influence the relationship between Resources and competitive advantage by commercial banks in Kenya) is therefore rejected. The value of R^2 = 0.122 as shown in table 4.17 below which means resources, bank size and their interaction term explains 12.2 % of the variance in competitive advantage in the Commercials banks in Kenya. Since the coefficient of the interaction term was found to be significance ($B_{1Z=}$1.1, P=0.002), bank size significantly moderates the relationship between resource and competitive advantage

Table 4.17: Moderating effect of bank size in relation to resources

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.077[a]	.006	-.004	.81831	.006	.619	1	105	.433
2	.200[b]	.040	.022	.80794	.034	3.711	1	104	.057
3	.350[c]	.122	.097	.77637	.082	9.633	1	103	.002

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.415	1	.415	.619	.433[b]
	Residual	70.311	105	.670		
	Total	70.726	106			
2	Regression	2.837	2	1.419	2.173	.119[c]
	Residual	67.889	104	.653		
	Total	70.726	106			
3	Regression	8.643	3	2.881	4.780	.004[d]
	Residual	62.082	103	.603		
	Total	70.726	106			

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	3.015	.652		4.623	.000		
	Resources	.125	.159	.077	.787	.433	1.000	1.000
2	(Constant)	3.173	.649		4.888	.000		
	Resources	.127	.157	.078	.807	.422	1.000	1.000
	Bank Size	-.302	.157	-.185	-1.926	.057	1.000	1.000
3	(Constant)	6.575	1.261		5.213	.000		
	resources	-.711	.309	-.434	-2.298	.024	.239	4.190
	Bank Size	-.300	.151	-.184	-1.993	.049	1.000	1.000
	Size*Resource	1.100	.355	.586	3.104	.002	.239	4.190

a. Dependent Variable: Y

The effect of moderating variable bank size on CSR resources and competitive advantage was represented by the Figure 4.8 below.

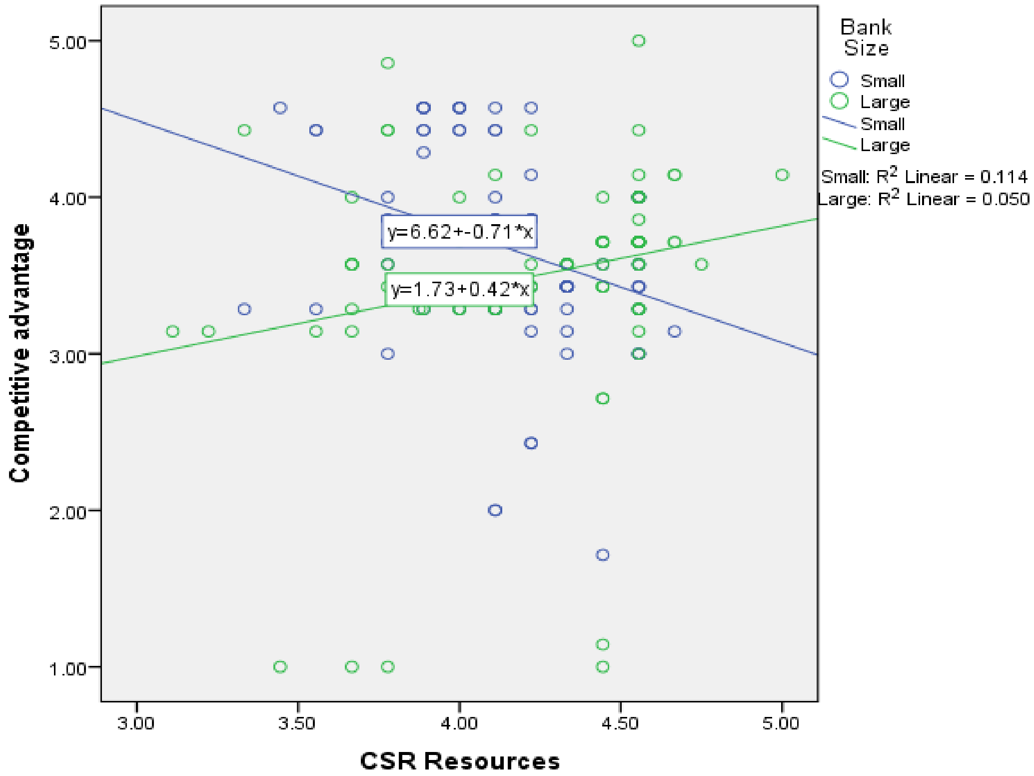

Figure 4.8: Regression lines of CSR resources and competitive advantage

When CSR resources are low in the small banks, they outperform the large banks. As you increase resources, large banks seem to become more competitive compared to small banks. This is reflected in the above graph. At 4.5 units of resource small banks competitive advantage decrease while large banks competitiveness increases and overtakes small banks.

At the beginning, resources look like not a factor in the small banks, and therefore competitive advantage is not an issue that explains 1st model is significant.

4.6 Influence of Strategic CSR Communication on Competitive Advantage in Commercial banks

Correlation between communication and competitive advantage in commercial banks in Kenya was found significant. This was evidenced by ($r = 0.192$, $p = 0.048$), the study concluded that there is a positive relationship between communication and competitive advantage. This implies that an increase in one unit of CSR communication leads to an increase in the banks' competitive advantage by the same unit of measure.

4.6.1 Effect of Strategic CSR Communication on Competitive Advantage

Simple regression was fitted to the data and was found to be significant ($F(1,105) = 4.016$, $p=0.048$) at 0.05 level of significance. The hypotheses $H_{01:}\ \beta_{01} = 0$ (The type of CSR Communication does not influence competitive advantage in commercial banks in Kenya) is therefore rejected, since $\beta_1 = 0.299$ and p value = 0.048 which is also positive as shown in the table 4.18.

The value of $R^2 = 0.037$ as shown in table 4.18 which means the type of communication explains 3.7% of the variance in competitive advantage in the Commercials banks in Kenya.

The type of CSR Communication has a positive influence on competitive advantage in commercial banks in Kenya. The model equation generated for CSR communication and the Competitive advantage is $Y = \beta_0 + \beta_2 X_2$; which implies that

$$Y = 2.374 + 0.299X_2 \qquad \ldots\ldots 4.2$$

Since Y is a competitive advantage and X_2 is communication, this means competitive advantage =2.374 +0.299(Communication). It further denotes that any one unit increase in communication, competitive advantage increases by 0.299. This demonstrates that the type of CSR communication in the banks is statistically significant. This is supported by a study done by Lou and Bhattacharya (2009) which stated that corporate social responsibility should be properly communicated to support bank's level objectives; firms should ensure that customer notice and understand the CSR information. Thus, communication of CSR must be efficient for it to create a competitive advantage for the firm. This is echoed by Noha, (2009) who stated that communication of CSR must be evaluated to understand what and how to apply the communication without it being perceived as solely self-serving and to be holistic embedding CSR information as an extension of a normal market or product communication to create competitive advantage. According to Isaksson (2010), communication should be strategically planned as it affects altitudes towards firms. Both the structure and the timings of corporate social responsibility related information is important parts of strategically planned CSR communication. This study supports that, there is a significant relationship between CSR communication and competitive advantage in commercial banks in Kenya.

Table 4.18: Regression analysis of strategic CSR communication and competitive advantage

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.192[a]	.037	.028	.80546		
a. Predictors: (Constant), X2						
ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.605	1	2.605	4.016	.048[b]
	Residual	68.120	105	.649		
	Total	70.726	106			
a. Dependent Variable: Y (Competitive advantage)						
b. Predictors: (Constant), X2 (Communication)						
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.374	.579		4.097	.000
	X2	.299	.149	.192	2.004	.048
a. Dependent Variable: Y						

4.6.2 The moderating effect of bank size in relation to Strategic CSR communication

The model indicates that bank size is not a moderating factor on CSR communication and competitive advantage on the three models.

The model was found to be insignificant (F (1,105) = 2.013, P=0.187). The hypotheses H_{01}: β_{01} =0 (Bank size do not influence the relationship between communication and competitive advantage by commercial banks in Kenya), we, therefore, fail to reject, since β_1= 0.290 and p= 0.187 it is positive as shown in the table 4.19

The value of R^2 = 0.085 as shown in the table 4.19 which means the effect of banks size on communication and competitive advantage in the Commercials banks in Kenya is 8.5%

When the three models were run, to find out whether there was a moderating effect of bank size on the relationship between communication and competitive advantage in commercial banks in Kenya, the study found that bank size was not a moderating factor between CSR communication and competitive advantage in the commercial banks in Kenya as evidenced by the table 4.19 below.

