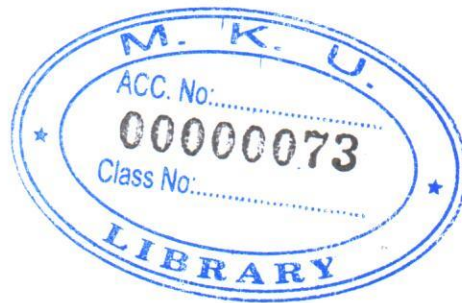


AN ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY ON
THE PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A
CASE OF EQUITY BANK, KITALE

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ABSTRACT

The purpose of the study was to assess the effect of corporate social responsibility on the performance of banks in Kenya, a case of Equity Bank, Kitale. The objectives of the study were: to assess the effect of corporate social responsibility on the profitability of Equity bank, Kitale branch; to establish the effect of corporate social responsibility on customer attraction at Equity bank, Kitale branch and to assess the effect of corporate social responsibility on employee retention at Equity Bank, Kitale branch. The research adopted Edward Freeman, stakeholder theory. On the basis of this theoretical framework, a conceptual framework was developed. Descriptive survey design was employed. The target population was 5655 consisting of customers visiting the bank for one week and employees working in the bank, while a sample size of 565 was drawn from the target population. Stratified and random sampling techniques were used to select respondents who participated in the study. The research instruments that were employed were questionnaires. Data was analyzed using Statistical Package for Social Sciences (SPSS 17.0). Descriptive statistics and inferential statistics were used to analyze the data collected. Data analyzed were presented using tables, pie charts and bar graphs. The findings of the study were: Most customers at Equity Bank, Kitale branch had knowledge of the existence of Corporate Social Responsibility in the Commercial Banks, the main source of information on CSR was through mass media, initiatives like sports, friends and others were beneficiaries, there was significant improvement on the performance of Banks, improvement in Bank profitability, customer satisfaction, customer retention and improved service delivery after the introduction of CSR in the financial sector. However, the study observed that a lot need to be done to improve customers confidence on the quality of services provided at the bank as some reported that there were long queues in the bank, interest rate charged on loans were high and some of the employees were arrogant when delivering the services to customers. The study has observed that although CSR has made significant changes on performance improvement in the financial sector, it has not achieved its objectives and goals as envisaged. The study recommends that; the Banks should ensure fair distribution of Wings to Fly programmes so that the entire country benefits from this programme. Banks should diversify the means of communication to the customers by adopting the information communication technology as the use of mass media is only beneficial to those who access the media. The bank needs to increase employees' salaries to reduce incidences of corruption. To avoid long queues, the banks need to increase their staff through continuous recruitment so that the objectives of CSR can be achieved.