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An Insight into Corporate Social Responsibility in Kenya

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MA Corporate Social Responsibility

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ABSTRACT

Corporate social responsibility (CSR) has risen to prominence in recent years, and has subsequently been identified as having the potential to make significant positive contributions to developing countries (Visser, 2006). Yet, CSR practices vary from country to country. This dissertation questions the way in which CSR manifests itself in Kenya. The research uses the concept of CSR within a framework of corporate social performance (CSP) to investigate CSR in Kenya. The research adopts the central tenets of institutional theory (IT) as used in sociology. Institutional factors are assumed to influence CSR, and subsequently are used to evaluate CSR in Kenya.

Through web content analysis of seventy companies operating in Kenya, and web based surveys, this dissertation demonstrates the various types of CSR present in Kenya. Companies display different interpretations and practices of CSR. Motivated by various pressures in the institutional environment - regulative, normative and coercive – companies focus on different issues and formulate different CSR processes. Thus, the pattern of CSR is not consistent across Kenya. However, isomorphism between companies does occur, both between and across industries, which accounts for similar CSR approaches taken by certain companies.

The dissertation shows that CSR is motivated by institutional factors. It also shows that the understanding of CSR in Kenya differs from those in developed countries. Whereas CSR is understood to be mainly altruistic with the sole aim of contributing to the welfare of society in Kenya, companies originating outside Kenya recognise its potential for achieving economic objectives. Accordingly, companies display different types of CSR reflecting their different motivations. These motivations are closely linked to institutional pressures. Domestic companies are heavily influenced by local norms and socio-economic conditions. International companies are more influenced by their stakeholders and peers who encourage CSR consistent with global norms. As the need to develop CSR in response to local needs has come to the forefront of the CSR agenda, companies are tailoring their CSR policies and practices accordingly. The dissertation discusses the implication of the findings to practice and policy, proposing that the lack of government regulations and effective CSR institutions in Kenya need attention.

CHAPTER 1

INTRODUCTION

1.0 Introducing the Study

"The private sector is sometimes seen as an enemy of the poor" (Department For International Development (DFID), 2003)

Despite such sentiments, recent years have witnessed the proliferation of a set of countervailing views that have seen corporate social responsibility (CSR) assume increasing significance in both academic and public spheres. Viewed as "one of, if not *the* most important issue of our time" (Hopkins, 2007, p. xiii), CSR has proved to be a fundamental yet contentious matter across the world. Fierce debate rages between intellectuals and business practitioners alike. The debate seeks to ascertain whether there is any truth behind the notion that CSR has the potential to make significant positive contributions towards social, environmental, and economic conditions in developing countries. There has emerged a need to explore CSR practices in the developing world. Using Kenya as a case study, this dissertation aims to provide an insight into CSR in a developing country context. The dissertation draws on well-established conceptualizations of CSR to determine how CSR manifests itself in Kenya. Mindful of the fact that "business norms and standards, regulatory frameworks, and stakeholder demands for CSR can vary substantially across nations, regions, and lines of business" (McWilliams et al, 2006, p. 2), institutional theory (IT) is subsequently employed to analyse the emergent patterns of CSR in Kenya.

1.1 Background and Overview

The current globalized world has witnessed rising social inequalities, soaring disparities in income, the emergence of global environmental problems, and the outsourcing of increasingly skilled operations to developing countries. These problems have led to demands for protection against the anarchy of unregulated market forces (Levy and Kaplan, 2007). Such demands pose numerous challenges for the private sector. Companies are under intense pressure to take responsibility for their impact on the societies in which they operate, and the environments in which they exist. Moreover, the private sector is increasingly perceived as one of the “best placed institutions” (Visser, 2006, p. 31) to make positive contributions to society. Accordingly, companies are also expected to take an active role in the development of society. These calls for responsible business practices and corporate contributions are normally framed in terms of CSR (Visser, 2006).

The basic idea of CSR is that business and society are interwoven rather than distinct entities. Society thus has certain expectations for appropriate business behaviour. However, there exists great uncertainty as to how CSR should be defined (Dahlsrud, 2006). To some, CSR refers to the responsibilities of companies apart from their core profit activities and those required by the law (Chapple and Moon, 2005). In essence, CSR addresses the role and responsibilities of companies in contemporary society (Jonker and de Witte, 2006). But the concept has been shrouded in controversy. Sceptics deem CSR as antithetical to business practice, diverting attention and resources away from profit making. In contrast, proponents claim that CSR is essential for business success. Still, academics and business practitioners alike are acknowledging CSR as “not a passing, activist driven fad but a legitimate and permanent feature of the business landscape” (BiTC, 1997, cited in: UNIDO, 2002, p. 17). There is little doubt that CSR is now a prominent feature of the international business agenda (Holmes and Watts, 2000; Moon, 2007). More and more companies are adopting CSR principles and practices into their business operations. For some, the motivation for incorporating CSR into their business is encapsulated by the mantra of ‘doing good by doing well’, whereas for others, CSR is merely a way to avoid rules and regulations regarding the behaviour of business in society. Lastly, CSR is seen as a way to build competitive advantage (Jonker and de Witte, 2006). Whatever the motivation, research shows that companies have adopted multiple processes to address social and environmental issues. However, the field of CSR is still evolving and fraught with challenges (Chaudhri, 2006).

Research has mainly focused on CSR in the US and Europe (Maignan and Ralston, 2002). In recent years, there have been increasing concerns regarding the behaviour of companies in developing countries, both domestic and international. Examples of corporate complicity in environmental destruction, labour exploitation and social disruption are abundant (Visser, 2006). However, the potential for CSR to contribute to poverty alleviation and social development has also been recognised (Porter and Kramer, 2006). These recognitions have heightened research interest in CSR in developing countries. Moreover, extant research has revealed that the meaning, practices, and processes of CSR vary from country to country. Research has begun to address the reasons why CSR differs between national contexts but developing country studies remain scarce. This paper therefore not only investigates how CSR is understood and implemented but also why it occurs A vast region that has received scant attention in CSR debates is that of Africa, and in light of this lacuna, this research will focus on Kenya.

1.2 The Research Questions

The relevance of CSR for the developing world has been highlighted and publicised in recent years (UNIDO, 2002). CSR can offer significantly beneficial opportunities for both businesses and the societies in which they operate. CSR is a "complex phenomenon" (Dahlsrud, 2006) though. Whilst some believe that CSR is a universal concept, some studies have revealed that the meaning and practice of CSR are shaped by specific economic, social, cultural, and political contexts, and therefore vary between countries. This raises some important questions: Is CSR homogenous across the globe? Does CSR reflect socio-cultural conditions? Do companies modify their CSR to national and local needs? In the words of Visser (2006, p. 31): "CSR according to what (or whose) definition?"

In light of the above, this research investigates how CSR manifests itself in Kenya. To do so, the research explores why companies engage in CSR, what companies include on their CSR agendas, and how companies put their CSR into practice by questioning:

1. What drives companies to engage in CSR?
2. What issues do companies target for CSR?
3. What processes do companies employ to implement CSR?

It would however be naïve to expect a consistent pattern of CSR across the country. Variation is expected for a myriad of reasons, many of which are beyond the scope of this research. However, it is possible to explore some of the instances in which this variance may occur:

4. Is there a difference between the CSR practices of international and national companies?

5. Is there a difference between the CSR practices of companies in different industries?

And finally, once a pattern of CSR has been established for Kenya;

6. Why does CSR manifest itself this way?

1.2.1 Introducing the Research Concepts

The concept of CSR is central to this research. Essentially, the basic normative premise of CSR "is that organizations should act beyond their traditional business boundaries, their purpose no longer restricted to generating profit but extended to include a contribution to the cohesion of society and consideration of the social and ecological environment" (Schoemaker and Jonker, 2006, p. 51). In short, advocates of CSR propose that businesses have responsibilities above and beyond that of profit maximisation. To examine the current status of CSR in Kenya - what CSR entails and how it is implemented - the four-part definition of CSR developed by Carroll (1979) and the model of corporate social performance (CSP) proposed by Wood (1991) are used as a framework for investigation. Further, Lantos' (2002) categorization of CSR is applied to evaluate the purpose of CSR. In this research, CSR is considered to be influenced by the institutional environment in which companies operate. IT can explain any emergent patterns of CSR as companies are subject to normative, cognitive and regulative pressures that enable or constrain their uptake of specific types of CSR. Therefore, the research applies the principles of IT to evaluate how and why CSR occurs as it does in Kenya.

1.3 Contribution of the Research

The intention of this research is to contribute to the growing body of literature focused on CSR in developing countries, particularly that of Africa, using an institutional theory perspective. As minimal research exists regarding CSR in Kenya, this study attempts to fill the gap by providing a comprehensive insight into the current CSR orientations of companies. With limited information as to CSR practices in Kenya, it is unknown whether CSR is being implemented widely, whether it takes the form of a construct consistent with CSR interpretations from the West, or whether it explicitly addresses local needs and concerns.

There is therefore a need for instrumental and empirical research. Whereas much of the extant research into CSR is normative, detailing what companies should be doing in developing countries, this research will explore what they are doing by examining CSR practices as reported by the companies. Marking a step forward on the research agenda by increasing knowledge of CSR in Kenya that can be used by businesses and researchers, this research will add an instrumental dimension to the literature. The research differs from others in the field as it adopts the principles of IT to analyse CSR. The research reveals that the CSR orientation among companies in Kenya is far from uniform. Deviating from the CSR Pyramid proposed by Carroll (1991), companies in Kenya exhibit differing priorities to one another, and thus display a multitude of approaches to CSR. Institutional theory offers important insights into the reasons why such variance occurs. The various motives to engage in CSR largely stem from normative, cognitive and regulative pressures in the institutional environment, which subsequently initiate different types of CSR practices.

1.4 Dissertation Structure

The following chapters discuss how CSR is manifested in Kenya.

- Chapter two draws together the literature surrounding the concept of CSR. It considers the determinants and components of CSR presented in the literature in order to provide a conceptual framework for the study. Firstly, the multifaceted and controversial nature of CSR that has resulted in divergent views as to what constitutes CSR is discussed. Next, to set the study in context, the challenges facing CSR in a developing country context (Kenya) are outlined. The chapter discusses the various manifestations of CSR in different countries and raises the question as to whether current conceptualizations of CSR are appropriate and relevant for the Kenyan context. IT is also introduced as a means to analyse how and why companies adopt certain types of CSR.
- In chapter three, the literature on institutional theory is reviewed. The sociological perspective of IT is presented, and the three mechanisms that lead to institutional isomorphism – coercive, mimetic and normative – are discussed with reference to the uptake of CSR. Here, CSR is viewed as a response to institutional pressures whereby CSR is more likely to be adopted if these institutional conditions are present.

- The research methodology is discussed in chapter four. This includes a description and justification of the research strategy, sampling technique, data collection methods, and data analysis.
- Chapter five presents the research findings. Each dimension of CSR is discussed alluding to similarities and differences between the companies. Motivations to engage in CSR, the issues addressed by CSR, and the processes of CSR are described. An overall picture of CSR for Kenya is presented with reference to existing models in the literature.
- In chapter six, the institutional factors that determine the focus and form of CSR are discussed in light of the findings.
- Chapter seven determines the extent to which institutional pressures encourage isomorphism of CSR in Kenya, allowing conclusions to be drawn as to how and why companies engage in particular forms of CSR in Kenya. In addition, limitations of the research are discussed and implications of the research to practice and policy are offered.

CHAPTER 2

CONCEPTUAL FRAMEWORK

2.0 Introduction

"What CSR means across different countries, what it means to companies in those countries and the general public varies across the world"
(Hopkins, 2007, p. 140)

Pertaining to the various conceptions of CSR across the globe, Hopkins (2007) sums up a prevailing theme in CSR research. Essentially, CSR refers to the role of business in society. Due to the diversity of societies, cultures, values and morals across nations, the nature of CSR depends on where it is operating. Hence, it is necessary to understand the multi-level, broad, and diverse nature of CSR in order to identify a set of themes for research and to provide a clear and justified methodology (Silberhorn and Warren, 2007; Jamali and Mirshak, 2007).

This chapter will therefore introduce and define the concept of CSR. Through a review of the relevant literature, this chapter will operationalize existing conceptualizations of CSR to establish what constitutes CSR. In view of the growing body of research, which suggests that CSR orientations vary between countries, the relevance and applicability of the concept to different country contexts will also be considered (Jamali and Mirshak, 2007). CSR will be positioned in a developing country context, discussed with reference to Africa, and in particular; Kenya.

2.1 Emergence and Development of Corporate Social Responsibility

The notion that business has responsibilities to society is not contemporary (Lantos, 2001). It can be traced back as early as the seventeenth century, although the way in which people view the relationship between business and society and thus define CSR, has evolved and transformed (Henriques, 2003; Lantos, 2001; Carroll,1999).

The modern notion of CSR is often attributed to Howard Bowen whose seminal book, *Social Responsibilities of the Businessman (1953)* is considered by many to be the first definitive publication on the topic (Tulder and van de Zwart, 2006; Carroll, 1999). He defined a business's social responsibilities as the obligation to "pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Bowen, 1953, p. 6). The following years, as detailed by Carroll (1999), witnessed the expansion and proliferation of the CSR concept. As it was elaborated and developed, it conjured up considerable debates. At the centre of these were discussions as to "whether business is a single dimension entity of profit maximisation or a multi-dimensional entity serving greater societal interests" (Quazi and O'Brien, 2000, p. 33). To this day, there exists a spectrum of viewpoints on the matter, which have engendered multiple conceptualizations of CSR.

Representing one predominant school of thought are those who are in agreement with Albert Carr (1996) and Milton Friedman. Friedman famously sparked controversy in 1962 by arguing that social responsibility was "fundamentally subversive". He later claimed

> "*there is one and only one responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game" (Friedman, 1970)* .

This approach is often regarded in the literature as the 'classical' or 'orthodox' paradigm (Quazi and O'Brien, 2000), whereby proponents believe that the responsibility of business is solely to maximise returns to their shareholders within the framework of legal requirements. Jamali and Mirshak (2007, p. 245) express this view as being a "narrow conception" of CSR. It simply entails legal and economic responsibilities. An alternate, broader conception of CSR, views companies as being responsible to society as a whole, of which they are an integral part (van Marrewijk, 2003). This school of thought sees business as having responsibilities extending beyond the narrow perspective of short term profit maximisation (Quazi and O'Brien, 2000). The prevailing notion is that corporations have multiple responsibilities from economic through to legal, ethical, and philanthropic; echoing the four part definition proposed by Carroll in 1979. This conception of CSR provides a basis for this research. Also contained in this broader paradigm is the stakeholder oriented approach put forward by Freeman (1984), who stressed how businesses should be held accountable to all of their stakeholders not only their shareholders. Confounding the debate somewhat further, Matten and Moon (2008, p. 405) ascertain that ultimately, the “precise manifestation and direction of the responsibility lie at the discretion of the organization”.

2.1.1 Defining Corporate Social Responsibility

An uncontested definition of CSR is yet to appear in the literature (Maignan and Ralston, 2002; Dahlsrud, 2006). As noted by Birch and Moon (2004), there is no single formula for CSR. Rather, CSR is multifaceted, dynamic and context specific (Moon, 2007). Consequently, a plethora of definitions have emerged over the past fifty years to express the role and responsibilities of business in society. (Visser, 2006; Blowfield and Frynas, 2005). For the purposes of this research, CSR will be defined as

“The commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”

(Holme and Watts, World Business Council for Sustainable Development, 2000)

Furthermore, a review of the literature reveals that there are “several terms in currency designed to capture the practices and norms of new business-society relations” (Moon, 2002, p. 3). These different and yet related terms include but are not restricted to: corporate social responsibility (Bowen, 1953; Carroll, 1979), corporate citizenship (Maignan and Ferrell, 2000; Pinkston and Carroll, 1994), corporate accountability, corporate social performance (Wood, 1991), and corporate social responsiveness (Ackerman and Bauer, 1976). Here, the term CSR will be used as an ‘umbrella term’ incorporating other similar conceptions of business-society relations.

2.2 Understanding the Concept of Corporate Social Responsibility

2.2.1 The Responsibilities of Business

In 1979, Carroll proposed a model of CSR that distinguished economic, legal, ethical, and philanthropic responsibilities for business. In 1991, Carroll organised these four components of CSR into a pyramid construct as depicted in Figure 1. This conceptualization has been the most widely cited in the literature (Crane and Matten, 2004).

Running parallel with the classical economic thinking of Adam Smith and consistent with Friedman's (1970) view, Carroll (1979) expressed economic responsibilities, such as being profitable, creating new products and services, and creating jobs, as the "first and foremost social responsibility of business" (Carroll, 1979, p. 500). Legal responsibilities form the second part of Carroll's (1979) conceptualization. Compliance with legal requirements is deemed necessary as laws and regulations are a reflection of norms or rules established in society (Sachs et al, 2005; Carroll, 1979). As such, businesses are expected to operate within the existing legal framework and to play by the 'rules of the game' (Jamali and Mirshak, 2007). The third category is ethical responsibilities. This part of the model concerns the philosophy, mode, or strategy driving the response to social issues (Carroll, 1979). Key to this category is the notion that businesses should follow established moral standards set by society (Maignan and Ferrell, 2001). Lastly, Carroll (1979) considered discretionary responsibilities. Notoriously troublesome to define, these responsibilities are voluntary and guided by a desire to contribute to the improvement of society in ways which have not already been discussed, such as philanthropic contributions or the provision of training opportunities for the unemployed (Carroll, 1991).

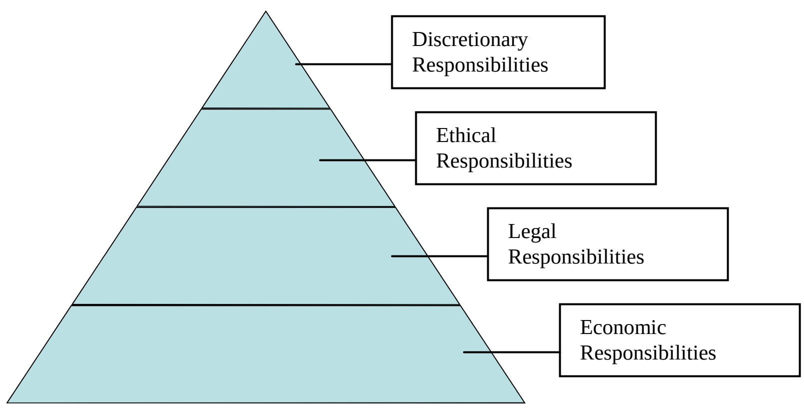


Figure 1: Carroll's (1991) CSR Pyramid

However, the relevance and applicability of Carroll's CSR construct has been called into question. Carroll's CSR Pyramid has mainly been used to investigate CSR in an American context (Visser, 2006; Maignan and Ralston 2002). However, it has been suggested that culture may have an important influence on CSR priorities (Visser, 2006). For example, Crane and Matten (2004, p. 46) discuss CSR in a European context, and conclude that "all levels of CSR play a role in Europe, but they have different significance, and furthermore are interlinked in a somewhat different manner". Similarly, Visser (2006) contends that the layers of Carroll's CSR Pyramid differ in an African context. Moreover, Visser (2006) suggests that Carroll's (1979) conceptualization may not be the most suitable or appropriate model for understanding CSR in Africa, or indeed CSR in general (Visser, 2006). Therefore it is essential to investigate alternative CSR theories and frameworks.