Table 4.19: Moderating Effect between communication and competitive advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.192[a]	.037	.028	.80546	.037	4.016	1	105	.048
2	.264[b]	.070	.052	.79539	.033	3.676	1	104	.058
3	.292[c]	.085	.059	.79248	.016	1.764	1	103	.187

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.605	1	2.605	4.016	.048[b]
	Residual	68.120	105	.649		
	Total	70.726	106			
2	Regression	4.931	2	2.465	3.897	.023[c]
	Residual	65.795	104	.633		
	Total	70.726	106			
3	Regression	6.038	3	2.013	3.205	.026[d]
	Residual	64.687	103	.628		
	Total	70.726	106			

a. Dependent Variable: Y

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.374	.579		4.097	.000		
	X2	.299	.149	.192	2.004	.048	1.000	1.000
2	(Constant)	2.554	.580		4.404	.000		
	X2	.294	.147	.189	1.995	.049	1.000	1.000
	Bank Size	-.296	.154	-.181	-1.917	.058	1.000	1.000
3	(Constant)	4.126	1.317		3.132	.002		
	X2	-.114	.340	-.073	-.334	.739	.186	5.370
	Bank Size	-.299	.154	-.183	-1.945	.054	.999	1.001
	Size*Communication	.501	.377	.290	1.328	.187	.186	5.369

4.7 Influence of Strategic CSR Firm Approach on Competitive Advantage in Commercial banks

There was a correlation between firm approach and competitive advantage in commercial banks in Kenya and was found to be significant at ($r = 0.236$, $p = 0.014$). As the level of firm approach to CSR activities increases, competitive advantage in the commercial banks also increases. The study found out that there is a statistical significance between the firm approach to CSR activities and competitive advantage. There is, therefore, a need by the branches in the commercial banks in Kenya to engage in corporate social responsibility strategically and link CSR with benefits for the branches' performance.

4.7.1 Effect of Strategic CSR Firm approach on competitive advantage in commercial banks

Regression was fitted to the data and was found to be significant as evinced by ($F_{(1,105)} = 6.214$, $p=0.014$). The hypotheses $H_{03:}\ \beta_{03} = 0$ (Firm Approach in CSR does not influence competitive advantage in commercial banks in Kenya) is therefore rejected since $\beta_1 = 0.314$ and it is positive. Firm approach has a positive influence on Competitive advantage as shown in the Table 4.20

The value of $R^2 = 0.056$ as shown in the table 4.20, which means, firm approach explains 5.6 % of the variance in competitive advantage in the Commercials banks in Kenya.

A firm approach has a positive influence on competitive advantage in commercial banks in Kenya. The model equation generated for a firm approach and a competitive advantage is $Y = \beta_0 + \beta_3 X_3$; which denotes that

$$Y = 2.342 + 0.314X_3 \qquad \ldots\ldots 4.3$$

Since Y is the competitive advantage and X_3 is the firm approach, this means competitive advantage =2.342+0.314(firm approach). It further denotes that any one unit increase in firm approach, competitive advantage increases by 0.093. This demonstrates that there are other factors which influence competitive advantage in the bank apart from the measured constructs.

The results are supported by a study which was done by Branco and Rodrigues (2006) that when a firm engages in corporate social responsibility strategically and CSR is linked with benefits for the firm and its performance, socially responsible behaviour may be studied drawing on the resource based view of the firm. This was echoed by Barney (1991) that when banks produce competitive advantage by successfully managing their resources and abilities which are valuable, rare, inimitable and non-substitutable, corporate social responsibility can enhance competitive advantage by helping creation and management of such resources and competencies of the firm. It was further supported by McWilliams and Siege, (2006) that creating competitive advantage is achieved by applying strategies that add value and create an advantage for a given firm until another firm succeeds in doing so. This is supported also by Porter and Kramer (2006) who argued that firms can use corporate social responsibility to build a competitive advantage and to create shared value. By carefully prioritizing the needs of their stakeholders, firms can focus on the needs that make the most strategic sense. According to Filho, (2010) an association of business strategy, social responsibility activities and core business activities should follow in order to attain well-organized corporate social strategies. His argument supports the research findings that there is a positive relationship between firm approach in CSR and competitive advantage as evidenced by ($r = 0.236$, $p = 0.014$**)**. The study supports the finding by Branco and Rodrigues (2006) that states, when banks engage in corporate social responsibility strategically and CSR is linked with benefits of the firm and it performance, socially responsible behavior may be drawing on the resource-based view of the firm. Thus the firm approach significantly influences competitive advantage in commercial banks in Kenya.

Table 4.20: Regression analysis of Strategic CSR firm approach and competitive advantage

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.236[a]	.056	.047	.79746		
a. Predictors: (Constant), X3						
ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.952	1	3.952	6.214	.014[b]
	Residual	66.774	105	.636		
	Total	70.726	106			
a. Dependent Variable: Y						
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.342	.481		4.870	.000
	X3	.314	.126	.236	2.493	.014
a. Dependent Variable: Y						

4.7.2 The moderating effect of bank size in relation to the firm approach in CSR

When the three models were run to find out whether there was a moderating effect of bank size on the relationship between firm approach in CSR and competitive advantage in commercial banks in Kenya, the study found that bank size has no moderating effect between firm approach and competitive advantage in the commercial banks in Kenya. This was evidenced by table 4.21.

These findings were against the study done by McWilliams and Siegel (2001) which stated that strategic CSR Firm approach is controlled by the size in which it operates. Bank sizes impacts the levels of resources to be used in terms Research and development, advertising and the core business of the bank (Branco & Rodrigues, 2006).

Table 4.21: Moderating effect of bank size on firm approach

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.236[a]	.056	.047	.79746	.056	6.214	1	105	.014
2	.297[b]	.088	.070	.78753	.032	3.664	1	104	.058
3	.299[c]	.090	.063	.79067	.002	.177	1	103	.675

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.952	1	3.952	6.214	.014[b]
	Residual	66.774	105	.636		
	Total	70.726	106			
2	Regression	6.224	2	3.112	5.018	.008[c]
	Residual	64.502	104	.620		
	Total	70.726	106			
3	Regression	6.335	3	2.112	3.378	.021[d]
	Residual	64.391	103	.625		
	Total	70.726	106			

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	2.342	.481		4.870	.000		
	Firm Approach	.314	.126	.236	2.493	.014	1.000	1.000
2	(Constant)	2.521	.484		5.208	.000		
	Firm Approach	.309	.125	.232	2.479	.015	.999	1.001
	Bank Size	-.293	.153	-.179	-1.914	.058	.999	1.001
3	(Constant)	2.836	.892		3.180	.002		
	Firm Approach	.225	.234	.170	.964	.337	.285	3.504
	Bank Size	-.293	.153	-.180	-1.912	.059	.999	1.001
	Size*Approach	.117	.277	.074	.421	.675	.286	3.502

4.8 Influence of Strategic CSR Stakeholder involvement in CSR on Competitive advantage

The correlation between Stakeholder involvement in CSR activities and competitive advantage was ($r = 0.223$, $p = 0.021$). This implies that stakeholders have a great impact on the competitive advantage of the banks. As the level of stakeholder involvement increases, competitive advantage increases. The study concludes that there is a positive relationship between stakeholder involvement in corporate social responsibility and competitive advantage in commercial banks in Kenya. Branches have a great need to involve stakeholders in corporate social responsibility because it makes commercial sense in allowing the bank to maximize shareholder's wealth while increasing total value add (Philips et al., 2003).

The three independent variables seemed to be individually correlated while resources appeared to be supplied to the level that there is no need for more resources. Resources cannot, therefore, be a predictor of competitive advantage in the branches within the commercial banks.

4.8.1 Effects of strategic CSR Stakeholder on Competitive Advantage

Regression for strategic CSR stakeholder was fitted to the data and was found to be significant ($F(1,105) = 5.518$, $P=0.021$). The hypotheses $H_{04:}$ $\beta_{04} = 0$ (The level of stakeholder involvement in CSR does not influence competitive advantage in commercial banks in Kenya) is therefore rejected, since $\beta_4 = 0.282$ and $P = 0.021$ is Positive. This means stakeholder involvement has a positive influence on the competitive advantage as shown in table 4.22.

The value of $R^2 = 0.050$ as shown in table 4.22 which means Strategic CSR stakeholder involvement explains 5 % of the variance in competitive advantage in the Commercials banks in Kenya. This means that banks should involve stakeholders. According to a study done by Paloza and Papania (2008) states that stakeholder's assessment of the bank's corporate social responsibility activities affects the firm' share price, consumer support and the loyalty of the employees.