The key factor to consider is the way in which CSR is "formulated, implemented and embedded" (Roome et al, 2006, p. 91). Accordingly, CSP serves as a useful framework for understanding what CSR actually entails. Both Carroll (1991) and Wood (1991) stressed the need to place CSR into the comprehensive framework of CSP. Wood (1991, p. 713) defined CSP as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies and programs, and observable outcomes as they relate to the firm's societal relationships".

Although Carroll's (1979) model delineates those responsibilities required, expected, and desired by society, Wood (1991) contends that it does not sufficiently explain the factors motivating businesses to be socially responsible. Wood (1991) articulates that Carroll's (1979) categories "can be viewed as domains within which principles are enacted, but not as principles themselves" (Wood, 1991, p. 695). Consequently, the principles driving CSR require more attention.

2.2.2 Motivations for Corporate Social Responsibility

Drawing on Wood's (1991) influential work, Swanson (1995) outlines threee motivations that drive the commitment to CSR. Firstly, following a utilitarian perspective, CSR is viewed as a useful mechanism for a company to achieve performance objectives (Swanson, 1995). Secondly, taking a negative duty approach, companies adopt CSR initiatives to conform to stakeholder norms defining appropriate behaviour. Based on the notion that "society grants legitimacy and power to business" (Davis, 1973, p. 314), CSR is viewed as a legitimacy tool. Thirdly, the positive duty view advocates that CSR may be self-motivated rather than a response to social pressures. These motivations have been categorized by Maignan and Ralston (2002) into performance-driven, stakeholder-driven, and value-driven which correspond with the utilitarian, negative duty and positive duty approaches respectively. To implement CSR at a practical level, there must be "an action dimension… to complement the normative and motivational component of social responsibility" (Jamali and Mirshak, 2007, p. 248).

2.2.3 Implementation of Corporate Social Responsibility

Wood (1991) proposes that companies employ different processes of social responsiveness to address social issues. Wood (1991) delineates three interconnected domains by which companies respond to the pressures of the external environment: environmental assessment, stakeholder management, and issues management. Clearly, each domain has a focus on different issues. Thus, the focus of CSR and the processes employed are inexorably linked.

However, in a recent empirical study, Maignan and Ralston (2002) found that companies adopt range of processes that were narrower in scope than those described by Wood (1991). Also, they were linked to more specific issues and activities. These included philanthropic programmes, air quality management, and health and safety programmes. In some cases, these processes contribute to the common good irrespective of whether the company will reap financial rewards (Jamali, 2007). This type of CSR sees companies going beyond "preventing or rectifying harms they have done… to assuming liability for public welfare deficiencies that they have not caused" (Lantos, 2001, p. 605). Alternatively, other CSR processes can create win-win situations whereby companies can achieve economic goals whilst simultaneously promoting social welfare. Lantos (2001) describes this as strategic CSR and Quester and Thopmson (2001) describe this form of CSR as philanthropy aligned with profit maximisation. Accordingly companies engage in social responsibilities that are relevant to their interests, operations, and actions" (Wood, 1991). As such, there is reason to believe that CSR will vary between industries. Bertels and Peloza (2008) support this notion as they discovered industry to play a significant role in the CSR strategies of companies. Similarly, Silberhorn and Warren (2007) and Holme and Watts (2001) found that different industries put emphasis on different aspects of CSR. Halme and Laurila (2008) propose that more variables relating to industry sector must be introduced to this genre of research.

It is evident that CSR takes many different forms. Indeed Wood (1991) notes how "companies will use different response modes… for different issues, and they may even display a variety of modes at once" (Wood, 1991, p. 707). However, Wood (1991) also highlights the need for more research into the conditions under which a company will choose particular responses.

2.3 Corporate Social Responsibility in Context

Companies across the world exhibit a variety of CSR principles, policies and practices and a growing body of literature exists to suggest that this variance is because the dynamics of CSR are socio-culturally embedded (Amaeshi et al, 2006; Jamali and Mirshak, 2007). However, claims have been made that CSR is universal in nature and should be viewed as a homogenous construct. Yet, businesses cannot be separated from the societies in which they operate, and since societies are different, it is only logical to assume that conceptions of CSR will also differ (Amaeshi et al, 2006; Kusku and Zarkada-Fraser, 2004). Indeed, Matten and Moon (2008) assert that there is no shortage of evidence suggesting the meaning of CSR, the issues targeted, and the modes by which they are addressed display variance in different country contexts. Numerous empirical studies exist to verify this claim.

Holme and Watts (2000) provide empirical evidence that conceptions of CSR vary across cultures. As a result of stakeholder dialogues undertaken to explore what CSR means, Holmes and Watts (2000) present a range of different perspectives from eight countries across the world[1]. Notably, the priorities for CSR action differ, which Welford (2005) attributes to different societal norms, cultural values and levels of economic development. Matten and Moon (2008) express how the motives of CSR also vary cross-nationally as a result of different stakeholder identities and interests. Research by Baughn et al (2007) demonstrates wide variance in the extent to which CSR is practiced around the world. Welford's (2005) survey indicated more CSR activity in Europe and North America than in Asia. Furthermore, results of Welford's (2005) survey showed different countries emphasizing different CSR issues. For example, in North America there is a focus on philanthropy, whilst in Canada, education receives more attention. Maignan and Ralston's study of self-presentations of CSR on corporate websites (2002) reveals similar findings. They found substantially different

[1] The countries included were: the Netherlands, Taiwan, the Philippines, the United States, Ghana, Brazil, and Argentia (Holmes and Watts, 2000)

perspectives between companies based in France, the Netherlands, the UK and the US regarding the level of importance they assigned to CSR reporting and particular issues.

However, a review of the literature reveals an overwhelming dominance of western-centric publications (Amaeshi et al, 2006). The majority of CSR research has focused on North America and Europe (Maignan and Ralston, 2002; Frynas, 2006; Birch and Moon, 2004). Yet globalization has made CSR an international concern (Thorne McAlister et al, 2005). Globalization has increased cross-border economic activities in the form of international trade, foreign direct investment, and international capital flows (World Bank, 2008). It has also created an increased public awareness of the operations of multinational corporations (MNCs) in developing countries (Kline, 2005). Examples of MNCs who have been found guilty of irresponsible business practices in developing countries are plentiful. Highlighted by non-governmental organisations (NGOs) and the media, companies have come under increasing pressures to become socially responsible throughout their supply chain, and in all areas of their operations.

In addition, the potential for companies to make a positive contribution to developing countries has been recognised. It is increasingly acknowledged that "business is now in many ways better placed than any other institution to act as the principal agent of social justice in much of the developing world" (Hertz, 2002, p. 188). The Global Compact (GC) and Business Action for Africa demonstrate these ideas. Subsequently, the concept of CSR is gaining ground in developing countries (Baskin, 2005).

However, there is a concern that current approaches to CSR, with their origin in developed countries, "may not sufficiently relate or respond to the context and circumstances encountered in developing economies" (Hamann, 2006, p. 179). Indeed, one of the biggest challenges facing MNCs is how to effectively address the "recurring tensions between universal expectations and local challenges and opportunities" (Hamann, 2006, p. 179). Developing countries comprise vastly different social, political, economic and cultural conditions to developed countries (Jamali and Mirshak, 2007). These societies do not share the same cultural and social values, norms, and priorities that underpin CSR in 'western' nations (Blowfield and Frynas, 2005). Thus, *"developing countries present a distinctive set of CSR agenda challenges which are collectively quite different to those faced in the developed world" (Visser, 2008: 474).*

In view of these challenges, Blowfield and Frynas (2005) stress the importance of understanding CSR in the developing country context. Without doing so, they profess there is the possibility CSR will "legitimize and reproduce values and perspectives that are not in the interests of developing economies or the poor and marginalized" (Blowfield and Frynas, 2005, p. 510). Contextually relevant CSR is therefore of paramount importance.

However, only a handful of studies examine CSR in developing countries (Visser, 2007; Jamali and Mirshak, 2007; Amaeshi et al, 2006). With a few notable exceptions such as Baskin's (2005) OECD-commissioned study on CSR in emerging economies, there is scarce empirical research on the nature and practices of CSR in developing countries (Visser, 2008). *The Journal of Corporate Citizenship (JCC)* has however, been a "pioneer" in exploring the state of CSR in developing countries (Frynas, 2006, p.17). Regionally, Asia has been most extensively studied in the CSR literature. Examples include, Chapple and Moon's (2005) seven country study of CSR website reporting in Asia, a study of CSR in Indonesia by Kemp (2001), and those with a focus on China such as Zhuang and Wheale (2004). Studies have been conducted on CSR in Latin America but they remain few and rather underdeveloped (Haslam, 2007). Hence, while studies are beginning to proliferate in the literature, more than 100 developing countries for whom CSR holds great potential do not appear to have had any research published in core CSR journals (Visser, 2008).

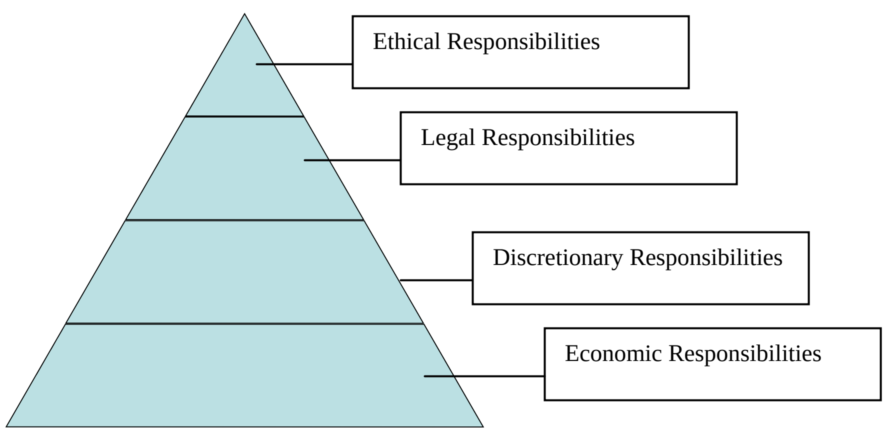
2.3.1 Corporate Social Responsibility in Africa

Between 1995 and 2005, only 12 of Africa's 53 countries had research published in core CSR journals (Visser, 2008). However, there is scope for research as "the continent embodies many of the most vexing dilemmas that business faces in its attempt to be responsible" (Visser et al, 2006). Companies are confronted with several dilemmas in Africa, which pertain to the question of how to balance the desire for global integration with the need for local responsiveness. Such dilemmas raise questions as to whether the CSR being practised is relevant to the African context (Visser et al, 2006).

The challenges of poverty, HIV/AIDS and sanitation are just some of the factors jeopardizing social and economic progress in developing countries. There is certainly a role for CSR to play in addressing these challenges, and more research is required to determine what action businesses are currently taking in these countries. Africa in particular faces severe development challenges, especially the in countries of sub-Saharan Africa where poverty is endemic, HIV/AIDS is prevalent, and hunger is a harsh daily reality. However, research into CSR is extremely limited in this region despite evidence of its implementation (Visser et al, 2005; Matten and Moon, 2008). As such, there exists a need for detailed national research.

Phillips (2006) argues that the motivations for CSR in African countries are likely to differ from the rest of the world. For example, where government regulations and laws may encourage the uptake of CSR practices in developed countries, they often emerge as a response to the failures of government in Africa. Endorsing this perspective is Visser (2006) who argues that the relative priorities of CSR in Africa deviate from those in the US. Visser (2006) proposes that Carroll’s (1979) classic model of CSR needs reordering for the African context. Visser (2006) argues that philanthropic responsibilities take second highest priority as opposed to legal responsibilities, as demonstrated in Figure 2. Amaeshi et al (2006, p. 6) also express concern towards applications of CSR as a “standardised global practice”. They hypothesise and conclude that Nigeria has an indigenous form of CSR dependent upon its specific socio-cultural context and governance framework. This provokes an important question: if CSR means something different in Nigeria, what does it mean in other African countries? and is it reflected in practice?

Figure 2: Visser’s African CSR Pyramid



2.3.2 Corporate Social Responsibility in Kenya

Kivuitu and Fox (2005) provide some insights into CSR in Kenya. Although the term is relatively new, the notion that business has responsibilities to society is well established in Kenyan society. Kiviutu and Fox (2005) assert that there already exist many initiatives that may be described as CSR.

The notion of CSR is most commonly associated with philanthropy at present. Companies make donations to help alleviate social problems, justified by the belief that companies should 'give something back' to the societies in which they operate. Unfortunately there is a "tradition of companies using philanthropy as a respectable means of buying off stakeholders to accept their operating practices" (Hopkins, 2007, p. 175). Corruption is a major obstacle to achieving CSR in Kenya. However, the trajectory of CSR has been influenced by civil society organizations campaigning against poor labour practices and environmentally damaging production processes in the export sectors, such as cut flowers, horticulture and textiles (Dolan et al, 2005; Kiviutu and Fox, 2005). Though, government regulations to ensure socially responsible behaviour remain limited.

Rather, CSR-related organizations including Ufadhili and the Sisa Center for Corporate Partnership are raising the profile of CSR at the national level. Multilateral and bilateral development agencies are also leading CSR initiatives. For instance, Kenya has been selected for the UN Global Compact/UNDP 'Growing Sustainable Business for Poverty Reduction' initiative (Kiviutu and Fox, 2005) and more than thirty national companies have joined the Global Compact Kenya network (UNDP, 2007). In addition, Kenya is attracting foreign investors who have already established CSR practices. The CSR initiatives of these companies provide a benchmark against which companies in Kenya develop and measure their CSR. CSR in Kenya may therefore be homogenous with Western notions of CSR. Kivuitu and Fox (2005) highlight the need to localise the CSR agenda, and for there to be a Kenyan CSR.

2.4 Chapter Summary

This chapter has discussed what CSR entails. It has provided a comprehensive overview of the literature surrounding CSR where it has become apparent that some lacunas exist. Firstly, the West dominates the CSR agenda. Research has branched out into the developing world but this body of research remains in its infancy. Asia has attracted increasing attention from academics in recent years, but Latin America and Africa lag behind. Secondly, attention has turned to the notion that CSR is “contextualized by national institutional frameworks, and therefore differs across countries” (Matten and Moon, 2008: 406). Accordingly, there have been calls for more empirical research investigating CSR in developing country contexts and the influence of the institutional environment, especially in Africa. Hence, this chapter provides a conceptualization of CSR based on research advanced by Carroll (1979), Wood (1991) and Lantos (2001), which will be used to investigate CSR in the Kenyan context.

CHAPTER 3

THEORETICAL FRAMEWORK

3.0 Introduction

"Organizational practices are contextualised within institutional environments"
(Scott, 1991, p.168)

This statement encapsulates the basic premise underlying Institutional Theory (IT); organizations respond to external social and cultural forces, rather than just market forces (Selznick, 1957). Advocates of the theory posit that organizations are substantially influenced by the institutional settings in which they operate (Doh and Guay, 2006). Organizations are thus subject to institutional pressures wherever they are located and must coordinate and control their actions accordingly (Meyer and Rowan, 1977). Indeed, as DiMaggio and Powell (1983) and Meyer and Rowan (1977) insinuate, an organization's survival requires it to conform to social norms of acceptable behaviour. As norms vary both temporally and spatially, institutional concepts provide a means to study organizational phenomenon, including that of CSR, in a variety of contexts. From this theoretical perspective, institutional factors have implications for the uptake and practice of CSR, serving to promote or temper CSR agendas (Campbell, 2007). The extent to which this occurs requires empirical investigation, and it is this notion that underpins this research.

The purpose of this chapter is to provide a theoretical framework for the research.
In this chapter, IT will be introduced, defined, and applied to CSR. Through a review of the extant literature in sociology, the main concepts of IT will be explained, which are fundamental to the analysis of this research. The relevance of the theory to CSR will also be expressed. To provide insights into how and why CSR manifests itself in Kenya, propositions based on the literature will be made. Taking a neoinstitutional perspective, this chapter explains how institutional factors may influence the CSR orientation of companies operating in Kenya.

3.1 Background to Institutional Theory

Institutional Theory has a long and varied tradition in the social sciences. Scott (2001) provides an insight into the diversity of institutional thought by reviewing the principal contributions made by economics, political science, and sociology. Although there is substantial overlap in themes and interests, Scott (2003, p. 135) pertains that the “arguments and assumptions made by each collection of theorists tend to vary systematically and substantially”. Generally speaking, economists emphasise the importance of external legal and rule-based systems such as the nation-state (Scott, 2003). Political scientists and early sociologists stress the role of values and norms present in social situations, known as normative controls (Scott, 2003). Recent sociologists accord primacy to cognitive frames and cultural frameworks. That is, sets of shared beliefs that provide models, schemas and guidelines for governing behaviour in social situations (Berger and Luckmann, 1967). It was not until the 1970s that scholars began to recognize the significant effects of the institutional environment on the structure and behaviour of organizations (Scott, 2001). It is these studies that bear the most relevance for this research. Accordingly, the most recent sociological strand of IT; the ‘neo-institutional’ approach, will be adopted for this research.

3.1.1 Institutions and Institutionalization

Institutionalization is “a social process by which individuals come to accept a shared definition of social reality” (Scott, 1987, p.496). These social realities acquire a “rulelike status in social thought and action” (Meyer and Rowan, 1977, p. 341). It is this process that determines an institution. Institutions, which form the foundation of the IT literature, are defined as “socially constructed, routine-reproduced programs or rule systems” (Jepperson, 1991, p. 149). They constitute not only formal organizations but also include rules, norms and beliefs (Matten and Moon, 2008). It is these institutions that can influence and shape organizational behaviour.

3.1.2 Neo-Institutional Theory

Neo-Institutional theorists argue that “a set of rationalizing agents – in particular the nation state, professional associations, and nongovernmental bodies – provide a rapidly expanding collection of beliefs and rules that furnish the fuel for organizational expansion and elaboration" (Scott, 2003, p. 119).