Stakeholder involvement has a positive influence on competitive advantage in commercial banks in Kenya. The model equation generated for Strategic CSR stakeholder and the competitive advantage is $Y= \beta_0 + \beta_4X_4$; which implies that

Y=2.520+0.282 X4…………………………………………………..4.4

Since Y is a competitive advantage and X_4 is stakeholder involvement in CSR, this means competitive advantage =2.520+0.282(Strategic CSR stakeholder) on CSR activities. It further denotes that any one unit increase in stakeholder involvement in CSR activities, competitive advantage increases by 0.107. This demonstrates that stakeholder involvement is critical and influences competitive advantage in the commercial banks in Kenya.

The results are supported by a study done by Porter and Kramer (2006) who argued that banks can use CSR to build a competitive advantage and create share value by carefully prioritizing the needs of the stakeholders and thus banks can focus on the needs that make the most strategic sense. This was echoed by Hawkins (2006) who stated that including stakeholders makes commercial banks sense in allowing the banks to maximise shareholders wealth while also increasing total value added. This is to conclude that stakeholders' involvement in Strategic CSR significantly influences competitive advantage in commercial banks in Kenya.

Table 4.22: Regression analysis of stakeholder involvement and competitive advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.223[a]	.050	.041	.79997

a. Predictors: (Constant), X4

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.531	1	3.531	5.518	.021[b]
	Residual	67.194	105	.640		
	Total	70.726	106			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.520	.435		5.796	.000
	X4	.282	.120	.223	2.349	.021

a. Dependent Variable: Y

4.8.2 The moderating effect in relation to stakeholder involvement

When the three models were run to find out whether there was a moderating effect of bank size on the relationship between stakeholder involvement in CSR and competitive advantage in commercial banks in Kenya, the study found that bank size has no moderating effect on stakeholder involvement in CSR and competitive advantage in the commercial banks in Kenya.

This was evidenced by the table 4.23 .The funding contradicts McWilliams at el(2001) in that strategic CSR participation can enhance various stakeholders relation taking in to consideration the size of the bank.

Table 4.23: Moderating effect of bank size on stakeholder involvement

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.223[a]	.050	.041	.79997	.050	5.518	1	105	.021
2	.263[b]	.069	.051	.79564	.019	2.146	1	104	.146
3	.263[c]	.069	.042	.79945	.000	.010	1	103	.922

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.531	1	3.531	5.518	.021[b]
	Residual	67.194	105	.640		
	Total	70.726	106			
2	Regression	4.890	2	2.445	3.862	.024[c]
	Residual	65.836	104	.633		
	Total	70.726	106			
3	Regression	4.896	3	1.632	2.553	.060[d]
	Residual	65.830	103	.639		
	Total	70.726	106			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.520	.435		5.796	.000		
	Stakeholder	.282	.120	.223	2.349	.021	1.000	1.000
2	(Constant)	2.787	.469		5.939	.000		
	Stakeholder	.242	.122	.192	1.978	.051	.951	1.052
	Bank Size	-.232	.158	-.142	-1.465	.146	.951	1.052
3	(Constant)	2.717	.855		3.177	.002		
	Stakeholder	.261	.228	.207	1.145	.255	.277	3.608
	Bank Size	-.230	.160	-.141	-1.435	.154	.937	1.067
	Size*Stakeholders	-.026	.270	-.017	-.098	.922	.287	3.484

4.9 Effects of all study variables

From the descriptive, it was found that Resources had the highest rating while displaying the second lowest variation in responses (M=4.2167, SD= 0.36431). Firm Approach(X3) exhibited the second highest rating and lowest variation between the responses (M= 4.0824, SD=0.349777), CSR Communication (X2) displayed moderate rating and moderate variation between responses (M=4.034, SD=0.41060), Stakeholder involvement (X4) displayed the lowest rating and moderate variation between responses (M=3.9622, SD=0.36666). Based on the rating, CSR Resources (X1) cannot be a good predictor since it has the highest rating and low variation, while Stakeholder involvement(X4) is a good Predictor. The aggregation is illustrated in Table 4.22.

From the data received from the branches of the commercial banks (Table 4.22), the finding indicates that CSR Resources had a high means of 4.2167 and a low standard deviation of 0.35431 and a minimum of 3.11 and maximum of 5. This denotes that there are sufficient resources across all the branches within the commercial banks. There is a high level of communication within the branches on CSR as shown by a mean of 4.1034 and a 41.06% of the branches. The firm approach has relates to a mean of 4.05 with a standard deviation of .34977 and lastly stakeholder involvement at a mean 3.9622 and a standard deviation of .36666 showing there is a need to involve them

Table 4.24: Summary of the study variables

	N	Minimum	Maximum	Mean	Std. Deviation
X1	107	3.11	5.00	4.2167	.35431
X2	107	3.13	5.00	4.1034	.41060
X3	107	3.13	4.63	4.0524	.34977
X4	107	3.13	4.75	3.9622	.36666
Y	107	2.43	5.00	3.6852	.48167

XI= Resources, X2= Communication, X3 Firm Approach, X4= Stakeholder involvement, Y= Competitive advantage N=107

4.9.1 Effects of independent variables on competitive advantage

Regression analysis was completed in order to measure the ability of the independent variables to predict an outcome in the dependent variable whether there is a linear relationship between them. This was in order to test hypotheses of the regression model that there is no significant relationship between competitive advantage in commercial banks in Kenya and Strategic CSR resources, Strategic CSR communication, strategic CSR firm approach and Strategic CSR stakeholders. Analysis of variance (ANOVA) was used. Analysis of variance can be used to test the connection the independent variables and the dependent variable as stated by Anderson Sweeney and Williams (2002) and to test goodness of fit of the regression model that is how well the model fits the data. Regression analysis was also used to determine the strength of the relationship between the independent variables and dependent variable and to determine the combined effects of all independent variables on the dependent variable (Cooper & Schindler, 2003).

Multiple regression analysis was used to determine whether independent variables simultaneously affected the dependent variable. This was done to determine whether strategic CSR Resources, Strategic CSR communication, Strategic CSR Firm approach, and Strategic CSR Stakeholder simultaneously have a significant relationship with competitive advantage in commercial banks in Kenya.

The multiple regression model was found not to be statistically significant ($F(4,102) = 2.973$, $P=0.102$) However, none of the variables was found significant predictor except the constant.

The value of $R^2 = 0.072$ as shown in the table 4.25, which means; Strategic CSR Resources, Strategic CSR communication, Strategic CSR Firm approach, and Strategic CSR stakeholder explains 7.2% of the variance in competitive advantage in Commercial banks in Kenya.

Table 4.25: Model Summary for regression of all variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.269a	.072	.036	.80203		
a. Predictors: (Constant), X4, X1, X2, X3						
			ANOVA a			
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.114	4	1.278	1.987	.102b
	Residual	65.612	102	.643		
	Total	70.726	106			
			Coefficients			
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.902	.766		2.483	.015
	X1	-.038	.196	-.023	-.193	.847
	X2	.189	.205	.121	.923	.358
	X3	.151	.186	.113	.811	.419
	X4	.136	.167	.108	.811	.419
a. Dependent Variable: Y						

The model equation for Strategic CSR Resources, Strategic CSR communication, Strategic CSR Firm approach, Strategic CSR stakeholder and Competitive advantage does not exist if the rest of the other variables are held constant. None of them is a significant predictor.

Moreover, the researcher decided to perform a stepwise multiple regression model in table 4.26 to find out which of the variables were very important or critical in the model and resulting model only picked firm approach as the key with high Mean =3.952, SD= 0.61) and the model was found to be strategically significant ($F(1,105)= 6.214$, $P=0.014$). This means that the branches should focus on Strategic CSR firm approach for them to remain competitive

Table 4.26: Stepwise model for all variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.236[a]	.056	.047	.79746

a. Predictors: (Constant), X3

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.952	1	3.952	6.214	.014[b]
	Residual	66.774	105	.636		
	Total	70.726	106			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.342	.481		4.870	.000		
	X3	.314	.126	.236	2.493	.014	1.000	1.000

a. Dependent Variable: Y

4.9.2 Model Summary for all variables with moderating variable

The model in table 4.27 indicates that bank size is not a moderating factor for independent variables (Strategic CSR Resources, Strategic CSR Communication, Strategic CSR Firm approach and Strategic CSR stakeholder involvement) and competitive advantage. This applied to all independent variables when the first two models were analysed. However, the third model indicates that there was a significant relationship between bank size and resource as evidenced by ($F(9, 97) = 2.122$, $P=0.035$). The third model shows that bank size has a moderating effect on strategic CSR Resources and competitive advantage. This is supported by Brammer at el. (2006) the impact of bank size on strategic CSR is directly proportional to the access of resources. The larger the bank, the more the impact on strategic CSR participation in relation to the issue of access of resources and the more the commitment in undertaking the CSR activities (Brammer & Millinton, 2008).