Meyer and Rowan's (1977) seminal article offers one important application of neo-institutional theory to organizations. They emphasise the importance of cultural rules, arguing that institutionalized rules and patterns exist in modern societies that powerfully create and shape organizational structures. They use the analogy of "rationalised myths"[2] to illustrate their argument and claim that

> "*many of the positions, policies, programs, and procedures of modern organizations are enforced by public opinion, by the view of important constituents, by knowledge legitimated through the educational system, by social prestige, by the laws, and by the definitions of negligence and prudence used by the courts. Such elements of formal structure are manifestations of powerful institutional rules which function as highly rationalized myths that are binding on particular organizations*"
>
> (Meyer and Rowan, 1977, p343)

As Scott (2003) explicates, organizations must conform to contemporary norms, as defined by professional and scientific authorities, to receive support and legitimacy. Based on this premise, organizations must become isomorphic with these rationalised myths in order to gain legitimacy and thus enhance their survival prospects in society.

DiMaggio and Powell (1983) also discuss the notion that isomorphism legitimises. Seeking to explain the homogenization of organizational forms and practices, DiMaggio and Powell (1983) offer an explanation as to how institutional isomorphism occurs. They distinguish three mechanisms that push firms towards isomorphism: coercive, mimetic, and normative. Organizations achieve legitimacy by becoming isomorphic with the institutional environment via these mechanisms. Scott (2001) refers to these mechanisms as 'elements' or 'pillars' of institutions that promote and sustain orderly behaviour to provide stability to society. Scott (2001) describes the three pillars of institutions as regulative systems, normative systems, and cultural-cognitive systems. These three elements form a continuum "moving from the

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[2] They are myths because they are widely held beliefs whose effects "inhere, not in the fact that individuals believe them, but in the fact that they 'know' everyone else does, and thus that 'for all practical purposes' the myths are true" (Meyer and Rowan, 1977, p. 75). Further, they are rationalized "because they take the form of rules specifying procedures necessary to accomplish a given end" (Scott, 2003, p. 137)

conscious to the unconscious, from the legally enforced to the taken for granted” (Hoffman, 1997, p36). Consistent with DiMaggio and Powell (1983) and Meyer and Rowan (1977), Scott (2001) asserts that each of the three pillars provides a basis for legitimacy. Adding another dimension to these prominent works, Oliver (1991) addresses organizational responses to institutional pressures. CSR can be viewed as one such response to contemporary institutional pressures. Therefore, it is appropriate to study CSR in institutional terms. Indeed, authors including Campbell (2007) and Baughn et al (2007) champion this approach and successfully demonstrate how IT can be applied to studies of CSR.

3.2 Institutional Theory and Corporate Social Responsibility

Despite its potential, Sorsa (2008) and Campbell (2007) note that the theory is limited in empirical use at present. Much of the CSR literature is more descriptive or normative in nature than positivist (Campbell, 2007). Research has therefore largely provided rich descriptions of the national specifics of CSR whilst little theoretical attention has been paid to understanding why (Matten and Moon, 2008). Furthermore, most research has focused on determining the extent to which CSR affects the financial performance of corporations. In a review of twenty-two studies, Margolis and Walsh (2003) discovered that CSR was viewed as the independent variable 85 percent of the time. In light of such findings, the literature has been criticized for neglecting to consider factors that may affect CSR, and there have been calls for further theoretical inquiry into the matter (Campbell, 2007).

It is apparent from the literature that the understanding and practice of CSR are likely to be shaped by specific national and institutional realities. According to Jamali and Mirshak (2007, p. 251), these realities may foster an environment in which CSR is “actively promoted, latently sustained, or silently discouraged”. Consequently, IT has been identified as a useful theoretical framework for understanding the national contexts and processes shaping CSR activity (Baughn et al, 2007; Aguilera and Jackson, 2003; Matten and Moon, 2008).

Institutional theory seeks to explain those aspects of companies’ behaviour that cannot be attributed to market pressures (Levy and Kaplan, 2007; Oliver, 1991). Advocates of the theory posit that as economic explanations, such as financial performance and competition, are not sufficient to fully account for either the nature or frequency of CSR, it is essential to look to institutions beyond the market (Scott, 2003; Marquis et al, 2007). These institutions often play a role in ensuring that companies are responsive to the interests of actors in society beside themselves (Scott, 2003). The multiplicity and variety of institutional environments present in different countries warrants investigation to ascertain which factors, and to what degree, they shape CSR in the Kenyan context.

Nevertheless, this is not to say economic factors are irrelevant. Campbell (2007) has put forth several propositions regarding those institutions that affect corporate behaviour and argues that institutions are not the only influential factors. Rather, Campbell (2007, p. 950) claims that “economic conditions affect the degree to which corporations act in socially responsible ways but that this relationship is mediated by a variety of institutional factors”. These institutional factors can temper the focus (issues addressed) and form (processes adopted) of CSR. Taking this perspective on board, this research rests on the assumption that CSR is determined, perpetuated, and regulated by the institutional environment. However, the three institutional domains - regulative, normative, and culturally-cognitive - are not necessarily independent; a fact that must be taken on board. As Kostova and Zaheer (1999, p. 69) discuss, “values, for instance, may drive cognitive categorization and, in turn, influence and be influenced by regulation”.

3.2.1 Regulative Pressures

Coercive pressures mainly come from regulation. It is widely assumed that externally codified rules, laws, and sanctions assign legitimacy to organizational practices (Matten and Moon, 2008). According to Scott (2001, p. 35) “regulative processes involve the capacity to establish rules, inspect or review others’ conformity to them, and, as necessary, manipulate sanctions – rewards or punishments- in an attempt to influence future behaviour”. Consequently, organizations are under pressure to comply with the requirements of the regulatory system of the institutional environment in which they operate.

The most obvious instance of coercive pressures comes from regulations imposed by the state (Campbell, 2007). As Moon and Vogel (2008) contend, governments structure the behaviour of companies through regulations and incentives. Certainly, in Europe there exist various governmental strategies and initiatives encouraging the uptake of CSR (Matten and Moon, 2008). However, with respect to developing countries Vogel and Moon (2008), highlight a predominant CSR concern; that governments will refuse to enforce standards and regulations relating to CSR and ignore corporate irresponsibilities as an inducement for foreign investment. Indeed, Campbell (2007) corroborates this view, stating that certain national governments have eased business regulations that "help militate against socially irresponsible corporate behaviour" (Campbell, 2007, p. 954). Looking to Africa, such concerns are not unfounded. In Kenya, as Mwaura (2005) posits, the government is reluctant to impose regulations for fear of discouraging domestic investment. Such fears have mitigated the introduction and enforcement of more stringent regulations for companies. This has important repercussions for the adoption of CSR, as in the absence of government intervention companies have little incentive to act in a more responsible manner (Marquis et al, 2007).

The capacity of the government to monitor behaviours and enforce regulations where they exist is also of crucial importance. Campbell (2007) emphasises that it should not be assumed that states will always enforce regulations effectively. Inefficient legal systems and uncertain regulatory frameworks allow for different interpretations and varying degrees of compliance (Marquis et al, 2007). In some cases, corporations "seek to control or otherwise capture regulators in ways that bend them toward the will of the corporations they are supposed to oversee" (Campbell, 2007, p. 954). In Kenya for example, British American Tobacco has influenced the Kenyan Government in the past resulting in the endorsement of favourable tobacco legislation by parliament (Mwaura, 2005). It is therefore apparent that different regulatory systems can produce different forms of CSR (Moon and Vogel, 2008).

As a strong regulatory framework to encourage CSR is lacking in Kenya, other drivers must be investigated. In the absence of government regulation, self-regulatory and voluntary initiatives play a role. Often motivated by the desire to mitigate further government regulation, industries establish their own regulatory mechanisms to ensure that companies act in socially responsible ways. These mechanisms include the setting of specific CSR standards which companies are expected to adhere to. Campbell (2007) and Moon and Vogel (2008) ascribe such instances of self-regulation to the fact that "many companies prefer to be one step ahead of government legislation or intervention" (Moon and Vogel, 2008, p. 308). These companies recognise the advantage of having control over the regulatory process themselves rather than having to adhere to standards that they would otherwise have little control over (Campbell, 2007). In some cases, self-regulation may be encouraged by governments who wish to pass on their regulatory responsibilities to the private sector. Whatever the motivation, Bertels and

Peloza (2008, p. 60) propose that such regulations play a "critical role" in shaping the CSR strategies of companies. Despite this, due to its voluntary nature, self-regulation may also "facilitate predatory and opportunistic rather than socially responsible corporate behaviour" (Campbell, 2007, p. 956).

Such mechanisms have recently taken on a global dimension. International codes of conduct are one such mechanism (Matten and Moon, 2008). Initiatives including the ILO Standards for working conditions and the OECD Guidelines, serve to regulate and govern the behaviour of companies encouraging socially and environmentally responsible behaviour. Another example is Transparency International, which aims to reduce corrupt business practice across the world. Compliance with these policies and initiatives requires companies to adopt certain CSR policies (Moon and Vogel, 2008). Furthermore, they promote isomorphism across national boundaries as companies conform to the same international standards. Voluntary and self-regulation therefore affect the uptake of specific CSR processes. Consequently,

Proposition 1: Regulative pressures will cultivate an environment that is conducive to the adoption of CSR and shape both its focus and form

However, the existence of regulative pressures may only be an "impetus for action" (Marquis et al, 2007, p. 938). Consistent with CSR, corporate governance, and stakeholder theory, the evaluation and monitoring of corporate behaviour by stakeholders other than the state, cannot be overlooked (Aguilera and Jackson, 2003). Subsequently, their potential influence requires further investigation.

3.2.2 Normative Pressures

Normative pressures stem from values and norms (Scott, 2001). They go "beyond regulatory rules and cognitive structures to the domain of social values" (Kostova and Zaheer, 1999, p. 69). Normative systems are identified as being distinct from cultural cognitive structures due to their underlying prescriptive and evaluative tone, questioning "what is right to do around here" (Marquis et al, 2007, p. 934). These normative frameworks set the standards for, and encourage conformity to, that which is deemed to be acceptable corporate behaviour (Marquis et al, 2007). Normative systems essentially define the 'rules of the game' and vary significantly across countries. Organizations may adopt certain structures, practices, or procedures consistent with social values and norms.

Such normative pressures arise from a variety of social actors. Due to the perceived lack of effective regulation to protect workers, communities and the environment, a powerful social movement aimed at promoting CSR has emerged in recent years. Campbell (2007) emphasises the role of NGOs, social movement activists, and the media, as particularly influential in encouraging companies to be socially responsible. NGOs have become a noticeable force at both a local and global level and according to Moon and Vogel (2008, p. 310), have "stepped into the regulatory vacuum". Many NGOs exert pressure on corporations to become more socially responsible. Such pressures arise because NGOs "reflect - but also create and institutionalise - new norms in society" (Doh and Guay, 2006, p. 54). Doh and Teegen (2003) comment upon the effect of these normative pressures. They argue NGOs have begun to generate significant changes in the management, strategy and governance of companies through the promotion of more socially and ethically responsible business practice. *The Economist* (2003) provides support for this notion proposing that major changes in corporate behaviour can be attributed to NGO activism. Companies are inclined to respond to NGO pressures because of the potential reputational damage likely to be incurred if they fail to do so. Shell, Nestle, and De Beers are just a few companies who have had their name and legitimacy threatened by NGO campaigns. These campaigns were magnified by the media.

As Campbell (2007) highlights, the media acts as a 'watchdog' by monitoring and reporting corporate behaviour. Media coverage of irresponsible practices poses a grave threat to companies' organizational legitimacy. As such, the threat of public exposure disciplines companies (Campbell, 2007). They are discouraged from pursuing irresponsible behaviour and pushed towards adopting more responsible practices. Importantly, Kostova and Zaheer (1999, p. 74) note that global firms are "expected to do more than local companies in building their reputation and goodwill" because they are "large and visible".

Local understandings, rules, and norms are also important touchstones for the legitimization of companies. Accordingly, local communities are viewed as an important stakeholder group in companies' institutional environments. Marquis et al (2007) infer that different standards of appropriateness present in different communities may have an impact on the nature of CSR. Companies will be pressured to "align their activities in ways that are sanctioned by the community" (Marquis et al, 2007, p. 933). Therefore,

Proposition 2: Normative pressures from stakeholders will cultivate an environment that is conducive to the adoption of CSR consistent with socially accepted norms, shaping both its focus and form

In addition, educational and professional authorities are often used to exemplify institutional normative pressures. Many scholars maintain that business leaders learn from the business schools they attend and the professional publications they may read. For example, with reference to CSR in Europe, Matten and Moon (2008) state that educational and professional authorities set standards for ‘legitimate’ organizational practices. Research on corporate philanthropy in Minneapolis-St. Paul by Galaskiewicz (1997) provides an example of such normative pressures. Galaskiewicz (1997) shows how business leaders developed and institutionalized norms that encouraged charitable giving. Business leaders took part in an educational project embracing the fundamentals of CSR. A number of mechanisms exist to disseminate normative calls for socially responsible behaviour including business coalitions, CSR organizations, and publicly available CSR reports. Thus, Campbell (2007) asserts, companies are more likely to act in a socially responsible manner if normative calls for such behaviour are institutionalized in business environments. However, Campbell (2007, p. 958-959) suggests,

> *“once key firms begin to behave in socially responsible ways, others may follow suit, not so much because they necessarily subscribe to the normative principles that condone such behaviour but because firms often mimic what other firms in their environment do in order to curry legitimacy from them”*

These stakeholders exert pressures based on the fundamental values and norms held by each party, such that:

Proposition 3: Normative institutional pressures will cultivate an environment conducive to the uptake of CSR such that conformity to socially accepted norms will shape both its focus and form

3.3.3 Cultural Cognitive Pressures

In IT, it is assumed cognitive frameworks are shaped by cultural influences (Scott, 2001). These frameworks encompass common or shared beliefs about the nature of a situation. Ensuing schemas, models and recipes for action help societal actors to interpret the meaning of events in society to create common definitions of a situation (Marquis et al, 2007; Kamoche and Harvey, 2006; Scott, 2003). Organizations must conform to established cognitive frameworks in society to be considered legitimate (Kostova and Zaheer, 1999). With reference to CSR, and in accordance with the imitation response delineated by Oliver (1991), Matten and Moon (2008, p. 412) maintain, “In a business climate of increased uncertainty and increasingly complex technologies, managers tend to consider practices as legitimate if they are regarded as ‘best practice’ in their organizational field”. As such, organizations may mimic the CSR practices of another company deemed to be a leader (Bertels and Peloza, 2008).

Indeed, it has been reasoned that “sometimes the most effective means of facilitating increased CSR is through corporate peer pressure” (Martin, 2003, p. 98). Accordingly, isomorphism can result from the pressure exerted on companies by other companies. Industry standards have been found to diffuse across industry boundaries. However, Bertels and Peloza (2008) also found that companies benchmark their activities against leading companies from a range of industries, not just within their own industry. In fact, some companies “do not consider industry leadership as an appropriate benchmark” (Bertels and Peloza, 2008, p. 63). As one company adopts CSR practices, expectations are created for other companies to match their behaviour. As such, cues for CSR are taken from those companies displaying best practice, regardless of the industry. Furthermore, Bertels and Peloza (2008) propose this positioning of companies vis-à-vis their competitors results in a “slow ratcheting effect” whereby over time, as a result of the actions of others, expectations of companies are raised. They call this process “CSR creep” (Bertels and Peloza, 2008, p. 64). Further, they assert that, as a result, the nature of CSR changes too. Expectations are raised regarding the manner in which CSR is actualised. For example, active engagement is now seen as imperative for companies’ CSR as opposed to the tradition of philanthropic donations, which is no longer considered good enough.

Additionally, at the global level, the leadership focused approach of the UN Global Compact (GC) creates cultural-cognitive frameworks. The GC is designed to leverage institutional pressures in order to diffuse best CSR practices by mimicry within a ‘learning network’ (Levy and Caplan, 2007).

Proposition 5: cultural-cognitive institutional pressures will cultivate an environment conducive to the uptake of CSR such that prevailing notions of ‘best practice’ will lead to the isomorphism of CSR across companies

3.4 Chapter Summary

This chapter applies institutional theory to CSR. It discusses the ways in which regulative, normative, and cultural-cognitive institutional pressures can constrain or enable the uptake of CSR. It discusses the notion that companies must respond to these institutional pressures to remain legitimate. Furthermore, this chapter explains how isomorphism of CSR across companies occurs. These theoretical ideas will be used to analyse CSR in the Kenyan context.

CHAPTER 4

RESEARCH METHODOLOGY

4.0 Introduction

“the social systems that we conceived of as explaining society are now holographically retreating into our computers” (Krippendorf, 2004, p xx)

In light of the recognition of the internet as a useful tool for research, a two-stage method of web content analysis and surveys was employed to investigate the manifestation of CSR in Kenya. It sought to examine whether companies operating in Kenya have taken up CSR; what factors drive their CSR; what issues they address; how they implement CSR; and if there is any variance between companies. A quantitative approach was taken, which was deductive in nature. This chapter will provide a detailed overview of the methodology adopted. It will introduce the case study context, the methods employed for data collection and the methods of analysis.

4.1 Research Strategy

4.1.1 Case Study Approach

Figure 3: Map of Kenya [Taken from: UNEP (2008)]

Kenya (Figure 3) has one of the largest and most advanced economies in East Africa, yet it still faces numerous development challenges. It has a population of 36.55 million and a gross domestic product (GDP) of US$ 22.78 billion, with an annual growth of 3.8% (World Bank, 2008). The main sectors of the Kenyan economy are agriculture, industry and services, contributing 4%, 27% and 69% to the GDP respectively (World Bank, 2008). Tea and horticulture are the leading exports. Despite making economic progress in recent years, Kenya still faces major development challenges. It is rated 148th on the Human Development Index rankings (UNDP, 2008) and shows few signs of improvement.

4.1.2 Selection of Companies

A non-random (also known as nonprobability) sampling technique was used to obtain the sample. This technique was selected as it met the sampling objectives as recommended by Cooper and Schindler (2006). It was intended that the sample would be heterogeneous. The sample was to comprise of companies operating in Kenya of either domestic or multinational status, and from a variety of industries. As the criteria for the sample was predefined, purposive sampling was implemented.

Judgement sampling allowed the researcher to choose those companies that conformed to the specific criterion required; companies of either domestic or international status that had operations in Kenya (Cooper and Schindler, 2006). A list of companies was drawn from companies listed on the Nairobi Stock Exchange (NSE). The use of such lists, such as Fortune 500 and other similar lists is well established in the literature (e.g. Jose and Lee, 2006; Chapple and Moon, 2005). The NSE was selected as it provides an accessible, comprehensive listing of companies in Kenya and a means to set a boundary around the population drawn from. All 54 listed companies were included. The sample contained a broad range of industry types and a range of MNCs and domestic companies.

A web search in the Google search engine was conducted for every company in the sample. It emerged that some of the listed companies did not have websites. Those companies were removed from the sample. To ensure the sample included companies with CSR, companies listed for the COYA awards were used. Companies were randomly selected from the list. The final sample for the study comprised 70 companies, as shown in Appendix 1.

In accordance with the purposive sampling approach, the sample containined a broad spectrum of information relating to company CSR policies and practices. However, it could be contended that the findings would be unrepresentative of businesses across Kenya as only the listed companies from the NSE and COYA were included. Indeed, the findings cannot be representative of all companies in the country. Yet it must be recognised that certain companies often lead the way in CSR as they have greater capacity to devote time, money and other resources to it (Chapple and Moon, 2005).

Another method was employed for the second stage of the research. As it was difficult to identify the respondents required (those who knew about the companies' CSR activities), snowball sampling was used. Capitalizing on informal social networks in the Kenyan business community, the initial respondents referred the researcher to other respondents, who identified others, and so on shown in Appendix 5(Cooper and Schindler, 2006).

4.3 Stage 1: Web Content Analysis

4.3.1 Data Source

Corporate websites served as the main source of information. In any study of CSR it must be recognised that communication is a central aspect of social interaction (Weber, 1990). The ability of companies to convey their intentions and actions to the societies in which they are located is recognised as being integral to the relationship between business and society. The use of websites to disseminate company information serves this purpose. Websites are a form of secondary data and have some distinct advantages over other data sources for research purposes. Websites can provide detailed information about company policies and practices. Conversely, from a survey of closed questions for instance, it would not be possible to gain details of a company's CSR initiatives (Baughn et al, 2007). It may be argued that organizational documents such as corporate reports provide the same level of detailed information (or perhaps more) than websites. Indeed this may well be the case, but access to such documents is not always possible. Official documents are now often produced in electronic format too. Annual reports are often available to download from company websites. Therefore, the data obtained from these sources is the same as the original documents themselves. For the purpose of this research, the use of websites also enabled CSR in Kenya to be studied remotely. Due to both time and financial restraints, this was of great advantage.

Respondent bias can be overcome using information from websites. The information contained on corporate websites is an official presentation of a company's policies and practices. Thus, websites provide a more objective perspective than the opinion of one company representative responding to questions (Delmas and Toffel, 2004; Chapple and Moon, 2005). Company websites do vary in design and layout but this does not alter or detract from the corporate perspective provided. Therefore, websites are viewed as a uniform source from which to gather company information.

However, it is pertinent to consider that CSR reporting on websites may not be an accurate reflection of companies' CSR policies and practices (Jose and Lee, 2006). As such, some caution is warranted when using them as sources of information. Duriau et al (2007) highlight the possibility of public relations spin and bias in the preparation of business communications, which could certainly apply to websites. Some companies may exaggerate their CSR policies and practices to appear more favourable in the public eye (Chapple and Moon 2005). Companies are unlikely to overstate their CSR as it could cause them great reputational damage. Indeed, Fukukawa and Moon (2004) and Chapple and Moon (2005) suggest that making false and inflated CSR claims may actually be worse than no CSR reporting at all. Further, some companies may not actually use websites to disclose their CSR information, and others may under-report their CSR activities. However, in light of the issues of ethics, reporting, transparency and accountability being "part and parcel of CSR" (Fukukawa and Moon, 2004, p. 48; Nelson, 2002), there is reason to expect companies communication about CSR to be directly aligned with their practice.

Nevertheless, objections have been expressed regarding the use of websites in this type of research. As Chapple and Moon (2005) demonstrate, websites could be considered inappropriate for a variety of reasons. Foremost, countries differ in their use of the internet. Companies in different countries may assign differing levels of importance to the internet as a medium for their corporate communications (Fukukawa and Moon, 2004). Use of the internet in Africa is not as widespread and advanced as Western nations as the cost of the internet is largely prohibitive. In addition, as Maignan and Ralston (2002) discovered, where the internet *is* used for business communication, different countries use websites to report their CSR to varying levels. Yet, Maignan and Ralston (2002) support the use of websites as a data source. Their study indicates that CSR issues and priorities vary from country to country; suggesting that patterns of CSR could be detected from websites for individual countries.

Despite the comparably low rates of internet use by Western standards, finding company websites was not problematic. Over 75% of companies in this study sample had a website.

This could be attributed to the fact that cost may not be the main barrier for companies as they have the capacity to pay for internet access. Furthermore, information communication technology (ICT) growth rates in emerging markets are high. Reports show that internet use in Africa is growing steadily. According to statistics taken from TESPOK, Computer Society and EPZA, there were 1,800,000 internet users in Kenya in 2006 (DANIDA, 2006) projected to reach 3,500,000 by 2008, and expected to continue to rise thereafter. In addition, a number of organizations exist to further the ICT agenda in Kenya, particularly for business. The Kenya ICT Federation for example aims to “close the gap between Kenya and advanced countries” (KiF, 2008) by working closely with the private sector and government to develop their ICT capacity.

Although the websites were relatively easy to find, the relevant information was not always easily accessible. Whereas some were easy to follow, others were intricate and complicated to navigate around. As the researcher was highly web literate and familiar with websites, this did not pose any significant constraints on the data collection process. Language did not inhibit the research in any way either as English is the official language of Kenya. All websites identified were written in English.

Another important consideration is that of the positionality of the researcher; a key issue in any research method. One of the major objectives in research of a scientific nature is to provide a “description or explanation of a phenomenon in a way that avoids the biases of the investigator” (Nuendorf, 2002, p. 11). To some extent this is achievable when using websites as the researcher cannot influence the data as they may in an interview or focus group. The data cannot be amended and power relations or gender issues are not a major cause for concern. However, interpretation of the data can be subject to researcher bias. Although objectivity is desirable, many believe that is impossible to achieve true objectivity. According to this perspective, “all human enquiry is inherently subjective” (Nuendorf, 2002, p11). Still, as Nuendorf (2002) maintains, researchers must strive for consistency in inquiries, which can be achieved by following validity guidelines in the analysis process which will be touched on later in this chapter.

4.3.2 Data Collection

The first step of data collection involved gathering all published information regarding the CSR orientation of the companies from their respective websites. This method is in line with the approaches taken by Chapple and Moon (2005) and Esrock and Leichty (1998) who also investigated aspects of CSR on corporate websites. To build a comprehensive picture of CSR for each company, an iterative procedure was delineated to identify all dimensions of each company's CSR. As opposed to studies that focus solely on business's self-presentations of CSR and those investigating corporate social reporting, where the search for CSR information is often limited to specific areas of the website (e.g. Maignan and Ralston, 2002), each website was considered in its entirety. The websites were scanned for both explicit and implicit references to their responsibilities as a company. To acquire more detailed information, the links to those sections of the websites that clearly addressed the companies' responsibilities arising from their position in society (often referred to as 'CSR', or 'corporate citizenship', or 'our responsibilities', amongst others) were followed. Not all companies had a dedicated CSR section on their website; some companies had CSR reports available to download and in some cases other organizational documents containing relevant information were available. Thus, data from available annual reports, financial reports, codes of conduct and documents regarding corporate policies was used where relevant.

4.3.4 Data Analysis

Content analysis was applied to analyse the data. It is a research technique for making valid inferences from texts by systematically and objectively identifying specific characteristics of the content (Holsti, 1969; Weber, 1990; Krippendorf, 2004). As a research tool, content analysis investigates whether certain words and concepts are present within texts (Jose and Lee, 2006). This method of analysis has assumed increasing significance over the last 25 years, proliferating in the field of organizational studies, including the CSR domain (Gray et al, 1995). It has been described as a "class of methods at the intersection of the qualitative and quantitative traditions" (Duriau et al, 2007, p. 5). Its usefulness and applicability for understanding organizational phenomenon has been widely acknowledged (Krippendorf, 2004). Its merit lies largely in the fact that it has the "ability to impose a quantitative rigour to qualitative data" (Snider et al, 2003, p. 186). (Duriau et al, 2007). It is also useful for studies across societies and cultures. As Weber (1990) points out, content analysis can be used to reflect cultural patterns of groups, institutions, and society. It may be applied in an inductive and exploratory manner, or in a more deductive and confirmatory mode (Duriau et al, 2007). For this study, a quantitative, hypothetic-deductive approach was taken. Examples of studies that use this methodology include Guthrie and Parker (1990), Jose and Lee (2006), and Snider et al (2003). Those that have used it specifically to investigate CSR include Chapple and Moon (2005), Maignan and Ralston (2002), and Amaeshi et al (2006).

The method however is not without downfalls. Fitting into the positivism paradigm of social research, content analysis must try to conform to the standards of scientific methods (Nuendorf, 2002). This involves ensuring that the research method can fulfil the following criteria: a) objectivity-intersubjectivity; b) a priori design; c) reliability; d) validity; e) generalizability; f) replicability; g) hypothesis testing. All these factors were taken into consideration throughout the analysis process.

Content analysis involves initially coding the data. It is necessary to develop a classification scheme and a set of rules about “what and how to do, measure and record the data” (Milne and Adler, 1999, p. 241). An a priori coding method was adopted in this research drawing on the conceptualizations of CSR discussed in chapter two. The coding guide was formulated by modifying those advanced by Chapple and Moon (2002) and Maignan and Ralston (2002). Table 1 shows the coding categories used to determine the CSR orientation of the companies.

Table 1: CSR categories coded for on each website

Dimension of	**Coding Categories**
Type	Global
	Regional
	National
	None
Motivations	Value-Driven CSR
	Performance-Driven CSR
	Stakeholder-Driven CSR
Issues	Community
	Environment
	Workplace
	Marketplace

Dimension of CSR	**Coding Categories**
Processes	Philanthropy
	Employee Volunteering
	Sponsorships
	Partnerships
	Independent CSR
	Environmental Management
	Stakeholder Engagement
	Compliance with the Law
	Codes of Conduct
Standards	International
	National
	Industry

Initially, each website was coded for the presence or absence of information related to the responsibilities of the company to its stakeholders. This was then further coded into global, regional or national categories to determine at what level the companies implement CSR.

These were categorized according to the geographical region the CSR practices were focused on. If companies had projects specific to Kenya, they were classified as national, specific to Africa were considered regional, and applicable to all countries, global. Next, adopting the same approach as Maignan and Ralston (2002), motivating principles were coded into three categories: value-driven, stakeholder-driven, and performance-driven. Following BITC criteria, the CSR issues were categorized into four areas: community, environment, workplace and marketplace. Table 2 indicates the issues included in each category. They include those revealed in the literature review to be specific to the Kenyan context. Modifying the approaches of Maignan and Ralston (2002) and Chapple and Moon (2005) and Silberhorn and Warren (2007), the CSR processes were coded into nine categories: philanthropy, employee volunteering, sponsorships, partnerships, codes of conduct, independent CSR organizations, environmental management, compliance with the law, and stakeholder engagement. In line with Chapple and Moon’s (2005) outlook, this was to differentiate between those who use the traditional philanthropic modes and those who have begun to embed CSR into their mainstream corporate practices. Whilst coding, it was assumed that some overlaps between categories was possible. However, the coding scheme was tailored to overcome such difficulties.

Table 2: CSR Issues Prioritised by Companies in Kenya

CSR Issue	*Frequency*	*Percentage (%)*
Community		
HIV/AIDS	22	40.7
Poverty	12	22.2
Development	4	7.4
Malnutrition	6	11.1
Health	19	35.1
Malaria	6	11.1
Education	33	61.1
Art	6	11.1
Sports	10	18.5
Road Safety	1	1.9
Famine	7	13
Housing and Infrastructure	7	13
Social Welfare and Living Conditions	11	20.3
Disabilities	3	5.5
Security	3	5.5
Sanitation	7	13
Drought (also environmental)	4	7.4
Environment		
Water	15	27.8
Environmental	26	48.1
Biodiversity	1	1.9
Deforestation	3	5.5
Sustainable Development	5	9.3
Pollution	6	11.1
Climate Change	7	13
Energy	2	3.7
Waste	3	5.5
Workplace		
Child labour	7	13
Human Rights	9	16.6
Employee Welfare	13	24
Marketplace		
Fair Trade	2	3.7
Product quality	5	9.3
Customer Safety	3	5.5
Entrepreneurship and enterprise development	6	11.1
Wealth Creation	4	7.4
Bribery and Corruption	5	9.3

An important consideration was the unit of analysis. Whether to code and measure words, pages, or sentences has caused considerable debate (Gray et al, 1995a). However, according to Milne and Adler (1999), using sentences for coding and measurement is likely to produce reliable and meaningful data. Accordingly, and in line with Zeghal and Ahmed (1990), sentences and logical parts of sentences were coded. Examples of the sentences used to categorise CSR principles are shown in Table 3.

Table 3: Categorization of CSR Principles as Stated on Company Websites
[taken from Maignan and Ralston, 2002, p. 501]

Value-Driven CSR	**"CSR is presented as being part of the company's culture, or as an expression of its core values"**
Example:	"We believe in giving something back to the community to which we owe existence"(Company 7) "At Housing Finance, we consider it our obligation to support and be part of the community in which we do business." (Company 27)
Performance-Driven CSR	**"CSR is introduced as a part of the firm's economic mission, as an instrument to improve its financial performance and competitive posture"**
Example:	"MultiChoice Africa understands that to benefit Africa socially will help enrich the entire continent, and in the long term will benefit both MultiChoice Africa as well as all business on the continent" (Company 39)
Stakeholder-Driven CSR	**"CSR is presented as a response to the pressure and scrutiny of one or more stakeholder groups"**
Example:	"…ensure that our social, economic and environmental responsibilities to our stakeholders remain integral to our business. We take seriously all feedback that we receive from our stakeholders" (Company 31)

The companies were also classified by their nationality and area of operations: domestic, Kenyan international and foreign international. Chapple and Moon (2005) offer a concise definition of these terms. They assert that

"the domestic cohort consists of companies that are headquartered within the country… and operate solely therein. The international cohort consists of two types of company: (a) those that are headquartered within the country in question and that operate in or export to other countries and (b) those headquartered in another country and operate in the country in question"(Chapple and Moon, 2005, p. 434)

As opposed to Chapple and Moon (2005) who did not distinguish between the two forms of international company, they were differentiated for the purpose of this research as country of origin also has an impact on how international companies behave around the world (Crane et al, 2007). As international companies headquartered outside Kenya were more likely to operate outside the African market, in Asia, Europe and the US, and those headquartered in Kenya were likely to operate mainly within Africa, there was room for investigation. The two types of international company were referred to as 'foreign international' and 'Kenyan international' respectively.

Finally, the industries in which the companies operated were classified into the following categories: wholesale/retail; technology; agriculture; transportation; environmentally-oriented; financial; media; manufacturing; other. Table 4 indicates the number of companies in each industry in the sample.

Table 4: Sample by industry sector

Industry Sector	Domestic	Kenyan	Foreign	Total
Wholesale and Retail	3	4	9	16
Technology	2	0	0	2
Agriculture	3	1	2	6
Transportation	4	0	0	4
Environmentally	4	6	2	12
Financial	10	4	2	16
Media	7	0	1	8
Manufacturing	0	2	1	3
Other	0	1	2	3
Total	33	18	19	**70**

As the data was categorical rather than ordinal or scale, it did not lend itself to parametric statistical testing. For this reason, non-parametric tests were used. Those companies who did not display any form of CSR activity on their websites were excluded from analysis to ensure that only full data sets were included, as Table 5 shows. Therefore, for this part of analysis, n = 54.

Table 5: Sample by industry sector excluding those websites with no CSR information

Industry Sector	Domestic	Kenya	Foreign	Total
Wholesale and Retail	2	3	9	14
Technology	2	0	0	2
Agriculture	1	1	2	4
Transportation	1	0	0	1
Environmentally	4	6	2	12
Financial	9	4	2	15
Media	0	0	1	1
Manufacturing	0	1	1	2
Other	0	1	2	3
Total	19	16	19	**54**

Chi squared was performed to determine whether there were any patterns across industries and between companies of different nationalities. As the data was not normally distributed and consisted of categorical data, the Chi-square test for independence was chosen. It is an appropriate test to determine any trends in the data as it is a non-parametric technique that considers the number of cases in each category to compare groups and determine whether two categorical variables are related (Pallant, 2007). In each case, the categorical independent variable was either industry (see Table) or type[3]. The categorical dependent variable was the presence or absence of motivations, issues, and processes. Furthermore, where the result was significant, specified by Pallant (2007) to be 0.5 or smaller, Cramer's V value was then used to determine the size of the effect. Where the data violated the assumptions of the chi-squared tests, descriptive statistics were used to analyse the data.

Reliability is an important issue associated with the application of content analysis (Duriau et al, 2007). Reliability seeks to ascertain how consistent a scale is in measuring what it intends to measure. In line with the demands of content analysis methodology, another person was brought in to randomly spot-check the coding of the websites, a method also employed by Jose and Lee (2006).

[3] Type refers to foreign international, Kenyan international, or domestic company

4.4 Stage 2: Web Based Surveys

Triangulation, defined as “the combination of methodologies in the study of the same phenomenon” (Denzin, 1978, p. 291), was employed to enhance the validity and reliability of the research. The research triangulated web content analysis of corporate websites and web based surveys.

4.4.1 Data Collection

The research instrument used for the second stage of the research was a web-based survey. The survey was developed by modifying and building on existing surveys in the CSR literature. A copy of the survey can be seen in Appendix 2. Emails were sent to companies in the sample with a weblink to the survey. The survey was also attached in a word document so that companies could fill this in and return it via email if they preferred. The emails contained an introductory letter, a confidentiality statement and a return date, which can be seen in Appendix 3 and appendix 4.

Initially, the term corporate responsibility (CR) was used in the questionnaire. This terminology was adopted based on the premise that it encompassed *all* responsibilities of business and that CSR on the other had may imply a neglect of environmental responsibilities. However, consistent with the confusion surrounding terminology outlined in the literature review, some of the initial responses to the survey indicated a misunderstanding of CR. Therefore, it was replaced with CSR – a term that more companies were familiar with – and a notification was included explaining that CSR may be referred to by a different terms in each company.

4.4.2 Data Analysis

The return rate of the survey was extremely poor, approximately 11%. Although this is usual for surveys, as the sample size was small to begin with, the number of responses was too small to be generalizable. Also, the data would not lend itself to statistical analysis as the number was too small to make any significant conclusions. In view of these data collection problems, web content analysis was considered more appropriate for the primary method and the surveys were used as a secondary method to support and validate the website findings. The information from the surveys was collated and analysed using descriptive statistics.

4.5 Chapter Summary

This chapter has presented the data sources and methods of data collection and analysis for this study. It has also provided a description and justification of the categories used to code the data. The chapter also discusses the approaches taken to enhance the validity and reliability of the research. The next chapter reports on the data analysis and the research findings.

CHAPTER 5

RESEARCH FINDINGS

5.0 Introduction

To determine how CSR manifests itself in Kenya, the inclusion of CSR, the motivations of companies, the issues they addresses, and the CSR processes were examined. Guided by the research questions, this chapter will report on the findings of the research. Drawing on chapter two, this chapter comprises a discussion of the different components of CSR reported on company websites and in survey responses, to deduce a pattern for Kenya.