Table 4.27: Moderating effect of bank size to all variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.269[a]	.072	.036	.80203	.072	1.987	4	102	.102
2	.314[b]	.099	.054	.79439	.027	2.972	1	101	.088
3	.406[c]	.165	.087	.78049	.066	1.907	4	97	.115

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.114	4	1.278	1.987	.102[b]
	Residual	65.612	102	.643		
	Total	70.726	106			
2	Regression	6.989	5	1.398	2.215	.058[c]
	Residual	63.736	101	.631		
	Total	70.726	106			
3	Regression	11.636	9	1.293	2.122	.035[d]
	Residual	59.089	97	.609		
	Total	70.726	106			

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
1		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.902	.766		2.483	.015		
	X1	-.038	.196	-.023	-.193	.847	.632	1.581
2	X2	.189	.205	.121	.923	.358	.528	1.894
	X3	.151	.186	.113	.811	.419	.465	2.149
	X4	.136	.167	.108	.811	.419	.517	1.933
2	(Constant)	2.107	.768		2.744	.007		
	X1	-.026	.195	-.016	-.131	.896	.631	1.584
3	X2	.184	.203	.118	.910	.365	.528	1.894
	X3	.208	.187	.157	1.112	.269	.451	2.219
	X4	.050	.173	.040	.291	.772	.475	2.106
	Bank Size	-.277	.161	-.170	-1.724	.088	.917	1.090
3	(Constant)	6.045	1.886		3.204	.002		
	X1	-.692	.324	-.423	-2.138	.035	.220	4.536
a. Dependent Variable: Y	X2	-.087	.356	-.056	-.244	.808	.166	6.037
	X3	-.095	.372	-.072	-.256	.798	.110	9.097
	X4	.308	.347	.245	.889	.376	.114	8.797
	Bank Size	-.254	.161	-.155	-1.573	.119	.882	1.134
	Size*X1	.949	.410	.506	2.315	.023	.180	5.549
	Size*X2	.175	.438	.101	.399	.691	.134	7.463
	Size*X3	.372	.429	.236	.866	.389	.116	8.639
	Size*X4	-.336	.398	-.220	-.844	.401	.126	7.929

The findings of the study affirms that;

Ha_1: Bank size influences the relationship between strategic CSR Resources and competitive advantage in Commercial banks in Kenya

Ha_2: Strategic CSR Communication influences competitive advantage in commercial banks in Kenya

Ha_3: Strategic CSR firm approach influences competitive advantage in commercial banks in Kenya

Ha_4: Strategic CSR stakeholders influences competitive advantage in commercial banks in Kenya

4.10 Optimal model

Since bank size does not influence the relationship between Strategic CSR Communication, firm approach and strategic CSR Stakeholder, the study drops it for this variable but retain it only for resources. The study confirms that Strategic CSR factors (Communication, Firm approach and stakeholders) influences competitive advantage in commercial banks in Kenya. Subsequently, the study came up with below model in figure 4.9 below.

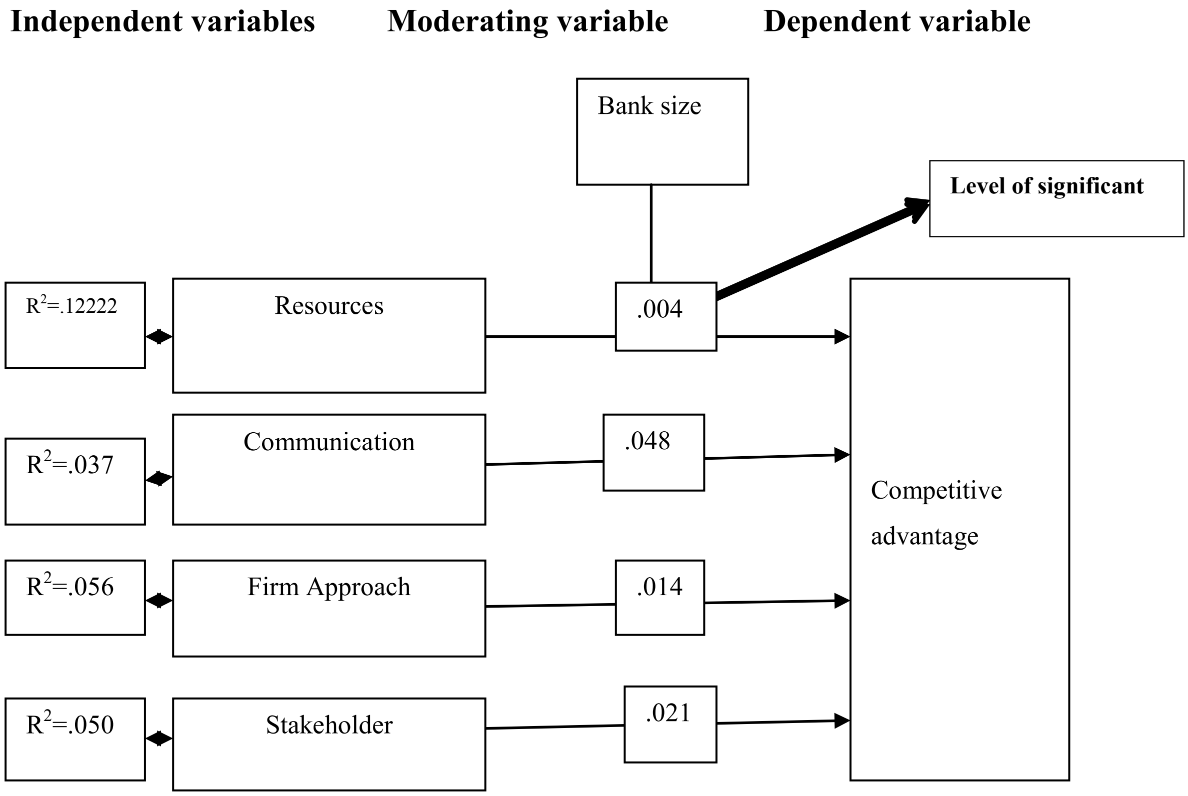

Figure 4.9 Optimal model

From the optimal model the study can deduce that strategic CSR resources moderated by Bank size influences competitive advantage and it is statistically significant at p=0.004. Strategic CSR resources moderated by bank size explain only 12.2% of competitive advantage. Small banks should consider the level of resources they should apply for any increase of resources reduces their competitive advantage. Increase of levels of resources in large banks leads to great competitive advantage. This was supported by Cowen et al. (2010) who stated that the larger the bank the more significant the social impact to the scale of their activities. Brammer and Millington (2008) argue that large banks have more significant competitive advantage over small banks since consumers tend to buy socially responsible products as perceived to be of higher quality.

Strategic CSR communication explains 3.7% variance on competitive advantage at .048 significant levels. This signifies that strategic communication influences competitive advantage in commercial banks in Kenya. The study was supported by Noha (2009) communication of strategic CSR must be evaluated to understand to what and how to apply the communication without it being perceived as solely self-serving and to be holistic embedding strategic CSR information as an extension of market and product communication to create competitive advantage.

Strategic CSR firm approach is significant at 0.014 explaining 5.6% of variance on competitive advantage. The study confirms that strategic CSR firm approach influences competitive advantage on commercial banks in Kenya

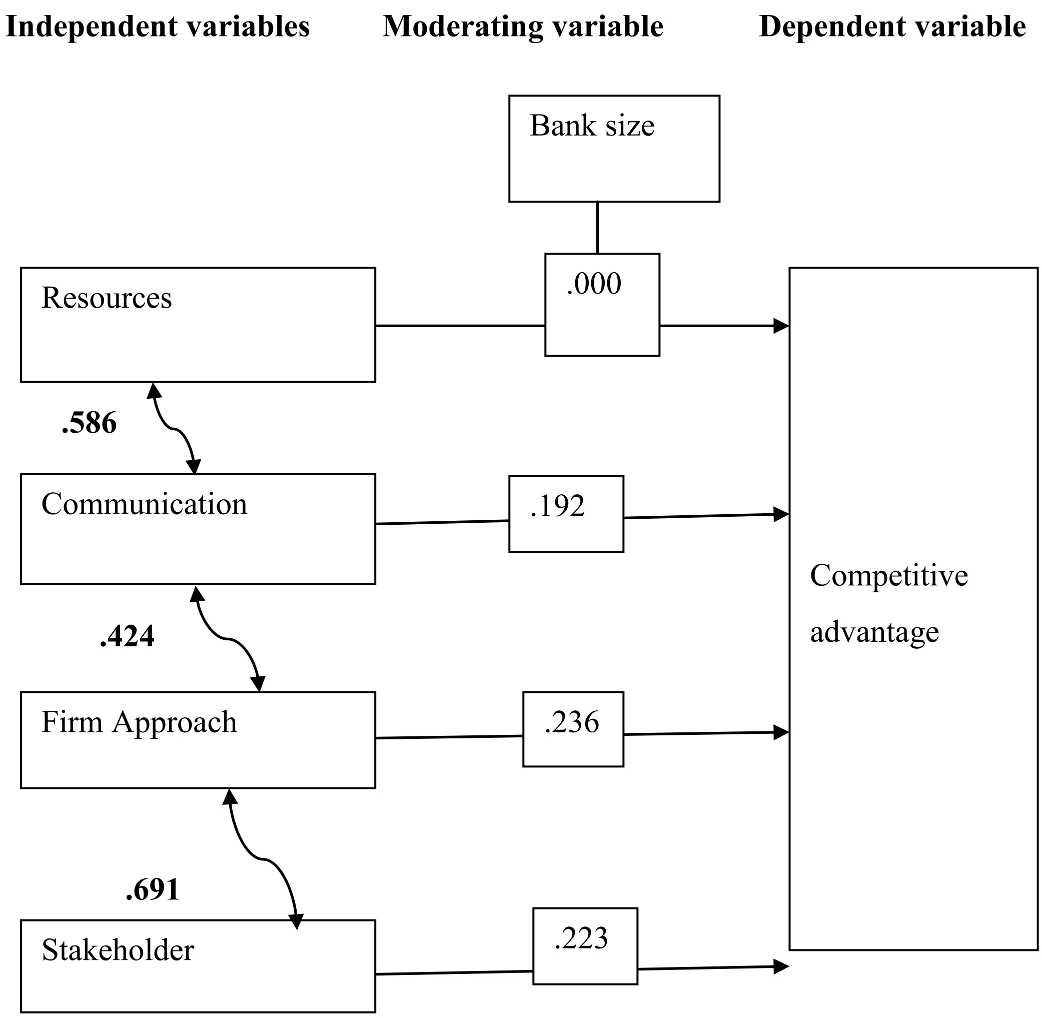

Figure 4.10: Linkage of Strategic CSR and competitive advantage

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATION

5.1 Introduction

This chapter focused on the Summary, Conclusion, Recommendations, and areas for future research. The findings were based on study objectives, whereas the conclusions and recommendations were based on each of the findings. The study sought to investigate on the influence of Strategic Corporate Social Responsibility on competitive advantage in commercial Banks in Kenya. Specifically this study sought to establish the extent strategic corporate social responsibility Resources influence competitive advantage in commercial banks in Kenya, to determine how Strategic corporate social responsibility Communication influence competitive advantage in commercial banks in Kenya, To establish the level of Strategic corporate social responsibility firm approach influence competitive advantage in commercial banks in Kenya and to determine strategic corporate social Responsibility stakeholder influence competitive advantage in commercial banks in Kenya.

5.2 Summary of the Findings

The general objective of this study was exploring the influence of Strategic corporate social responsibility on competitive advantage in commercial banks in Kenya, and therefore the study specifically sought to investigate the influence of Strategic CSR Resources, Strategic CSR communication, Strategic CSR Firm approach and Strategic CSR stakeholders on competitive advantage in commercial banks in Kenya.

To attain the objectives, a target population consisting of community champions in the branch network was identified and used throughout the study. Five objectives were established and addressed using five hypotheses representing each objective. The instrument used to collect data was developed based on mixed method and used to collect both qualitative and quantitative data. The five hypotheses developed were tested using simple, stepwise, and multiple linear regression models. Simple model was used to determine each individual independent variable namely; Strategic CSR

Resources, Strategic CSR Communication, Strategic CSR Firm approach, and Strategic CSR Stakeholder. Multiple linear regression and stepwise linear regression models were used to establish the combination influence of Strategic CSR on Competitive advantage and whether bank size had a moderation effect on the relationship between strategic corporate social responsibility and competitive advantage.

The study focused on branches of commercial banks in Kenya within Nairobi County and which carried out corporate social responsibility at the branch level. Only 27 banks carried out Corporate Social responsibility at branch level and willing to accept data collection to take place in the branch network. Simple random sampling was used to administer questionnaires during the month of September 2017. Questionnaire administration and gathering took a period of three weeks. The descriptive research method was used. Data gathered was coded and entered using the statistical package for the social sciences (SPSS).

The findings of the analysed data were each discussed below,

5.2.1 Strategic CSR Resources

The first objective was to establish the extent strategic CSR Resources influence competitive advantage in commercial banks in Kenya. The null hypothesis tested was that the extent of strategic CSR Resource does not influence competitive advantage in commercial banks in Kenya. The researcher concluded that Strategic CSR Resources are over supplied and do not have a significant effect on competitive advantage in commercial banks in Kenya.

The study found out that Staff training and development and health and safety budgets were adequate according to most of the respondents. This means that the branches had socially responsible employment practices, which include good wages, health, and safety, working environment, training opportunities, flexing hours and baby care facilities which bring direct benefits to the bank by increased morale and productivity while reducing absenteeism and staff turnover.

The study established that there was a great level of employee trustworthiness by the customers in a majority of the branches. This is a great resource which means banks utilize the capability of its staff members. Employees had significant levels of efficient execution of innovative social projects which can be linked to the staff training and development within the branch network. The study acknowledges that employees have great level of experience and skill on banks products and CSR activities and also great level of employee commitment and loyalty shown across the branch network within the commercial banks in Kenya.

5.2.2 Strategic CSR communication

The second objective was to determine influence of strategic CSR Communication on competitive advantage in Commercial banks in Kenya. The Null hypothesis tested was that, the type of Strategic CSR Communication does not influence competitive advantage in Commercial banks in Kenya. The study concluded that strategic CSR Communication significantly affects competitive advantage in commercial banks in Kenya.

The study found that there is a clear process of strategic CSR communication at departmental levels. This means that the branches safe time and cost which leads to great performance for competitive advantage embedded in quality of internal communication. Strategic CSR communication is an important part of the banks' identity and integrity which is pertinent to communication internally and externally.

The study also found out that there is a great level of flow of information on CSR activities as portrayed by the majority of the branches in the commercial banks. This suggests that most of the branches have a well-crafted internal communication strategy which increases interdependencies between internal and external stakeholders and enhance existing relationships. The study established that top management team supports new technology to communicate strategic CSR activities to the customer as indicated by the majority of the branches which positively affect competitive advantage and translates into a positive relation between diversification market communication and CSR. The study demonstrated that commercial banks in Kenya external communication are proactive, efficient and clear. This may mean there is sufficient resources allocation in term of the budget promptly to achieve the banks objective of sustained competitive advantage.

The study approves that Communication strategy for CSR plays a vital role and affects the attitude towards a company and for these matter commercial banks in Kenya. It is therefore suggested that communication of CSR is done in line with customer expectation as they are part of everyday market communication. The study agrees that most of the channels used for CSR and product communication are; Press release, Printed media, SMS alert and emails.

5.2.3 Strategic CSR Firm Approach

The third objective considered the level of influence of strategic CSR firm approach on competitive advantage in commercial banks in Kenya. The null hypothesis was that the level of strategic CSR firm approach does not influence competitive advantage in commercial banks in Kenya. The researcher concluded that strategic CSR firm approach significantly influences competitive advantage in commercial banks in Kenya. The study found out that research and development form high levels of investment done by the banks through branches as it is a way the banks can obtain a competitive advantage with a long-standing theoretical literature linking investment in research and development which improves the bank at the long run.