5.1 Inclusion of CSR

Content analysis revealed that 54 companies made reference to CSR on their websites. As Table 6 indicates, only 61% of domestic companies included explicit reference to CSR compared to 100% of foreign international companies.

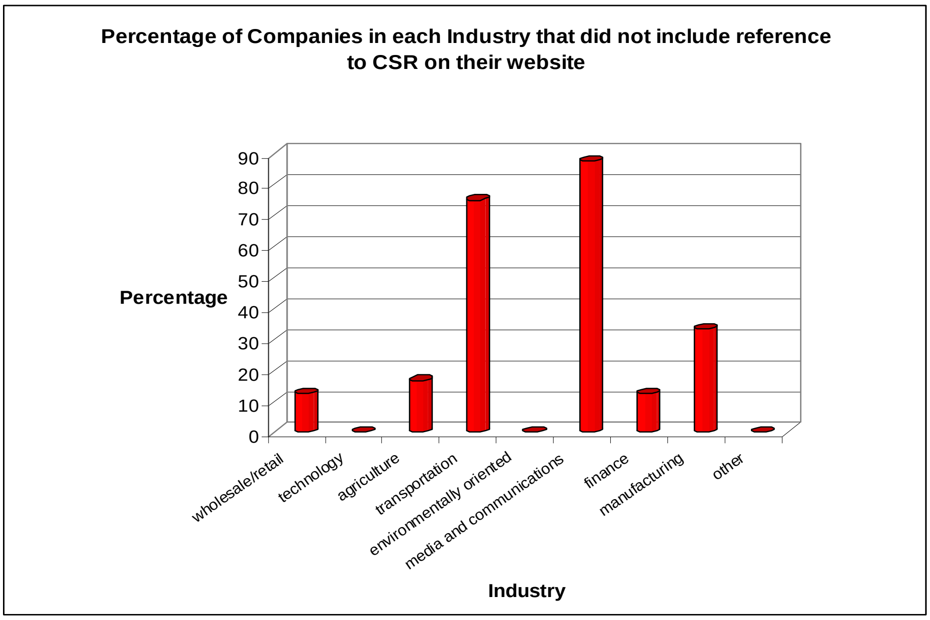
Table 6: Inclusion of CSR on company websites

Company	*Inclusion of CSR on website*	
	Number	*Percentage*
Domestic	19 (33)	61%
Kenyan International	16 (18)	88.8%
Foreign International	19 (19)	100%
Total	54 (70)	77.1%

***The number in brackets is the total number of companies**

This observation implies that CSR is given less attention by companies operating solely within Kenya than those with headquarters in other countries. This may be reflective of the developing country context where CSR is still relatively new to the business agenda. Alternatively, the inclusion of CSR could be influenced by industry factors. Figure 4 indicates the percentage of companies in each industry that did not refer to CSR on their website. The majority of media and communications and transportation companies displayed no references to CSR, which suggests it is not a primary concern in these industries. Interestingly, the one company that engaged in CSR from the media and communications sector was a foreign international company, whilst the seven that did not were all domestic.

Figure 4: Percentage of Companies that did not refer to CSR on their website



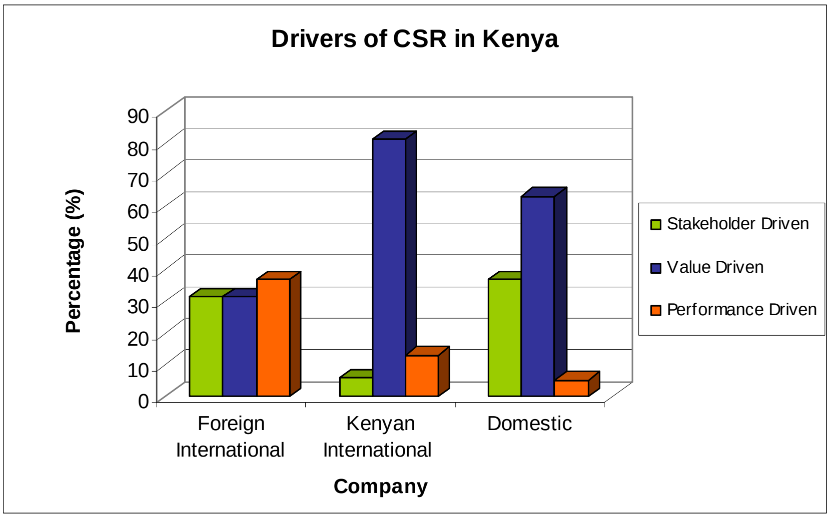
However, it is pertinent to consider that, of the 16 companies that did not make any explicit reference to CSR, one third of them made some reference to their economic responsibilities. This finding poses a challenge to Carroll’s (1979) conceptualization as it implies that companies do not identify with the concept of CSR. They undertake actions that address certain CSR issues according to Carroll’s (1979) definition, but do not view them as part of CSR. As Kivuitu and Fox (2005) highlight, some companies may not employ the language of CSR despite identifying and fulfilling their responsibilities. This suggests that CSR is understood differently by domestic, Kenyan international and foreign international companies in Kenya.

Furthermore, in some cases legal responsibilities were not even mentioned. Only 44.4% of companies discussed compliance with the law. Notably however, over half of these were foreign international companies who may comply because of legal expectations in their home countries. Only 20.4% of domestic and Kenyan international companies addressed legal responsibilities on their website. Visser's (2006) proposition, that legal responsibilities take a lower priority in Africa than Carroll (1979) assumes, therefore stands true in the Kenyan context.

5.2 Drivers of CSR

As Swanson (1995) and Wood (1991) suggest, CSR was motivated by the desire to 'give something back' to the communities and nations in which they operate, the need to gain and maintain legitimacy from stakeholders, and by the prospect of enhancing financial performance. CSR was primarily value-driven as 59.2% of companies claimed their CSR to be morally motivated and an integral part of their core business values. However, as expected, there was not a consistent pattern across all companies. In line with Phillips (2006) who proposed that the motivations for CSR are different in Africa, domestic and international CSR companies referred to different principles as driving their CSR. For example the majority of domestic (60%) and Kenyan international CSR companies (87.5%) presented their CSR as part of their core values whereby CSR was viewed as the right thing to do (value-driven CSR), as Figure 5 indicates.

Figure 5: Drivers of CSR of companies in Kenya



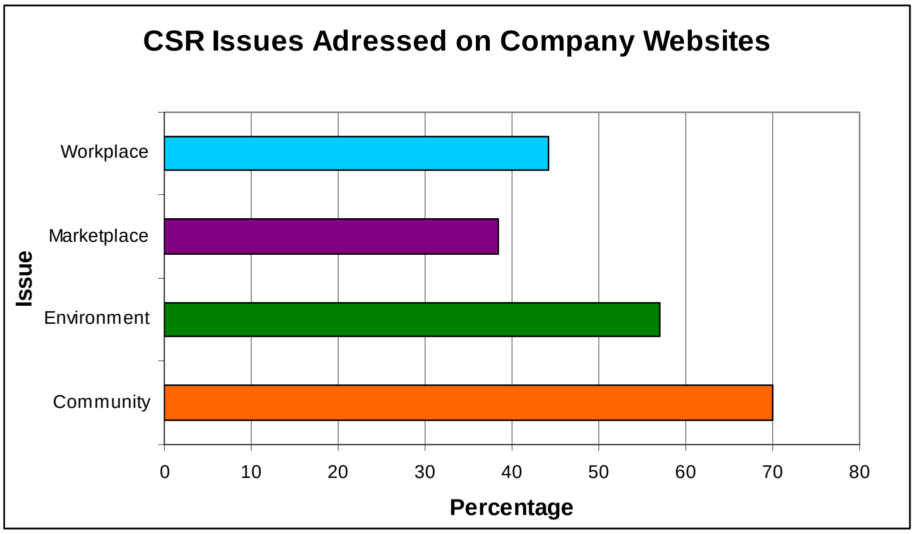
Consistent with with Amaeshi et al's (2006) findings in Nigeria and the thoughts of Phillips (2006) regarding CSR in Africa, this may be attributed to the strong community mentality and philosophy, often expressed as 'ubuntu', instilled in African societies. In contrast, using CSR to achieve performance objectives (performance-driven CSR) was the most common motivation for foreign international CSR companies; although only by a small margin (36.8%). These companies view CSR as a mechanism that enhances competitiveness and contributes to profit-maximisation; a concept that does not seem to have been widely recognised by domestic and foreign international companies. Indeed, performance-driven CSR was the least mentioned motivation for domestic CSR companies, and only used by 12.5% of Kenyan international CSR companies. Despite the fact that more foreign international CSR companies justified their CSR for performance reasons than any other, it did not dominate. All three motivating principles were popular. Closely following those who viewed CSR as good business practice were equal numbers of companies professing their CSR to be either value or stakeholder driven (31.5%), indicating that companies adopt CSR for a variety of reasons, perhaps related to the multiple environments in which they operate. Stakeholder-driven CSR was also mentioned by 36.8% of domestic CSR companies. However, none of the Kenyan international companies mentioned this motivation. Analysis at the industry level showed that those domestic companies attributing their CSR to stakeholder scrutiny and pressure were in the financial, technology and transportation sectors. Interestingly, none of the Kenyan international companies belonged to any of these industries. Therefore, specific industry pressures seem to play a role in motivating CSR in Kenya.

The survey responses lend some support to the website findings. The majority of respondents specified value-driven CSR. The domestic company who claimed that their stakeholders expected them to engage in CSR belonged to the transportation sector, which does not support the website findings. Though, the small sample size must be taken into consideration when looking at the survey responses.

5.3 CSR Issues

As displayed in Figure 6, community issues took the highest priority (90.7%) followed by environmental issues (74.0%). Education, health and HIV/AIDS were the most frequently addressed community issues, which reflects the particularity of Kenyan socio-economic conditions. Life expectancy at birth is just 53 years and the infant mortality rate is 121 per live births 1000 (World Bank, 2008). Kenya is afflicted with HIV/AIDS, known as one of the most urgent threats to global public health. Between 1,600,000 and 1,900,000 are living with the disease, having a catastrophic effect on life expectancy (UNAIDS, 2008; UNDP, 2008). The socio-economic conditions of Kenya therefore pose significant challenges for companies to address. The emphasis on community issues suggests that CSR is tailored to address national, or at least developing country concerns. However, protection of the environment also received significant attention, which could be an indication of increased global anxiety as to the state of the environment, such as the concerns surrounding global warming, rather than issues specific to Kenya. Still, water was also a frequently mentioned environmental issue, which again suggests local responsiveness as only 57% of the population have access to improved water sources, and a mere 19% of the urban population have access to improved sanitation facilities.

Figure 6: CSR Issues addressed by companies in Kenya



Issues that received less attention or were simply overlooked are also worthy of note. Examples include some of the CSR issues highlighted by Welford (2005) such as labour standards, supply chain standards, and policies on fair trade. For instance, only two companies discussed fair trade, an issue which is high on the CSR agenda in the West. Similarly, biodiversity, an issue of increasing global concern, was only mentioned by one company. This trend implies that in a country where the capacity of the government to provide for its people is limited, and the provision of basic social welfare is often a struggle, issues that may be high on the CSR agenda elsewhere take a backseat. This reinforces the notion that CSR is greatly influenced by the social, cultural, economic, and political conditions of a country.

However, there were some notable differences between domestic and international CSR companies. Foreign international CSR companies demonstrated high levels of commitment to all four sets of issues, as Table 7 indicates. In comparison, (with the exception of 100% of domestic CSR companies addressing community issues), the domestic and Kenyan international CSR companies displayed lower levels of commitment in all areas. Of particular interest is the heavy emphasis these companies placed on community and environmental issues, and the lack of attention they focused on workplace and marketplace issues. Chi squared tests revealed that there was a significant relationship between the type of company and marketplace issues($X^2=10.88$, $p=.004$) and also between type of company and workplace issues ($X^2=6.90$, $p=.032$). This could be due to a narrower conception of CSR in Kenya than elsewhere. Again, this suggests that the Kenyan understanding of CSR does not fully correspond with prevailing Western ideas.

Kenyan international CSR companies did however address all issues (except community) more frequently than domestic companies. This pattern may be reflective of Kenyan international CSR companies having a higher exposure to regulations, stakeholder scrutiny and the activities of other companies when operating outside of Kenya.

Furthermore, the issues addressed are indicative of the altruistic nature of CSR. The issue of education goes beyond satisfying the responsibilities that are required or expected by society, and fulfils those that are desired, considered by Carroll (1979) to be philanthropic. Interestingly, the other issues that were prioritised by a large proportion of companies, namely protection of the environment (48.1%) and HIV/AIDS treatment (40.7%) fall into the same category of Carroll's CSR Pyramid. Consequently, it appears that CSR is largely altruistic and locally specific. Conversely, focusing on locally relevant issues is actually strategic for some companies. Companies are increasingly aware that a healthy business depends on a healthy society and are responding to local needs in a strategic manner. Foreign international CSR companies demonstrate this understanding by focusing on issues that need addressing in Kenya that are also directly aligned with their business operations. Company 37 serves as a good example. Their expertise and resources are all concentrated in the health sector (included in ‘others’ for the purpose of this research), and accordingly, their CSR principally addresses health issues. In some instances it therefore appears that industry association has an influence on the issues addressed by CSR.

Again, the survey responses lent support to the website findings. HIV/AIDS, health, education, and the environment were addressed by all the companies, indicating their prominence on the Kenya CSR agenda.

Table 7: CSR Principles, Issues and Processes presented on company websites in Kenya

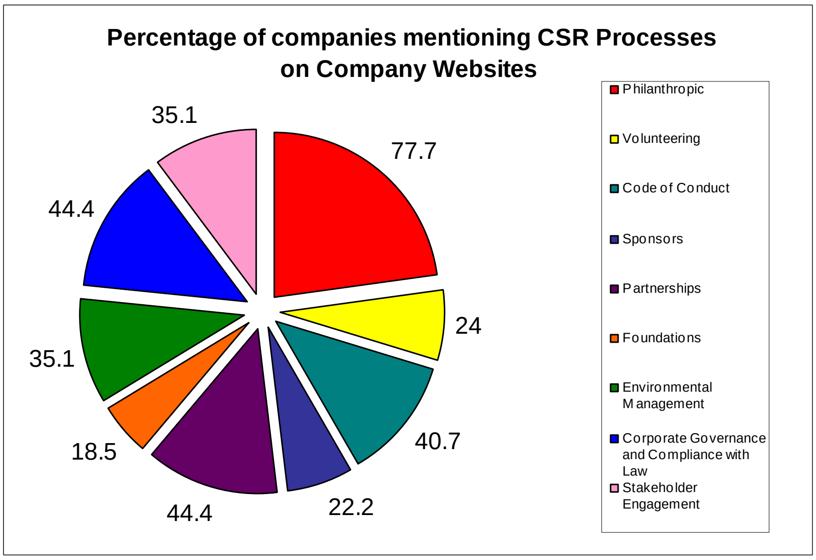
Companies Mentioning:	*TOTAL*	*Domestic (n=19)*	*Kenyan International (n=16)*	*Foreign International (n=19)*
PRINCIPLES MOTIVATING CSR				
1. Value-driven	32	12	14	6
2. Performance-driven	10	1	2	7
3. Stakeholder-driven	14	6	0	6
CSR ISSUES				
1. community	49	19	11	18
2. environment	40	12	12	16
3. marketplace	27	5	7	15
4. workplace	31	7	9	15
CSR PROCESSES				
1. philanthropy	47	17	11	19
2. volunteering	13	5	3	5
3. codes of conduct	22	4	6	12
4. sponsorships	12	2	6	4
5. partnerships	23	7	5	11
6. foundations	10	3	4	2
7. environmental management	19	4	4	11
8. compliance with law	24	4	7	13
9. stakeholder management	20	4	4	12
10. standards				
a. international	29	8	9	12
b. national	5	1	2	2
c. industry	7	2	3	2

5.4 Processes of CSR

A wide range of processes were implemented to address the social issues as depicted in Figure 7. Philanthropy was the most frequently CSR process reported on the websites. 77.7% of companies placed a great focus on 'giving back' to the community though philanthropic projects. Evidently philanthropic responsibilities feature highly on the CSR agenda. This substantiates Visser's (2006) claims for the need to reorder Carroll's (1991) CSR pyramid for Africa. As mentioned previously, only 44.4% of companies mentioned compliance with the law. So, it seems philanthropic responsibilities certainly take a higher priority than legal responsibilities in Kenya. Within this field, community investment programmes were frequently cited, which involved supporting community initiatives through donations of money, resources and staff. Interestingly, these contributions were often one off events rather than long term projects and did not always relate to the core competencies of the company. In these instances, CSR was altruistic in nature according to Lantos' (2001) categorization.

Despite the dominance of philanthropic programmes, most companies adopted other processes too. Only 7% of companies only mentioned one process, which indicates that CSR is understood as more than just philanthropy.

Figure 7: CSR Processes adopted by Companies in Kenya



However, the pattern of processes adopted for CSR was far from uniform between national and international companies. Chi squared tests showed that significant relationships existed between the type of company and certain CSR processes as shown in Table 8, namely partnerships, codes of conduct, environmental management, compliance with the law, and stakeholder engagement. In these cases, a significantly higher proportion of foreign international companies adopted these processes. Figure 8 depicts the differences between the types of company for each of the processes.

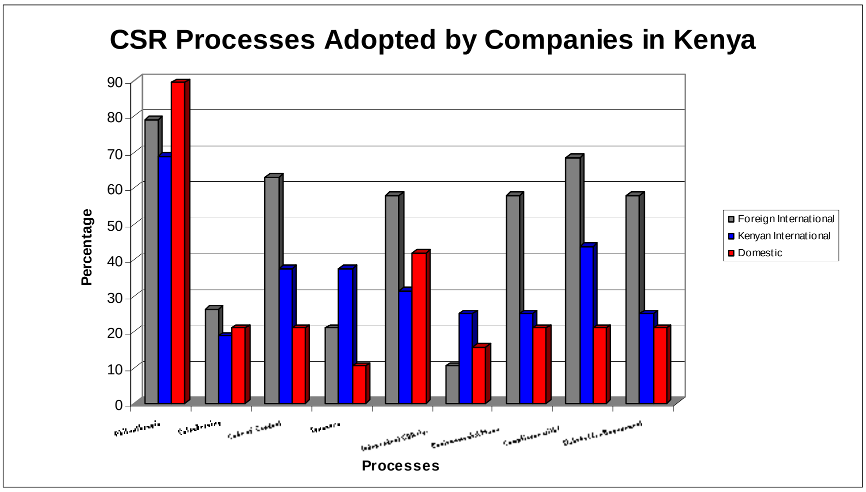
Table 8: Relationships between CSR Processes and Type of Company

CSR Process	*Total*	*Domestic*	*Kenyan International*	*Foreign International*	*X^2*	*Significance*	*Cramers' V*
Partnerships	23	7	5	11	2.918	.232	.232
Codes of Conduct	22	4	6	12	7.075	.029	.362
Environmental Management	19	4	4	11	6.689	.035	.352
Compliance with the Law	24	4	7	13	8.637	.013	.400
Stakeholder Engagement	20	4	4	12	8.635	.013	.400

Indicative of a shift away from philanthropy, the development of partnerships with local charities, NGOs, hospitals, and international organizations was a popular process whereby companies embedded CSR into their core strategies. This finding may be reflective of the presence of organizations promoting the CSR agenda in Kenya as discussed by Kivuitu and Fox (2005). 42.6% of all companies engaged in partnerships. Once again however, the divergence between international and national companies was clear. Foreign international CSR companies mentioned partnerships more frequently than the other companies. For foreign international CSR companies, partnering with organizations at the local level is one way to develop a better idea and understanding of the needs on the ground in the host countries which they would otherwise be unaware of. This reflects the proportion of foreign international companies taking a regional or national approach to CSR as mentioned previously.