The study established that, there is a great level of innovation in research and development by the banks on strategic CSR activities. Innovative strategies through research and development employed by the banks have a substantial impact on the process which is timely in order to create new products and services that have a competitive advantage. Branches use most of the media channels to advertise their bank products as supported by the majority of the respondents. This means that advertisement is of great importance to the banks and banks consumers since it is easier to purchase a similar product without attributes which consumer become aware through advertisement. The study approved that branches have a great level of products information awareness created through advertisement to its consumers for as search bring out goods of great quality and style which can be determined before purchase .

The study found out that there are a high level of advertisement on CSR activities as supported by most of the branches as to suggest that advertising provides information about CSR attributes which can be used to build a sustained reputation for quality, reliability or honesty attribute that are important but difficult to determine by search alone. Most of the employees have a great level of understanding their core business in line with CSR activities, and lastly, there is a great level of compatibility between the banks CSR activities and the banks' mission and vision. The results of the study found out that most of the banks have an alignment of business strategy, social responsibility activities, and core business activities. This should occur in order to achieve efficient corporate social responsibility strategies. Lastly the study found out that majority of the branches believed that cost was the most challenge faced by the banks when advertising its products.

5.2.4 Strategic CSR Stakeholder

The fourth objective sought to determine the level of influence of strategic CSR stakeholder on competitive advantage in commercial banks in Kenya. The null hypothesis was the level of stakeholder involvement in strategic CSR does not influence competitive advantage in commercial banks in Kenya. It was concluded that strategic CSR Stakeholder significantly influences competitive advantage in commercial banks in Kenya.

The findings of the study show that banks allowed participation and involvement of customers in strategic CSR activities. Most of the branches in the commercial banks allowed employees to choose strategic CSR activities as supported by the majority of the respondents. The study approves that employees are a strategic resource when they are more productive, and their engagement in CSR activities retains them and reduces turnover and cost of recruitment Majority of the commercial banks allowed feedback from their partners and sometimes involved government to take a stake on their CSR activities.Stakeholder involvement plays a key role since they improve the image and reputation which brings stability of the organisation and lives of customers as supported by the study.

5.2.5 Moderating effect of bank size

The fifth objective was to establish influence of Bank size on the relationship between strategic corporate social responsibility factors and competitive advantage in the commercial banks in Kenya. The null hypothesis was the relationship between strategic CSR factors and competitive advantage in commercial banks in Kenya is not influenced by bank size.

The study found out that bank size is a moderating factor of resources and competitive advantage. There is an interaction between small banks and resource finding show that competitive advantage decreases as you increase resources while for the big banks' competitive advantage increases as you increase resources at 4.5 units. The study established that large banks tend to have a bigger social impact given the scale of their activities, for it deems equitable that the onus to be socially responsible also falls on them, rather than the small ones. They tend to have more capacity to hold more resources compared to small banks.

The findings from the study is that bank size does not have any significant relationship between strategic CSR Resources, Strategic CSR Communication, Firm approach in strategic CSR and stakeholder involvement in Strategic CSR and competitive advantage.

5.3 Conclusions

The study concludes that Strategic CSR resources do not influence competitive advantage in commercial banks in Kenya. This shows that lack of access to more resources within the branches will not have any impact on competition of commercial banks. Most of the branches had enough staff to accomplish CSR activities and were satisfied with the funding they receive from their head office. When the strategic CSR resources are very low, the small banks will perform better than the big banks. As you increase the CSR resources the large banks will overtake the small banks. This can be supported by what Cowen et al. (1987) stated that large banks tend to have a bigger social impact given the scale of their activities, for it deems equitable that the obligation to be socially responsible also falls on them, rather than the small ones.

Competitive advantage within the commercial banks in Kenya is vital for their performance and coexistence. Strategic CSR communication is vital too for the banks to remain top in competition. Strategic CSR communication should be holistic and should create a reputation of reliability and honesty for the customer which makes them assume that products of a reliable and honest bank are of high quality. The null hypothesis was rejected because Strategic CSR communication has a significant relationship to competitive advantage. At the moment corporate social responsibility activities are communicated and understood by the bank, it performs as insurance like protection which yields moral capital from enhanced credibility and reputation (McWilliams & Siege, 2001). Bank size does not moderate communication and competitive advantage of the commercial banks in Kenya. To mean that small and large banks should have the capacity to pass information both internally and externally without challenge.

The firm approach in strategic CSR is critical since it is a way the commercial banks in Kenya obtain competitive advantage. From the finding firm approach has a significant relationship with competitive advantage. Research and development will remain important to commercial banks in Kenya since innovative strategies through R&D employed by banks have a substantial impact on the process which is timely in order to create new products and services that have competitive advantage.

Advertising is of great importance to the banks' consumers. This is because products and corporate social responsibility differentiation to be successful, potential consumers must be aware of the Products and CSR characteristic otherwise they will purchase similar products without the attributes. Finally understanding the core business and aligning it to CSR activities in the commercial banks remains pertinent for this should occur in order to achieve efficient corporate social responsibility strategies.

Building an environment of work culture, awareness through feedback and trust is necessary for commercial banks in Kenya. Equally important is to engage, involve and coordinate stakeholders in the commercial bank in order to gain competitive advantage. Including stakeholders makes commercial sense in allowing commercial banks to maximise shareholders wealth while also increasing vital value-add. There is a strong significant relationship between stakeholders and competitive advantage. Bank size is not a moderating factor between stakeholder and competitive advantage, and therefore all commercial banks should be encouraged to constantly receive feedback from the stakeholders.

Bank size is not significant for banks communication, banks approach and stakeholder involvement when it comes to competitive advantage for commercial banks in Kenya. Only resources play a big role and which the banks should thrive to achieve. From the finding, bank size reduces the risk of failure, take advantage of economies of scale, revolutionize information technology and take wider coverage that will satisfy customers. All banks large and small should strive to remain competitive through different resources each bank has.

5.4 Recommendations

This segment recommends what should be done to develop sustainable competition in commercial banks in Kenya with regard to strategic corporate responsibility. The recommendation can be used by policy makers and top management in the banking sector to enhance competition and value add to all sectors.Based on the findings of the study, commercial banks have enough budget allocation for staff recruitment, staff training, and health and safety resources. Employees have great level of trustworthiness and experience with knowledge of banks products which are needed by customers. They have a great commitment to their work and a loyal to their employers. Resources are sufficiently supplied and commercial banks in Kenya should strike a balance not to oversupply. This will allow them to remain competitive. Heads of commercial banks in Kenya sustain the same level of resources and work on other factors like cost of the resources to remain competitive.

From the findings of the study, communication has a significant effect on competitive advantage and therefore commercial banks in Kenya should continuously design good channels of communication. Internal and External communication should be clear and understood by every stakeholder. The study further recommends that top management should support new technology to pass information on strategic CSR activities to their stakeholders. Communication should be proactive both externally and internally and should reach the intended recipients. The study also recommends strategic CSR communication should be done with a multitude of available new communication channels that is, blogs, flicker, twitter, YouTube, SMS alerts, Press release, emails, and printed media to support firm level objectives.

Grounded on the findings of the study, Strategic CSR firm approach plays a critical role on competition in commercial banks in Kenya. Top leadeship in the banking sector should emphasis on carrying out R&D to come up with more innovative strategies so as to remain competitive enough. The study recommends proper media channels should be used in advertising bank products to their consumers. More level of information awareness to client should be created through advertisements. Supervisors should ensure that employees have high level of understanding of core business for them to remain focussed on the company's goals and objectives. The study further recommends compatibility between strategic corporate social responsibility and the bank's mission and vision.

The study recommends customers to be involved in carrying out strategic corporate social responsibility activities. This will allow manager stakeholder relationship which is attributed to power, legitimacy and urgency when it comes to strategic CSR. The study also recommends top management in commercial banks in Kenya should allow employees to come out with innovative strategies and be part of the implementation. Customers should also be involved in carrying out major CSR activities for this will lead to customer retention and feel that they are part and parcel of the organisation. Top management agenda should be to maximize the shareholders' wealth while also increasing total value adds and this comes from stakeholder involvement. Constant feedback from partners should be allowed by the commercial bank leadership for this allows improvement to areas of need.

Strategic corporate social responsibility is increasingly becoming central to the bank's success in the current century. The banking sector and all other sectors acceptance and application of strategic CSR are found to have sustainable value creation. The following recommendations can benefit government which provides policies, Top management for commercial banks and other sectors who implement strategies and policies. The study has recognized that strategic corporate social responsibility statistically significantly influences competitive advantage in commercial banks in Kenya. These results provide an avenue for commercial banks and other sectors a well to strategically balance economic value and societal value in the environment they operate in. It allows the government to enforce law and regulations for all sectors in the country to apply strategic corporate social responsibility with accountability.