Following the emerging trend in these findings, codes of conduct were adopted by majority of foreign international CSR companies (62.3%), and a minority of domestic (21.1%) and Kenyan international (37.5%) CSR companies. The implementation of these codes are indicative of companies integrating a social perspective into their core business frameworks; the basic tenet of strategic CSR (Porter and Kramer, 2006). Therefore, it stands to reason that where codes of ethics and business conduct are not present, CSR is likely to take a more altruistic form.

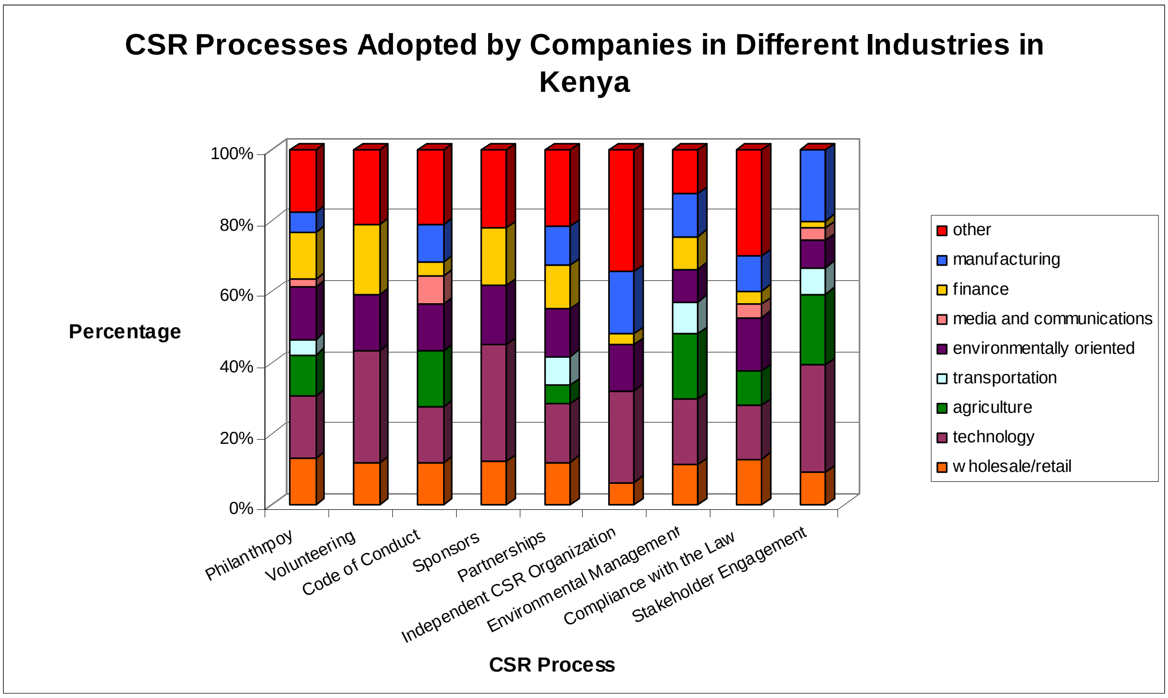
Figure 8: CSR Processes adopted by domestic, Kenyan international and foreign international companies



The process of environmental management raises some interesting questions. As previously discussed, environmental issues were prioritized by more than 74% of companies. However, only 35% of companies actually discussed undertaking any environmental management practices. This highlights some discrepancies between principles and action. Those who adopt processes of environmental management take into account the environmental ramifications of their operations and act to minimise them accordingly. For these companies, CSR is built into their core business operations strategically, and they address only those issues directly related to their operations. Again, a higher proportion of foreign international companies implemented environmental management practices in their operations, suggesting that socially responsible production is a high priority outside of Kenya. Still, the small proportion of domestic and Kenyan international companies adopting environmental management practices should not be overlooked as they indicate that it is focus in Kenya too.

Those companies who discussed environmental issues but did not engage in environmental management programmes were mainly domestic and Kenyan international companies. Only one foreign international company claimed to address environmental issues but did not have an environmental management programme. These companies addressed environmental issues by other means including philanthropic donations to an environmental cause, or employee volunteering in environmental organizations. Therefore, it appears that many companies assume liability for national environmental problems, including those they have not caused and try to rectify them regardless. According to Lantos (2001), by failing to align their CSR with either their environmental impact or their core competencies, these companies are practising altruistic CSR. In the field of environmental management, industry is assumed to have an affect as some industries are more environmentally damaging than others. However, as Figure 9 indicates, industry did not particularly seem to affect the uptake of environmental management.

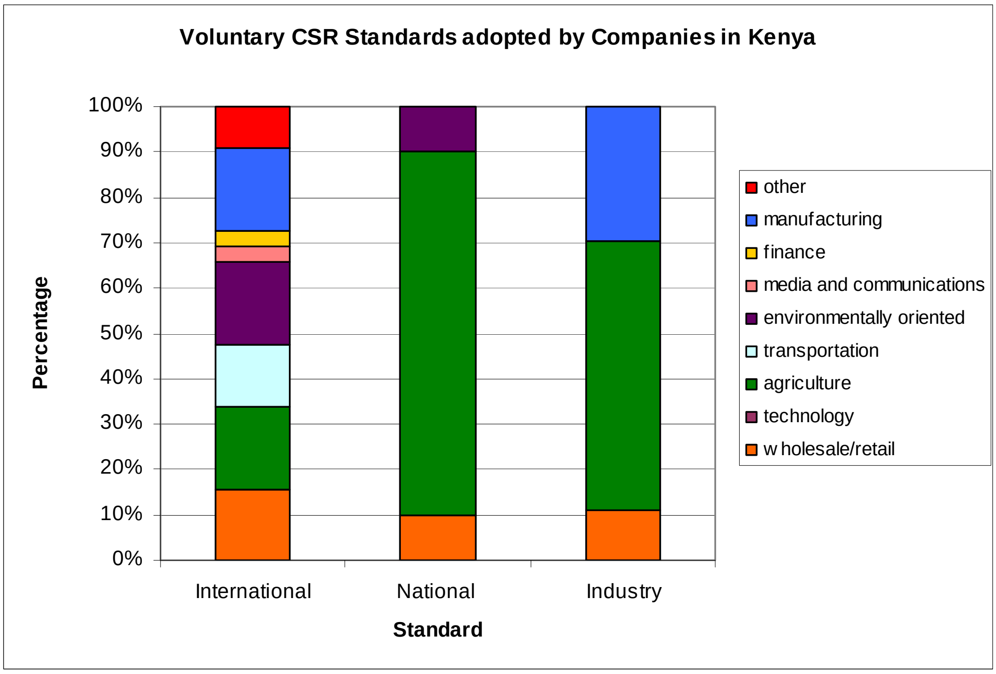
Figure 9: CSR Processes adopted by companies in different industries



Stakeholder engagement and dialogue appears repeatedly in discussions of best CSR practice. Stakeholder influences were widely acknowledged and stakeholders were frequently mentioned as beneficiaries of CSR activities, but relatively few companies actually engaged with them. Again, foreign international CSR companies displayed much higher levels of stakeholder engagement than the other companies. Stakeholder engagement is a method by which companies can discover the issues they should be addressing so as to develop priorities for action appropriate to the national context. Yet again, this reflects the move away from standardised global practices criticised by Hamann (2006), Amaeshi et al (2006) and others. In contrast, domestic and Kenyan international CSR companies had very low levels of stakeholder dialogue and engagement. As was the case for environmental management, these companies addressed their stakeholders via philanthropic methods. This is not to say that stakeholder engagement is not a feature of CSR in Kenya as there were some notable exceptions. These include Company 52, a Kenyan international company that has a well established and fully integrated programme of stakeholder engagement. The CSR activities of this company are recognised as best practice in Kenya.

Another aspect of CSR is adherence to voluntary standards. 53.7% of companies adhered to international standards. with the exception of the technology sector, companies from all industries adopted international voluntary standards. These included, the Global Compact and the Global Reporting Initiative. However, only 13% and 9.3% of industry and national standards were adopted. This could be a reflection of the CSR orientation of the industries themselves. For example, companies in the agricultural sector adopted standards at all levels, which suggests that there are industry pressures to do so. Conversely, only two companies in the financial sector, and one in the media and communication sector adopted international standards as Figure 10 displays. This suggests standards and voluntary regulation are not as important for these industries. However, the composition of the sample must be taken into consideration as the small number of companies in each company may not constitute an accurate representation of the industry as a whole. It could also reflect poor enforcement of national standards by regulators in Kenya.

Figure 10: CSR-related standards adopted by companies in Kenya



Whilst the processes themselves provide some insight into whether CSR was implemented as an ad hoc procedure rather than an integrated business strategy, the surveys provided a greater insight into the extent to which CSR was embedded into the business structure. The integration of CSR principles into core business practices ranged from very centralised to very decentralised. Whereas some companies had a dedicated CSR department and manager, others delegated responsibility for CSR to different department managers such as HR or PR, and one had no CSR delegate at all. Where the responsibility for CSR lay with the PR department, the CSR activities were ad hoc and addressed high profile social issues, suggesting that CSR was implemented for reputational benefits rather than moral reasons.

5.5 Chapter Summary

This chapter shows how CSR manifests itself in Kenya. It confirms that CSR does not always follow the pattern predicted by Carroll (1991). It does however display a range of principles and processes of CSR consistent with the model of CSP put forward by Wood (1991). However, the actual processes of CSR are consistent with the findings of Maignan and Ralston (2002) as they target specific issues. Generally speaking, this chapter answers the research questions by showing that the understanding and practice of CSR in Kenya differs between domestic, Kenyan international and foreign international companies, and less so between industries. Thus, it seems CSR is driven by various principles to address specific issues often relevant to the national context. However, there is still the need to ascertain why CSR has manifested itself in this fashion; and in particular why there exists a dichotomy between companies originating in Kenya and those originating abroad. Drawing on IT, the next chapter sheds some light on these questions.

CHAPTER 6

DISCUSSION

6.0 Introduction

The previous chapter presented the findings of the research, which suggest that a number of issues warrant further discussion to ascertain how and why CSR exists as it does in Kenya. Drawing on the theoretical framework developed in chapter three, this chapter will consider why companies adopt certain CSR practices and address particular issues. To do so, the drivers, issues and processes of CSR will be discussed in light of the institutional environment in which the companies operate. In doing so, it will explore whether CSR is due to regulatory, normative, or cultural cognitive factors.

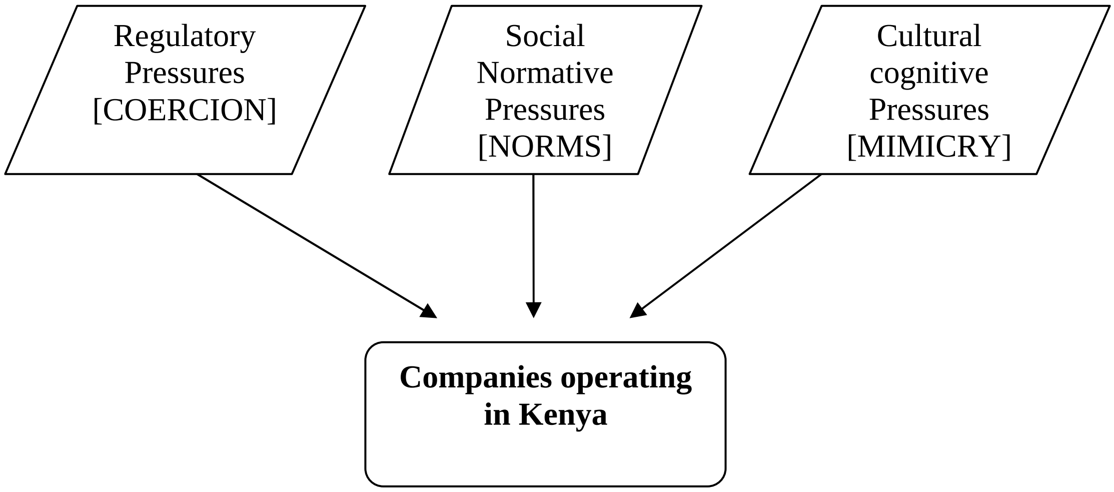
6.1 Institutional Environment

The three elements of institutions outlined by Scott (2001) are all present in Kenya. They affect the uptake of CSR to varying degrees with certain institutional processes having more influence than others. However, there is not an overarching institutional logic to explain why companies engage in CSR in the ways detailed in chapter five. Rather, the three institutional domains are integrated and collectively shape CSR in Kenya (Figure 11).

6.1.1 Coercion

The research findings clearly suggest that coercive pressures as a result of regulations are minimal in Kenya. Unlike Europe, there is no evidence of initiatives introduced by the Kenyan government to encourage CSR. Although the Capital Markets Authority has issued guidelines on good corporate governance, Gathii (2008) explains that they are largely unenforceable and do not include any reference to CSR. Moreover, Gathii (2008) goes on to say that Central Bank of Kenya's Prudential Guidelines for Institutions licensed under the Banking Act do not address CSR issues either. In recent years the Kenyan government has focused efforts on transforming the NSE into a vehicle for attracting foreign investment (Barako et al, 2006). As Mwaura (2005) observes, the government has therefore been reluctant to impose restrictions on companies for fear of creating an unfavourable investment climate. Furthermore, the regulative framework is complex, and the legal system remains slow and inefficient (Mwaura, 2005).

Figure 11: Institutional Context of Companies



As a result, companies are unaware or unclear of their responsibilities. Furthermore, the Companies Act does not require companies to undertake public welfare initiatives. However, the findings indicate that they most definitely do. Evidently therefore, companies do not engage in CSR because of coercion. The regulative environment neither serves to constrain the negative behaviour of companies nor enables CSR through the use of incentives and rewards. Interestingly, Mwaura (2005) discusses the uncertainty surrounding the Kenya Companies Act and points to a New Draft Constitution that seeks to make companies liable for all constitutionally protected fundamental human rights, including environmental, consumer and labour rights. However, there is little evidence of its enforcement. Laws and government regulations therefore do not act as a driving force behind CSR in Kenya.

At the industry level however, the regulatory element of the institutional environment appears more significant. As the findings reveal, companies become isomorphic with the institutional environment by adopting the policies and practices outlined by industry-specific and international regulations. Therefore, adherence to international standards encourages the homogenization of CSR practices across Kenya. For example, a significant proportion of companies comply with international environmental standards including ISO 9001:2000 and

ISO14001. The CSR agenda of these companies are considerably shaped by these standards. The findings show that companies implement environmental management processes to ensure the standards are reached. Furthermore, their CSR is likely to be more focused on workplace, marketplace and environmental issues in accordance with the requirements of the standards. As such, their CSR practices become homogenous with other companies who abide by the same standards. Similar processes of isomorphism occur with respect to industry regulations. As the findings show, regulations are developed and enforced more readily in the agricultural, wholesale/retail, and manufacturing sectors. Companies in these industries demonstrate some of the same CSR polices and processes as a result. However, it should be noted that isomorphism across industries was not highly visible. National regulations however were rarely mentioned implying that they present minimal pressure to conform.

Therefore, the regulatory 'pillar' of the institutional environment does encourage companies to act in a more socially responsible manner as international and industry regulative factors do have an influence. However, the voluntary nature of international and industry regulations is reflected in the fact that they are not embraced by all companies in Kenya. The non-mandatory status of these regulations does not pose a great threat to the legitimacy of companies and therefore does not encourage companies to become isomorphic with them. However, it remains to be seen why some companies do comply. As discussed, companies in particular industries embrace voluntary regulations more willingly than others. This suggests that voluntary regulations are not just a feature of the regulatory institutional environment is limited. They cross over into the cultural-cognitive realm where companies are under pressure to conform to shared beliefs of acceptable behaviour. Here, companies in the same industries adopt the same regulations and standards via mimicry to keep pace with the leading companies in their industry.

Although the regulatory and legal framework of Kenya does not create an environment conducive to the uptake of CSR, regulatory pressures outside of Kenya can help to explain why different companies' CSR agendas are focused on particular responsibilities and issues. Regulatory pressures in the home countries of foreign international companies can account for the higher proportion of companies mentioning legal responsibilities than mentioned by domestic and Kenyan international companies. For the same reasons, regulatory forces can account for foreign international companies addressing workplace and marketplace issues more frequently than domestic and Kenyan international companies. Socially responsible labour issues and socially responsible production issues are not legally enforced in Kenya. However, they do constitute part of the legal framework in other countries. For example, UK law stipulates a minimum wage. Thus, foreign international companies come under pressure to comply in their home countries and often maintain a focus on these issues in their operations in Kenya. However, the influence of regulatory pressures from the country of origin should not be overstated as foreign international companies face copious normative pressures to address these issues too.

Thus, proposition one is supported to an extent. Voluntary regulatory factors have enabled companies to take up CSR. However, many have not because governmental and voluntary regulatory pressures are absent or ineffective. In accordance with contemporary sociological thought, it appears that regulative factors alone cannot explain why companies act the ways they do in Kenya (DiMaggio and Powell, 1983). The companies all exist in the same regulatory institutional environment, yet their CSR practices differed. Indeed, some companies did not display any CSR policies or practices at all. Significantly, these companies were all domestic and belonged to two particular industries (media and communications; transportation). Hence, the role of normative and cognitive industry pressures enabling and constraining the uptake of CSR cannot be overlooked.

6.1.2 Norms

According to Meyer and Rowan (1977), a most important aspect of isomorphism with institutions, is the evolution of organizational language. As the language of CSR has risen to prominence in recent years, as promoted by business schools, publications, managers, and other forums for business, it has become a normative institutional pressure. Proponents of CSR state that it is essential for business, and a concept that companies should embrace. As such, the language of CSR has become institutionalized as more and more companies respond to these normative calls for more socially responsible behaviour. The findings indicate that generally, companies have accepted this social norm and use the language of CSR (and its variants) in their business. However, these normative pressures have not penetrated all companies in Kenya. Consequently, a number of companies have not become isomorphic with this aspect of the institutional environment and do not refer to their activities as CSR (even though many of them are consistent with the basic tenets of CSR).