5.5 Areas for Further Research

The general objective of this study was discovering the influence of Strategic corporate social responsibility on competitive advantage in commercial banks in Kenya, and therefore the study specifically sought to investigate the influence of Strategic CSR Resources, strategic CSR communication, Strategic CSR Firm approach and Strategic CSR stakeholder on competitive advantage in commercial banks in Kenya.

The study found out that Communication, firm approach and stakeholder involvement influenced competitive advantage though not to great levels, the research, therefore, suggests a further investigation should be carried out to explore other Strategic CSR activities that have greatest influence in building competitive advantage and invest in them.

Further research should done to establish how managers and leaders in the banking sector can apply Research and Development to come up with more innovative corporate social responsibility strategies so as to remain competitive enough.

The study also suggest a further examination to be carried out on how Core business integrated to CSR strategies can place the banks way ahead of competition.

The same study can be carried out in other industries within the country to improve competitive advantage in them.

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APPENDICES

Appendix I: Questionnaire

1.0 General information about the Bank

The following questions are facts about your bank that you are required to clarify to the respondents in the survey on influence of strategic corporate social Responsibilities on competitive advantage in commercial banks in Kenya. The information you will provide will be held in confidence, will specifically be used for academic purposes and will not be disclosed to another party without your prior permission. Please respond to the statement by a tick (√) where appropriate except where instructions are given to the contrary.

Part A: General profile

a. Position held ---

b. Branch name---

c. Bank name --

d. Level of education qualification---

e. Gender ---

f. Number of employees in the branch --------------------------------------

Part B: Independent variables

2. Which of the following Corporate Social Responsibility activities does the branch you work for undertake? (Tick all that apply)

[ ] Education sponsorship

[ ] Health Promotion for staff

[ ] Environmental Protection

[ ] Community development

[ ] Water and sanitation

[ ] Enterprise development

[ ] any other (specify) --

3. To what extent do you agree with the following statements on your branch?

SD= strongly disagree D= Disagree N= Not sure A= Agree SA= strongly agree

		SD	D	N	A	SA
a	There is adequate budget allocation for staff recruitment	[ ]	[ ]	[ ]	[ ]	[ ]
b	There is adequate budget allocation for staff training and development	[ ]	[ ]	[ ]	[ ]	[ ]
c	There is adequate budget allocation for health and safety for staff	[ ]	[ ]	[ ]	[ ]	[ ]
d	There is a great level of employee trustworthiness by customers in our bank	[ ]	[ ]	[ ]	[ ]	[ ]
e	There is a great level of efficient execution of innovative social projects by our employees	[ ]	[ ]	[ ]	[ ]	[ ]
f	Our bank's employees have great level of experience and skills on banks products and CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
	Our bank's employees have great level of	[ ]	[ ]	[ ]	[ ]	[ ]

g	commitment and loyalty					
h	Our employees have great level of knowledge on banks products and CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
i	There is inadequate budget allocation for health and safety for our staff	[ ]	[ ]	[ ]	[ ]	[ ]

4. Name some of the resources the bank uses to achieve its CSR activities

i)--

ii)---

5. To what extent do you agree with the following statements on CSR communication?

Where SD= strongly disagree D= Disagree N= Not sure A= Agree SA= strongly agree.

		SD	D	N	A	SA
a	There is clear process of CSR communication at departmental level	[ ]	[ ]	[ ]	[ ]	[ ]
b	We have a clear mode of communication in our bank on CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
c	Our bank level of internal CSR communication is proactive	[ ]	[ ]	[ ]	[ ]	[ ]
d	There is a great level of flow of information on CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
e	Top management support new technology to communication CSR activities to our customers	[ ]	[ ]	[ ]	[ ]	[ ]
f	Our bank's level of external CSR communication is proactive	[ ]	[ ]	[ ]	[ ]	[ ]
g	Our bank's level of external communication is efficient and clear	[ ]	[ ]	[ ]	[ ]	[ ]
h	There is no clear process of CSR communication at department level	[ ]	[ ]	[ ]	[ ]	[ ]

6. What are some of the banks communication channels used to pass information efficiently to customers?

7. Below are statement on firm approach on CSR activities (Tick appropriately)

Where SA= strongly agree, A= agree, N= Not sure, D= disagree, SD= strongly disagree

		SA	A	N	D	SD
a.	There is a great level of investment on Research& development by our bank	[ ]	[ ]	[ ]	[ ]	[ ]
b.	There is a great level of innovation on R&D by our bank on CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
c.	We use most of the media channels to advertise banks products	[ ]	[ ]	[ ]	[ ]	[ ]
d.	There is great level of product information awareness created through advertisement by our bank	[ ]	[ ]	[ ]	[ ]	[ ]
e.	There is high level of advertisement on CSR activities done by our bank	[ ]	[ ]	[ ]	[ ]	[ ]
f.	Our Employees have great level of understanding of the core business in line with CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
g.	There is high level of compatibility between our bank CSR activities and the bank's mission and vision	[ ]	[ ]	[ ]	[ ]	[ ]
h	There is no level of advertising of CSR activities in our bank	[ ]	[ ]	[ ]	[ ]	[ ]

8. What are some of challenges faced by the bank in advertising its products?

---

9. Please rate the following attributes in regard to the level of stakeholders involvement on CSR activities

		SA	A	N	D	SD
a	There is a great level of participation of customers on CSR activities in our bank	[ ]	[ ]	[ ]	[ ]	[ ]
b	There is great level of customers involvement in CSR activities in our bank	[ ]	[ ]	[ ]	[ ]	[ ]
c	There is a great level of change in stakeholder risk tolerance value in our bank	[ ]	[ ]	[ ]	[ ]	[ ]
d	Employees are allowed to choose CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
e	There is great level of employee engagement on the banks' CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
f	Our bank frequently receives constant feedback by the partners on CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
g	Our bank frequently involves government on CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]
f	There is no level of employee involvement in CSR activities	[ ]	[ ]	[ ]	[ ]	[ ]

10. Does the bank face any challenges faced by the bank on customer retention-------
----

11. To what extend do you agree with the following statements on banks size

		SA	A	N	D	SD
a	Bank size reduce risk of failure	[ ]	[ ]	[ ]	[ ]	[ ]
b	Bank size take advantage of economies of scale	[ ]	[ ]	[ ]	[ ]	[ ]
c	Bank size revolution in information technology	[ ]	[ ]	[ ]	[ ]	[ ]
d	Bank size take a wider coverage that will satisfy customers	[ ]	[ ]	[ ]	[ ]	[ ]

Part C: Competitive advantage

11. Kindly rank the following statements

VL= Very low, L= Low, A=Average H= High, VH= Very high

Dimension	VL	L	A	H	VH
Cost of service					
Opening bank account charges	[ ]	[ ]	[ ]	[ ]	[ ]
Interest rates on loans	[ ]	[ ]	[ ]	[ ]	[ ]
ATM Withdrawal charges	[ ]	[ ]	[ ]	[ ]	[ ]
New/Replacement ATM card costs	[ ]	[ ]	[ ]	[ ]	[ ]
Bank statement charges	[ ]	[ ]	[ ]	[ ]	[ ]
Saving Charges	[ ]	[ ]	[ ]	[ ]	[ ]
Money transfer charges	[ ]	[ ]	[ ]	[ ]	[ ]
Quality of service					
Banking hall appearance/ space	[ ]	[ ]	[ ]	[ ]	[ ]
Banking staff courtesy	[ ]	[ ]	[ ]	[ ]	[ ]
Customer care	[ ]	[ ]	[ ]	[ ]	[ ]
Privacy of customer information	[ ]	[ ]	[ ]	[ ]	[ ]
Customer satisfaction levels	[ ]	[ ]	[ ]	[ ]	[ ]
Convenience banking to customers	[ ]	[ ]	[ ]	[ ]	[ ]

Timely sharing of information between bank and customers	[ ]	[ ]	[ ]	[ ]	[ ]
Time					
Cheque clearance	[ ]	[ ]	[ ]	[ ]	[ ]
Interaction time with teller	[ ]	[ ]	[ ]	[ ]	[ ]
ATM enquiry time	[ ]	[ ]	[ ]	[ ]	[ ]
Time to introduce new service	[ ]	[ ]	[ ]	[ ]	[ ]
Waiting time in the bank	[ ]	[ ]	[ ]	[ ]	[ ]
Account opening time	[ ]	[ ]	[ ]	[ ]	[ ]
Loan approval	[ ]	[ ]	[ ]	[ ]	[ ]