As the findings show, companies were primarily driven by moral values, which stem from normative pressures in Kenyan society. The African values of community spirit and social responsibility discussed by Phillips (2006) define the type of behaviour that is deemed appropriate for companies operating in Kenya. They must ‘do the right thing’ in accordance with the established norms in Kenyan society. As DiMaggio and Powell (1983) propose, companies must conform to these values and norms in order to remain legitimate. Indeed, the majority of domestic and Kenyan international companies have accepted these institutionalized norms and values, which explains the dominance of value-driven CSR. Foreign international companies also mentioned values as driving forces behind their CSR. In these cases, companies also perceived CSR as the right thing to do in accordance with moral principles established in the institutional environments in which they operate. In some cases, value led CSR was a result of the institutionalization of values into the company from those held by the founder. Indeed, commenting upon value-driven CSR, Oliver (1991) is of the opinion that companies embrace CSR not for financial gain, as many critics contend, but because “it would be unthinkable to do otherwise” (Oliver, 1991, p. 149). Another explanation pertaining to foreign international companies having a moral value justification for their CSR is the presence of normative institutional pressures in their countries of origin. But that is beyond the scope of this study. Speculatively, these may initiate the uptake of CSR, which is then applied to Kenyan operations.

Normative pressures also account for those companies who were driven by stakeholder expectations. The local community was identified by domestic companies as one of the most important stakeholders to be addressed. For these companies, who depend heavily on Kenyan communities for managers, employees, suppliers, and customers, acting in accordance with local demands and expectations is paramount. Their actions must be sanctioned by Kenyan communities to ensure survival. In Kenya, charitable, benevolent and philanthropic actions have become an expectation of companies (Gathii, 2008). This explains the dominance of philanthropic activities above all other processes demonstrated by domestic companies. Furthermore, marketplace and workplace issues are not prevailing social concerns in Kenya. The harsh day to day realities of HIV/AIDS treatment, healthcare provision, and access to water are the primary concern of society and business organizations, thus indicating why most companies principally address community issues.

As Doh and Guay (2006) indicate, NGO activism at the international level is extremely high. Foreign international companies in particular come under pressure from international NGOs who make normative calls for more socially responsible behaviour, especially in developing countries. These NGOs have set new norms in society and create expectations among other stakeholders such as consumers and employees. To safeguard their reputations and maintain their legitimacy, foreign international companies operating in Kenya have responded to these institutional pressures by adopting CSR practices. Similarly, NGOs have exercised pressures at the national level. For example, companies in the cut flower industry were the subject of a local campaign targeting their labour rights and abuses (Dolan et al, 2005). However, few domestic companies identified NGOs as an area of concern. Instead some attributed their CSR the actions of their competitors. Social normative pressures therefore arise from a myriad of stakeholders in the institutional environment to encourage the uptake of CSR activities.

In accordance with propositions three and four, such norms can also temper the focus of CSR. As the social normative pressures faced by foreign international, Kenyan international, and domestic companies vary, the issues they address vary too. All companies are under pressure to respond to the norms and values expressed in society. These social norms for business are disseminated through various mechanisms and institutions in Kenya. As the findings reveal, companies adopt the CSR practices considered to be acceptable by these standards. As companies respond to the same calls for CSR, they inadvertently adopt the same CSR agendas. Therefore isomorphism occurs as companies address the same issues via the same processes.

The Sisa Center for Corporate Partnership and the Ufadhili Trust are two national organizations that promote social responsibility in the Kenyan business environment. Although they were not mentioned on any websites, perhaps due to the nature of CSR reporting, their existence implies that such social normative pressures for CSR do exist in Kenya and are thus likely to have an influence on companies. However, these organizations are small and their influence is therefore limited. However, larger organizations that have a wider reach, such as the International Business Leaders Forum (IBLF) set the CSR agenda for many companies. CSR is also a feature of education. In 2003, the World Bank Institute and the World Bank country office in Kenya organized a workshop on Business in Society with the global student network AIESEC and the University of Nairobi. At the workshop, participants started a process of Curriculum development to integrate CSR into teaching (World Bank Institute, 2003). Therefore, as Matten and Moon (2008) purport, legitimacy standards are also set by universities and other educational authorities. Again these institutions were not mentioned as a driver for CSR. Nevertheless, their existence implies that they play a role.

International frameworks were however mentioned on a number of occasions. As the findings show, a significant proportion of companies in Kenya demonstrated isomorphism with these institutions. These included the Global Compact (GC), Ethical Trading Initiative (ETI), Global Reporting Initiative (GRI) and Global Business Coalition for HIV/AIDS, malaria and TB (GBC) amongst others. Taking the GC as an example, the influence on companies CSR can be seen. The GC lays out the foundation for 'responsible business'. Specifying ten principles, in the areas of human rights, labour standards, environment, and corruption, the GC serves as a social normative pressure by specifying what business should do. For example, Principle one stipulates that "Businesses should support and respect the protection of internationally proclaimed human rights" (UNGC, 2008). The wording of the principle is indicative of its normative nature. Companies respond by adopting CSR that is consistent with the principles (or aspects of other frameworks), thus becoming isomorphic with the institutional environment. However, cultural cognitive frameworks were created whereby companies adopt these frameworks to guide their CSR by imitating other companies. With regards to CSR, the issues addressed are reflective of the framework. However, not all of the CSR agendas were in accordance with the same international framework. Accordingly, the CSR agendas were not homogenous across the companies. For example, whereas some companies focused on human rights consistent with the GC, others maintained a focus on HIV/AIDS consistent with the GBC. Social normative elements of the institutional environment were not mentioned at all by some companies, which suggest that these companies developed their CSR agendas through mimicry.

Furthermore, the international NGO agenda is another social normative pressure faced by companies operating in Kenya. Environmental issues, supply chain issues, human rights, and labour conditions are just some of the issues that have attracted NGO attention worldwide. However, as the findings demonstrate, domestic and Kenyan international companies come under less pressure to address them than foreign international companies. The high proportion of foreign international companies addressing global environmental issues, marketplace and workplace issues demonstrates that companies are indeed influenced by these normative pressures. The norms created by NGOs have also affected the CSR of Kenyan international companies. These companies have had to become isomorphic with these normative pressures as they are more visible to the international market. For example, Kiviutu and Fox (2005) discuss the increased attention focused on labour abuses in the export processing sector. Concurrently, the findings reveal that Kenyan international companies focus on workplace issues in their CSR than domestic companies do.

From the findings, the gap between foreign international companies and the other companies was clear. Here it is apparent that foreign companies largely respond to globally accepted norms whilst domestic and Kenyan international companies are more inclined to respond to local norms and values. Despite becoming isomorphic with different features of the institutional environment, social normative pressures certainly encouraged the uptake of CSR and also explain some of the divergence in the issues addressed by CSR. Accordingly, normative pressures were the most salient feature of the institutional environment influencing the uptake of CSR. However, they do not fully account for the similarities and differences of the processes or issues addressed. Therefore, it is essential to consider cultural-cognitive domain and the mechanism of mimicry.

6.2.3 Mimicry

Evidently, values drive a large proportion of the CSR in Kenya. However, as Campbell (2007) discusses, not all companies necessarily subscribe to the values institutionalized in society. Rather, companies mimic the practices of their competitors to maintain legitimacy and competitiveness. However, most of the companies did not explicitly describe the mimetic processes driving their CSR. Still, cultural cognitive frameworks do exist to suggest that it is not only normative factors that drive CSR in Kenya.

At the outset, it seems that social norms drive CSR for most domestic companies. However, upon further analysis, the homogeneity of CSR in domestic companies (as compared to the other companies) suggests mimicry. Here, it is important to be mindful of the fact that the three ‘pillars’ of institutions are not independent of one another. The social norms of responsibility and philanthropy in Kenya have become institutionalized in the business environment. As such, they have triggered the development of cultural-cognitive mindsets as companies view these CSR initiatives as ‘best practice’ in Kenya. The leading CSR companies, as a result of becoming isomorphic with the normative institutions in Kenya, largely subscribe to the altruistic view of CSR, engaging in philanthropic activities focused on the local community. Other domestic companies have imitated the CSR practices of these leading companies to maintain their legitimacy. Although much of the literature points to the isomorphism of organizational practices across industries, the findings reveal that this did not occur to a large extent. Instead, as Bertels and Peloza (2008) discuss, cues were not solely taken from leaders in their industry. Rather they followed examples of 'best practice' for CSR from all sectors. Consequently, CSR practices have become isomorphic across all industries, providing a general CSR orientation for all domestic companies. Certainly, the mimetic processes delineated by DiMaggio and Powell (1983) to explain the homogenization of CSR in domestic companies.

Similar conclusions can be drawn for foreign international companies who were performance-driven. Some of these companies were pioneering companies driven by their forward-thinking directors and managers who realised the business case for CSR. Consequently, the notion that CSR is good for business was adopted and institutionalized. The notion of 'best practice' was deemed to be CSR that created a competitive advantage and aligned with profit motives. Other companies were therefore compelled to imitate the CSR processes of their competitors so as not to fall behind and lose their competitive advantage. This is most apparent where there existed significant relationships between the nationality of the company and the adoption of a particular process. The significantly higher proportion of foreign international companies adopting similar CSR processes which were embedded into their core business practices, such as stakeholder engagement, environmental management, and codes of conduct, indicates isomorphism as a result of mimicry. This pattern is consistent with the idea of 'keeping up with the Jones's' proposed by Bertels and Peloza (2008).

Kenyan international companies serve as another example of isomorphism with the cultural-cognitive institutional environment. As mentioned, neither Kenyan international nor domestic companies prioritised marketplace and workplace issues as highly as foreign international companies. However, the findings indicate that Kenyan international companies placed more focus on these issues than domestic companies. Kenyan international companies are influenced by their competitors. They are exposed to shared understandings of 'best practice'. As they are in competition with foreign international companies, the Kenyan international companies mimic their CSR in order to remain legitimate.

For a few companies, the mimetic processes driving their CSR were more obvious. They directly attributed their CSR to their peers, and implied that the development of CSR processes followed the example set by foreign international companies. These companies were Kenyan international and domestic companies who perceived the adoption of CSR in foreign international companies as an indication that they should embrace it too. Again, the notion that companies must keep up with their peers to remain legitimate explains the adoption of particular forms of CSR as figure 11 demonstrates. Indeed, for those companies originating in Kenya whose exposure to CSR was mainly altruistic, the presence of foreign international companies in Kenya raised the bar. As the findings illustrate, foreign international companies favoured strategic CSR and engaged in a number of CSR processes beyond philanthropy. To compete with these companies, domestic and Kenyan international companies mimicked their CSR, including other processes than philanthropy. Here, the notion of ‘CSR creep’ advanced by Bertels and Peloza (2008) seems applicable. Isomorphism of CSR practices therefore occurred to an extent between foreign international, Kenyan international and domestic companies.

Industry differences accounted for less of the variance than international and national differences. Very few cases indicated that CSR is practiced according to cognitive frameworks of particular sectors in Kenya. Although some instances of isomorphism did occur across industries, they were overshadowed by isomorphism within and between domestic, Kenyan international and foreign international companies, consistent with the findings of Bertels and Peloza (2008) who explain that industry leaders are often not a good enough measure for ‘best practice’.

The findings imply that CSR in Kenya can therefore be accredited to cultural-cognitive pressures. Consistent with the findings of Bertels and Peloza (2008) and examples put forward by Matten and Moon (2008), mimetic processes are at work in Kenya.

6.3 Conclusions

6.2.1 Corporate Social Responsibility in Kenya

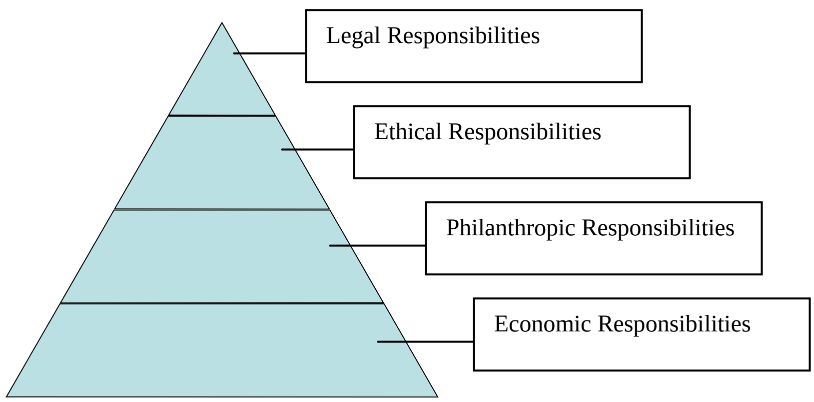
Regulatory pressures from the government are lacking and fail to create an environment conducive to the uptake of CSR in Kenya. However CSR does exist and manifests itself in a variety of ways. Companies in Kenya display different understandings and levels of commitment to CSR as demonstrated by the issues they prioritise and the range of CSR processes they employ. These similarities and differences appear to be related to the domestic or international nature of the companies, and the findings show that the institutional environment in which they operate has a significant influence.

The adoption of CSR by domestic and Kenyan international companies is mainly a function of social normative pressures in Kenyan society, which account for the largely altruistic nature of CSR practices. In response to calls for business to address the plight of Kenyan societies, CSR is primarily philanthropic, often employed on an ad hoc basis removed from the core functions of the companies. Running parallel to this traditional philanthropic understanding of CSR however, are a selection of companies who engage in more embedded forms of CSR as a strategic response to normative and cultural-cognitive pressures. These companies are mainly foreign international companies who find themselves under increasing pressure from NGOs and competitors to take responsibility for their actions. These companies use their resources and expertise to contribute to the betterment of society whilst fulfilling performance objectives.

These foreign international companies tend to 'lead the way' both in industry sectors and in the Kenyan business environments as a whole. They demonstrate 'best practice' CSR, which improves their reputation, creates a competitive advantage and conforms to international standards. Isomorphism of these practices occurs across industries and across Kenya as other companies mimic these CSR agendas in attempts to keep up with their competitors to maintain legitimacy and ensure their survival.

Seemingly, CSR in Kenya does not take the form of Carroll's (1991) CSR pyramid. All the levels play a role in Kenya, but to a different extent. Similarly, CSR in Kenya resembles Visser's (2006) pyramid for Africa, but does not look the same. If the pyramid was to be reordered for the Kenyan context, economic responsibilities would remain the foremost responsibility of business. However, it is debatable as to whether this ‘taken for granted’ business function should appear on the CSR agenda at all. Philanthropic responsibilities would occupy the second level, followed by ethical responsibilities, and finally legal responsibilities, as Figure 12.

Figure 12: Carroll’s (1991) CSR Pyramid reordered for Kenya



Generally, the CSR agenda in Kenya is dominated by philanthropy focused on local needs. However, new norms and cognitive mindsets that favour strategic CSR are being created as the Kenyan economy is becoming increasingly integrated into the global market. Consequently, it seems that from industry to industry, company to company, foreign international companies are leading the way in CSR, and Kenyan companies are following.

7.2 Research Limitations

The findings should be interpreted with some caution for several reasons.
Firstly, the analysis was primarily based on websites, and did not investigate actual CSR practices. Although the language of CSR may be adopted on websites, Amaeshi et al (2006) warn that business practice will not necessarily correspond to the stated CSR principles. Therefore, it is difficult to establish to what extent these companies are sincere about what they publish on their websites. Secondly, Furthermore, the study is quantitative and therefore does not provide rich descriptions of CSR as qualitative enquiries can. Therefore, there is

scope for qualitative research such as interviews and focus groups to gain a deeper insight into CSR in Kenya, and the actual practices.

The study does not take temporal effects into account as it was only conducted once. As CSR is still emerging in Kenya, the field could benefit from longitudinal studies to ascertain if the CSR agenda is prone to change over time as Fukukawa and Moon (2005) investigated in Japan. In addition, research into the effect of national business systems in Kenya in addition to institutional pressures could provide another dimension to the research.

7.3 Implications for Practice and Policy

The study reveals that the uptake of CSR is inconsistent. It is largely driven by the need to conform to social norms or mimic 'best practice' for legitimacy reasons. There is a need for the government to act as a driver of CSR as its influence is currently very limited. There is also a need to strengthen and develop CSR institutions in Kenya to create more awareness of the potential CSR has for Kenya. At present, companies learn from one another but this does not always lead to CSR that fulfils its potential. It may have been heralded as one of the best place institutions to help solve the problems of Africa, but if companies do not begin to take a strategic approach whilst remaining sensitive to local needs, as foreign international companies are beginning to do, the potential benefits will not be achieved.

7.4 Chapter Summary

This chapter has discussed the ways in which the institutional environment influences companies in Kenya to engage in CSR. It answers the research questions, revealing that regulatory, normative and cognitive pressures shape the focus and form of CSR. However, their influence is varied, and there is no uniform pattern of CSR in Kenya as a result. Subsequently, there is a need for institutions in Kenya to be strengthened to enable CSR to be implemented in ways that benefit both business and society, for, as Charles Darwin once said, "If the misery of the poor be caused not by the laws of nature, but by our institutions, great is our sin" (Darwin, 2002, p. 503).