12. What other measures have you put in place to enhance competitiveness in your industry?

----

13. To what extent does your bank play concerning below statement

		SA	A	N	D	SD
a.	Our bank's resources are adequately sufficient in performing CSR activities above our competition	[ ]	[ ]	[ ]	[ ]	[ ]
b.	In my opinion, our bank's resource allocation for CSR activities is adequate compared to our competitors	[ ]	[ ]	[ ]	[ ]	[ ]
c.	Our good CSR communication attracts more customers than our competitors	[ ]	[ ]	[ ]	[ ]	[ ]
d	Our clear CSR communication of CSR activities play a major role in customer retention compared to our competitors	[ ]	[ ]	[ ]	[ ]	[ ]
e	Our great bank's approach to Research and development on CSR activities has greatly influenced our competitiveness	[ ]	[ ]	[ ]	[ ]	[ ]
f	Our bank's proactive advertising of our products and CSR activities has influenced our competition	[ ]	[ ]	[ ]	[ ]	[ ]
g	Our compatibility of our core business and CSR activities places us over and above our competition	[ ]	[ ]	[ ]	[ ]	[ ]
h	Our good Stake holders involvement in CSR activities has played a major role in employee retention compared to competition	[ ]	[ ]	[ ]	[ ]	[ ]
i	The CSR goals we set for our employees are mainly aiming at customer satisfaction and gives us a competitive edge	[ ]	[ ]	[ ]	[ ]	[ ]

j	Our good stakeholder involvement has greatly influence our competitiveness	[ ]	[ ]	[ ]	[ ]	[ ]
k	Our bank's size has greatly influenced our competitiveness	[ ]	[ ]	[ ]	[ ]	[ ]
l	Our bank's size has greatly reduced risk of failure compared to our competitors	[ ]	[ ]	[ ]	[ ]	[ ]
m	Our bank's size has not greatly influenced our competitiveness	[ ]	[ ]	[ ]	[ ]	[ ]

Part D Secondary data

14. Rank of Kenya commercial bank by Asset

Kenya Banks Rankings 2016 by Asset

BANK NAME	ASSET BASE (000)
1. KCB Bank	504,777.67
2. Equity Bank	379,749
3 Cooperative Bank	349,997.76
4. Barclays Bank	259,498.22
5. Standard Chartered Bank.	250,274.11
6. Diamond Trust Bank	244,123.82
7. Commercial Bank of Africa	210,877.93
8. CFC Stanbic Bank	204,877.93
9. Investment & Mortgages Bank	164,116.12
10. Bank NIC Bank	116,847.35
11. National Bank	115,114.37
12. Citibank	103,323.54
13. Baroda Bank	82,907.48
14. Family Bank	69,432.37
15. Housing Finance	68,084.93
16. Prime Bank	65,338.22
17. Bank of Africa	55,995.67
18. India Bank	47,815.08
19. Ecobank Bank	47,123.84
20. Guaranty Trust Bank (formerly Fina)	29,619.07
21 Gulf African Bank	27,156.26
22. ABC Bank	24,652.35
23. Victoria Bank	22,422.35
24. Sidian bank	20,875.50
25. Habib AG Zurich Bank	17,032.99
26. Development Bank of Kenya	16,418.02

27. Jamii Bora Bank	15,724.25
28. First Community Bank	14,962.09
29. Guardian Bank	14,705.35
30 Consolidated Bank	13,917.90
31. Spire Bank	13,802.50
32. Fidelity Bank Habib Bank	12,508.03
33. Credit Bank	12,201.97
34. Transnational Bank	10,464.50
35. Oriental Bank	9,920.25
36. Paramount Bank	9,426.93
37. UBA Bank	5,601.28
38. Middle East Bank	5,233.52

Bank supervision Annual Report 2016

Charter bank under statutory management, Fidelity commercial bank undergoing acquisition and Imperial bank and Chase bank under receivership have been excluded

Appendix II: Bank Classification, NSE Kenya

Category	List	Total
Large banks	Barclays bank, CFC Stanbic holdings, Diamond Trust Bank Group, Equity Bank Group, Housing Finance Company of Kenya, Kenya Commercial Bank Group, National Bank Group, Credit bank, Standard Chartered Kenya, and Cooperative bank of Kenya	10
Total branches		201
Small banks	bank of Africa, Cooperative bank of Kenya, Credit bank, Charterhouse bank, Equitorial Commercial bank, family bank, Fidelity commercial bank, Guardian bank, Fina bank, Giro Commercial bank, Investment Er Mortgages bank, Middle East bank, NIC bank, Oriental Commercial bank, Paramount Universal bank, Prime bank F, Consolidated bank of Kenya, Development bank of Kenya, Bank of Africa(K), Bank of India, Citibank N.A Kenya, Habib bank A.G Zurich, habib bank, Bank of Baroda(K), K-Rep, Eco bank ltd, Gulf Africa bank(K) and First Community bank, UBA Kenya bank ltd, Trans National bank, Victoria commercial bank	
Total branches		177

Appendix III: Kenya Banks Rankings 2016 by Asset

BANK NAME	ASSET BASE (000)
1. KCB Bank	504,777.67
2. Equity Bank	379,749
3 Cooperative Bank	349,997.76
4. Barclays Bank	259,498.22
5. Standard Chartered Bank.	250,274.11
6. Diamond Trust Bank	244,123.82
7. Commercial Bank of Africa	210,877.93
8. CFC Stanbic Bank	204,877.93
9. Investment & Mortgages Bank	164,116.12
10. Bank NIC Bank	116,847.35
11. National Bank	115,114.37
12. Citibank	103,323.54
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36. Paramount Bank	9,426.93
37. UBA Bank	5,601.28
38. Middle East Bank	5,233.52

Bank supervision Annual Report 2016

Charter bank under statutory management, Fidelity commercial bank undergoing acquisition and Imperial bank and Chase bank under receivership have been excluded

Appendix IV: List of Banks and number of branches

BRANCHES IN NAIROBI Bank	Number of branches in
Barclays bank	45
Bank of Africa	8
ABC Bank	5
Bank of Baroda	2
Bank of India	3
Citibank	1
Commercial bank of Africa	13
Consolidated bank of Kenya	6
Cooperative bank	46
Charterhouse Bank ltd	5
Credit bank	3
Development bank of Kenya	1
Diamond trust Bank	15
Ecobank	4
Equitorial commercial bank	7
Equity bank	22
Family bank	15
Fidelity(Commercial) bank ltd	5
Fina bank	7
First community bank	9
Giro bank	5
Guardian bank	3
Gulf African Bank ltd	7
Housing Finance	5
Investment and Mortgages	14
K-Rep bank (Sidian Bak)	6
Kenya Commercial bank	33
Middle East bank	3
National bank of Kenya	12
Oriental commercial bank	7
Paramount Universal bank	3
Prime bank	10
Standard Chartered bank	10
Trans-National bank	5
NIC bank	7
Stanbic bank Kenya ltd	13
Southern credit bank	4
UBA Kenya ltd	4
Victoria commercial bank	1
Habib bank ltd	1
Habib bank A.G	3
Total	**378**

Appendix V: Authorization Letter

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
KQ PRIDE CENTRE
P.O. Box 62000-00200 CITY SQUARE, NAIROBI, KENYA. TELEPHONE: 0719828131/0735015175/0206422832
Office of the Associate Chair
Email: chairjkuat-kqpridecentre@jkuat.ac.ke

Our Ref: JKU/16/006 – HD418-1888/2014 **DATE :** 28th July, 2016

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: CONFIRMATION OF EUNICE NTHAMBI MUTISYA

The above subject refers.

This is to confirm that Eunice Nthambi Mutisya is a bona fide student of Jomo Kenyatta University of Agriculture and Technology pursuing a Doctoral degree (PhD) in Strategic Management at our centre, KQ Pride Centre.

The student has successful completed course work; a mandatory three (3) semesters of class attendance, assignments, sitting of CATs and examinations and passed. The student can now proceed on for thesis which should take twenty four (24) months on the "Influence of corporate social responsibility and strategic management on competitive advantage in commercial banks in Kenya".

Any assistance accorded to her will be highly appreciated.

For any further enquiries, please do not hesitate to call us.

Thank you.

Yours faithfully,

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
KQ PRIDE CENTRE
28 JUL 2016
ASSOCIATE CHAIR
P.O. BOX NAIROBI

DR. JANE W. GATHENYA, PhD
ASSOC. CHAIR, KQ PRIDE CENTRE
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