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APPENDIX ONE: Sample of Companies*

Reference No.	Company Name		
		36	**Co-operative Bank** www.co-opbank.co.ke
1	**Unilever** www.unileverea.com	37	**GlaxoSmithKline** www.gsk.com
2	**Barclays Bank of Kenya Ltd** www.barclays.com/africa/kenya	38	**Tetra Pak** www.tetrapak.com
3	**Standard Chartered Bank Ltd** www.standardchartered.com/ke	39	**Multichoice** www.dstvafrica.com
4	**British American Tobacco Kenya** www.bataec.ocm	40	**Ogilvy PR – WPP** www.ogilvypr.com
5	**Total Kenya** www.outremer.total.com	41	**Linton Park - Eastern Produce Kenya Ltd** www.camelliaplc.uk
6	**Crown Berger Ltd** www.crownberger.co.ke	42	**Coca Cola** www.thecoca-colacompany.com
7	**Car and General** www.cargen.com	43	**Nestle** www.nestle.com
8	**TPS Eastern Africa - Serena** www.serenahotels.com	44	**Cadburys** www.cadbury.com
9	**Diamond Trust Bank of Kenya** www.diamondtrust-bank.com	45	**Del Monte** www.delmonte.com
10	**Athi River Mining** www.armkenya.com	46	**Shell Kenya** www.shell.com
11	**East African Breweries Limited** www.eabl.com	47	**Kenya Pipeline** www.kenyapipelinecom
12	**Kenya Oil Co** www.kenolkobil.com	48	**General Electric** www.ge.com
13	**Bamburi Cement** www.bamburicement.com	49	**Kenya Reinsurance Corporation** www.kenyare.co.ke
14	**Kenya Commercial Bank** www.kcbbankgroup.com	50	**HACO Industries** www.haco.co.ke
15	**B.O.C. Kenya ltd** www.boc-gases.com	51	**East African Cables Ltd** www.eacables.com
16	**Sameer Ltd** www.sameerafrica.com	52	**Magadi Soda Company** www.magadisoda.co.ke
17	**Olympia Capital Holdings** www.olympiacaptial.com.ke	53	**Eagle Africa Insurance Co** www.eagleafrica.co.ke
18	**CMC Holdings Ltd** www.cmcmotors.com	54	**Kenya Tea Development Agency** www.ktdateas.com
19	**Rea Vipingo Plantations** www.reavipingo.com	55	**Nakumatt** www.nakumatt.net
20	**Nation Media Group** www.nationmedia.com	56	**Kenya Ports Authority** www.kpa.co.ke
21	**Standard Group** www.eastandard.net	57	**Kenya Civil Aviation Authority** www.kcaa.or.ke
22	**Williamson Tea Kenya** www.williamsontea.com	58	**Apex Communication** www.prsk.co.ke
23	**Scangroup Ltd** www.scangroup.biz	59	**Mabati Rolling Mills** www.mabati.com
24	**Access Kenya** www.accesskenya.com	60	**Tell 'Em Public Relations** www.tell-em-pr.com
25	**Sasini** www.sasini.co.ke	61	**Exclamation Marketing** www.exclamationmarketing.co.ke
26	**Kenya Airways** www.kenya-airways.com	62	**I & M Bank** www.imbank.com
27	**Housing Finance Company of Kenya Ltd** www.housing.co.ke	63	**Express Kenya** www.expresskenya.com

28	**Equity Bank** www.equitybank.co.ke	64	**Safaricom** www.safaricom.co.ke
29	**C.F.C. Bank** www.cfcbank.co.ke	65	**K-rep** www.k-repbank.com
30	**National Bank of Kenya** www.nationalbank.co.ke	66	**NIC Bank** www.nic-bank.com
31	**Pan Africa Insurance Holdings** www.pan-africa.com	67	**National Hospital Insurance Fund** www.nhif.or.ke
32	**Ken Gen** www.kengen.co.ke	68	**Athi Water Services** www.awsboard.go.ke
33	**Eveready East Africa** www.eveready.co.ke	69	**Ketepa** www.ketepa.com
34	**Kenya Power and Lighting Co** www.kplc.co.ke	70	**Imperial Bank** www.imperialbank.co.ke
35	**East Africa Portland Cement Company Limited** www.eastafricanportland.com		

* The first 35 companies are listed on the Nairobi Stock Exchange

APPENDIX 2: WEB SURVEY (Microsoft word version)

Research Survey on Corporate Social Responsibility in Kenya

This research project guarantees respondent confidentiality. The survey responses will not be integrated, analysed or reported in any way in which their confidentiality is not absolutely guaranteed. We shall be sharing with you a short report on the findings.

Name of Company

1a. Do you have a corporate social responsibility (CSR) policy?

[**Please note that this may be called corporate citizenship/corporate responsibility/ethical business... in your company**]

☐ *Yes* ☐ *No*

1b. Is this a global or national CSR policy?

☐ *Global* ☐ *National*

2. In which function does the responsibility for CSR lie? (please choose **ONE** option only)

☐ *Human resources*
☐ *Public relations / communications*
☐ *Marketing and Sales*
☐ *Corporate Affairs*
☐ *Operations Management*
☐ *Other (please specify)*

3a. How is CSR organised in your company? (please choose **ALL** that apply)

☐ *We have a CSR manager*
☐ *We have a CSR committee*
☒ *We have a board member with specific responsibility for the CSR policy*
☐ *Each function director (e.g. Human Resources director) has responsibilities for our CSR policy*
☐ *We do not have a board member with specific responsibility for our CSR policy*
☐ *Other (please specify)*

3b. Please identify who in the company is responsible for the following activities.

Identifying CSR issues:

Developing CSR policy:

Implementing CSR policy:

CSR monitoring and evaluation :

CSR reporting and communication:

4a. Please rank these stakeholders in order of importance for your company's CSR activities (please enter a number next to each stakeholder: 1=most important, 9=least important)

Customers

Government

Suppliers

Employees

NGOs

Investors

Media

Communities

Business coalitions

4b. Why do you consider these stakeholders the most important?

5. How centralised is your company's CSR? Please rate the following statements:

1	*2*	*3*	*4*
Very Centralised	*Fairly Centralised*	*Fairly Decentralised*	*Very Decentralised*

[Centralised: decision making authority is retained at higher managerial levels]

[Decentralised: decision making authority is devolved to local branches and/or business functions]

5a) In my company CSR strategy development is:

1☐ 2☐ 3☐ 4☐

5b) In my company CSR implementation is:

1☐ 2☐ 3☐ 4☐

6a. Indicate to what extent you agree with these statements:

1 2 3 4
Strongly AgreeAgree Disagree Strongly Disagree

Our company does not have a CSR strategy
1☐ 2☐ 3☐ 4☐

CSR is a fundamental part of our corporate strategy

1☐ 2☐ 3☐ 4☐

CSR performance is included in all our employees performance appraisals

1☐ 2☐ 3☐ 4☐

Not all our company policies have a CSR component

1☐ 2☐ 3☐ 4☐

We have human resources dedicated to CSR strategy development and implementation

1☐ 2☐ 3☐ 4☐

Our company has an annual CSR budget

1☐ 2☐ 3☐ 4☐

Our company has a comprehensive code of conduct

1☐ 2☐ 3☐ 4☐

6b. Is your code of conduct modelled on international, national or industry standards? (please tick ALL that apply).

☐ *International*
☐ *National*
☐ *Industry*
☐ *Other (please specify)*

Please give examples (e.g. Global Reporting Initiative, Global Compact)

7. Please pick the key driving force behind your company's CSR (please choose **ONE** option only):

☐ *We are required by law to engage in CSR*
☐ *Our stakeholders expect us to engage in CSR practices*
☐ *We follow our competitors who have adopted CSR practices*
☐ *Our company believes CSR is the right thing to do*

How important are each of the following motivating factors for your company?

1 Very Important	2 Important	3 Moderately Important	4 Unimportant

CSR policy improves competitiveness
1☐ 2☐ 3☐ 4☐

CSR gives us social and political legitimacy
1☐ 2☐ 3☐ 4☐

CSR improves our financial performance
1☐ 2☐ 3☐ 4☐

CSR is morally the 'right thing to do'
1☐ 2☐ 3☐ 4☐

CSR mitigates risks
1☐ 2☐ 3☐ 4☐

CSR helps improve the company's image
1☐ 2☐ 3☐ 4☐

CSR enhances company innovation
1☐ 2☐ 3☐ 4☐

CSR contributes to solving social and environmental problems
1☐ 2☐ 3☐ 4☐

CSR increases employee motivation and organizational commitment
1☐ 2☐ 3☐ 4☐

CSR enhances our reputation
1☐ 2☐ 3☐ 4☐

CSR prevents and/or mitigates new regulations
1☐ 2☐ 3☐ 4☐

CSR satisfies NGOs and pressure groups in society
1☐ 2☐ 3☐ 4☐

8a. What issues does your CSR policy target? (please choose **ALL** that apply)

☐ *Health*
☐ *Bribery and corruption*
☐ *HIV/AIDS*
☐ *Pollution*
☐ *Working conditions*
☐ *Water*
☐ *Environment*
☐ *Job creation*
☐ *Human rights*
☐ *Climate change*
☐ *Transport and infrastructure*
☐ *Waste Recycling*
☐ *Enterprise development*
☐ *Education*
☐ *Fair market prices*
☐ *Other (please specify*)

8b. Why are these social issues important to your company?

9. Please indicate to what extent you agree with the following statements with reference to your CSR processes and practices:

1	2	3	4
Not at all	*To a minor extent*	*To a moderate extent*	*To a major extent*

Our company is successful at maximising profits
1☐ 2☐ 3☐ 4☐

Our company follows strict procedures to stop any form of discrimination in the workplace
1☐ 2☐ 3☐ 4☐

Our company promotes diversity in the workforce
1☐ 2☐ 3☐ 4☐

A whistle blowing policy is in place for employees to report any misconduct at work
1☐ 2☐ 3☐ 4☐

We buy our products from the local community
1☐ 2☐ 3☐ 4☐

Our company supports employees activities in the community

1☐ 2☐ 3☐ 4☐

Our company complies with health and safety regulations in the workplace
1☐ 2☐ 3☐ 4☐

Our company has a procedure in place to respond to every customer complaint
1☐ 2☐ 3☐ 4☐

Our company provides full and accurate information about our products and services to all our customers
1☐ 2☐ 3☐ 4☐

We ensure that suppliers are always paid on time
1☐ 2☐ 3☐ 4☐

The potential negative impact of our operations on the community are monitored
1☐ 2☐ 3☐ 4☐

Our company provides financial support and material to local community activities and projects (e.g. charitable donations, sponsorship)
1☐ 2☐ 3☐ 4☐

Our company considers potential environmental impacts when developing new products and services
1☐ 2☐ 3☐ 4☐

We have a functioning waste management and pollution prevention programme in place
1☐ 2☐ 3☐ 4☐

We improve social infrastructure and living conditions in our communities
1☐ 2☐ 3☐ 4☐

Our company contributes to the development of sustainable livelihoods in our communities
1☐ 2☐ 3☐ 4☐

Our company purchases its goods and services from the cheapest suppliers irrespective of their CSR performance
1☐ 2☐ 3☐ 4☐

Tax avoidance is not a CSR concern
1☐ 2☐ 3☐ 4☐

Our company does not have a waste recycling programme
1☐ 2☐ 3☐ 4☐

We have concrete measurable targets to judge our CSR practice
1☐ 2☐ 3☐ 4☐

We have an established method for monitoring CSR performance
1☐ 2☐ 3☐ 4☐

We have an established method for providing feedback to our stakeholders

1☐ 2☐ 3☐ 4☐

We rarely ask our stakeholders what they want and need
1☐ 2☐ 3☐ 4☐

We have standard procedures that we follow to determine the needs of our stakeholders
1☐ 2☐ 3☐ 4☐

11. How frequently does your company partake in stakeholder engagement processes?

☐*Never* ☐*Infrequently* ☐*Regularly*

12. To what extent do you involve your stakeholders in the following?

1	*2*	*3*
Completely involved	*Partly Involved*	*Not involved*

When prioritising CSR issues
1☐ 2☐ 3☐

Please indicate the two most important stakeholders that you involve in this process:
1.

2.

When identifying CSR issues
1☐ 2☐ 3☐

Please indicate the two most important stakeholders that you involve in this process:
1.

2.

When designing CSR policy
1☐ 2☐ 3☐

Please indicate the two most important stakeholders that you involve in this process:
1.

2.

When implementing CSR processes
1☐ 2☐ 3☐

Please indicate the two most important stakeholders that you involve in this process:
1.

2.

When monitoring CSR practices
1☐ 2☐ 3☐

Please indicate the two most important stakeholders that you involve in this process:
1.

2.

When reporting CSR processes and practices
1☐ 2☐ 3☐

Please indicate the two most important stakeholders that you involve in this process:
1.

2.

13. What industry sector does your company belong to? (please choose **ONE** from the drop down list)

Financials and Investment

Other:

14. What size is your company?

- Approximately how many employees?

☐ *Less than 100*
☐ *100-500*
☐ *500-1000*
☐ *More than 1000*

- Sales turnover in 2006-2007 financial year (in millions of US dollars)

☐ *Less than 20*
☐ *20-100*
☐ *More than 100*

15. How would you best describe your company? (please choose **ONE** from the drop down list)

a) transnational
b) multinational
c) domestic

16. If you answered 15a or b, where is your company headquarters located?

17. Our company trades in the following markets (choose all that apply)

☐ Kenyan
☐ African
☐ Asian
☐ European
☐ United States
☐ Other (please specify)

Thank you

APPENDIX 3: Email with link to survey

Dear

I am writing to request your participation in a research study we are undertaking on Corporate Social Responsibility or Corporate Citizenship Initiatives by your company. We are targeting industry leaders like yourself and other companies so as to capture best practices of companies in Kenya.

We will be pleased to provide respondents with a copy of the full report(including industry analysis) in September, 2008.

The survey can be accessed on: http://www.zoomerang.com/Survey/survey.zgi?p=WEB2283V4A48UE. We have also enclosed a word version in case you wish to read through the questionnaire before filling it electronically (or if it is your preferred format).

The questionnaire takes approximately twenty (20) minutes to complete.Your response would be appreciated by 10th August 2008. If it is acceptable to you, Ms Victoria Gilbert: lixvg10@nottingham.ac.uk may contact you nearer to the deadline if we have not received a response from you.

If you have any queries about the survey or the overall project, please contact me on judy.muthuri@nottingham.ac.uk.

Thank you for your co-operation.

Yours sincerely

Judy N. Muthuri
Lecturer in Corporate Social Responsibility International Centre for Corporate Social Responsibility (ICCSR) Nottingham University Business School Jubilee Campus Wollaton Road Nottingham
NG8 1BB
Tel: +44 (0) 115 84 66615
Fax: +44 (0) 115 84 68074
Web: http://www.nottingham.ac.uk/business/ICCSR

APPENDIX 4: Confidentiality Statement

UNIVERSITY OF NOTTINGHAM

Nottingham University Business School

CONFIDENTIALITY AGREEMENT

This Agreement relates to all communications (whether written oral or otherwise) between the parties named below on or after ***30th July 2008*** (notwithstanding the dates of signature of this Agreement). This Agreement applies to any supply, communication or exchange of information of any kind (including without limitation know-how, drawings, data, software, other technical matters etc.) relating to the Subject Matter defined in the Schedule attached hereto (all such information is hereinafter called "Information").

Each Party agrees that:-

1. All Information which it receives from the Disclosing Party (whether directly or indirectly) will be regarded as and kept confidential and no part of it will be divulged by the Receiving Party to any third party at any time and in any form whatsoever without the prior written consent of the Disclosing Party except as outlined in paragraph 4 below. Such consent to be obtained specifically on each occasion.

2. Information received by the Receiving Party will be used only by the Receiving Party for the purposes set out in the Schedule attached hereto (the “Proper Use”). The Receiving Party undertakes to take no action to otherwise use or exploit Information without the specific written agreement of the Disclosing Party.

3. For the avoidance of doubt ownership of Information shall remain the property of the Disclosing Party providing the same. No licence is granted hereunder to the Receiving Party and no licence shall be deemed to have arisen.

4. Information may be revealed to employees of the Receiving Party but only to the extent necessary for the Proper Use or to further communications between the Parties or to carry out such work as it is agreed in writing between the Parties that one Party will undertake for the other. The receiving Party will use all reasonable endeavours to bind such employees to keep Information confidential both during and after their current employment and will take appropriate steps to enforce the obligations of such employees in relating thereto.

5. This Agreement shall not apply to any Information which:-

- at the date of this Agreement is in the public domain;

- after the date of this Agreement enters the public domain through no fault of the Receiving Party and not in breach of this Agreement;

- was already known to the Receiving Party from a third party on the date of disclosure provided that such prior knowledge can be substantiated and proved by documentation;

- properly and lawfully becomes available to the Receiving Party from sources independent of the Disclosing Party;

- was developed by the Receiving Party without making use of the Information.

- is the subject of judicial action or Government regulations, providing the Receiving Party where reasonably possible notifies the Disclosing Party prior to any disclosure and co-operates with the Disclosing Party should the Disclosing Party elect to contest and avoid such disclosure.

6. This Agreement shall come into effect on the date mentioned above and the obligations under this Agreement shall remain in effect for a period of ***(insert no.)*** years thereafter.

7. On demand from the Disclosing Party, the Receiving Party undertakes to return forthwith all copies of Information reduced to writing (or other permanent form) and to destroy all notes reports or other records to the extent that they contain any Information received under this Agreement.

8. This Agreement shall be governed and construed according to the Laws of England and shall be subject to the exclusive jurisdiction of the English courts.

9. The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement and no person or persons other than Parties to this Agreement shall have any rights under it, nor shall it be enforceable under that Act by any person other than the Parties to it.

Signed for and on behalf of:

The University of Nottingham, University Park, Nottingham NG7 2RD

....
....
Position

....
Date

Signed for and on behalf of
(insert Sponsor name and full address) (Company Reg No.:)

....
....
Position

....
Date

<u>SUBJECT MATTER</u>

Corporate Social Responsibility in Kenya

<u>THE PURPOSE</u>

Empirical Data for Masters Dissertation

APPENDIX 5: Survey Contacts

Company	
Linton Park	Car & General (K) Ltd
Magadi Soda	Hutchings Biemer Ltd
East African Breweries	Marshalls (E.A.) Ltd
KPA	Scangroup Ltd
Broker	CFC Bank Ltd
Telcom	Equity Bank Ltd
AWS board	Diamond Trust Bank Kenya Ltd
KTD	Housing Finance Co Ltd
Multichoice	Centum Investment Company Ltd
Unilever Kenya Ltd	Jubilee Holdings Ltd
Safaricom	NIC Bank Ltd
KenGen	National Bank of Kenya Ltd
Barclays Bank	Pan Africa Insurance Holdings Ltd
Kenya Commercial Bank	Standard Chartered Bank Ltd
British American Tobacco Kenya	Athi River Mining
Tetra Pak	B.O.C. Kenya Ltd
Kenya Reinsurance	Crown Berger Ltd
National Hospital Insurance Fund	Carbacid Investments Ltd
Kenya Tea Development Agency	Kenya Oil Co. Ltd
Kenya Airports Authority	Olympia Capital Holdings ltd
Kenya Ports Authority	Eveready East Africa
Kenya Power and Lighting Company	Mumias Sugar Co. Ltd
Kenya Civil Aviation Authority	A.Baumann & Co Ltd
Apex Communication	Eaagads Ltd
Gina Din Corporate Communication Ltd	Williamson Tea Kenya
Vivi Communications	Kenya Orchards
Ogilvy PR	City Trust Ltd
Church Orr Associates & Rhino Ark	Express Ltd
Noel Creative Media Ltd	Kapchorua Tea Co. Ltd
Yolanda Tavares PR	Limuru Tea Co.
Scanad PR	Kenya Airways Ltd
Tell 'em Public Relations EA	Nation Media Group
Exclamation Marketing	
Serena	
I & M Bank	
HACO	
HACO	
AATF	
ARM LTD	
GSk	
SPRR	
Rea Vipingo Plantations Ltd	
Kakuzi	
Sasini	
AccessKenya Group Ltd	
CMC Holdings Ltd	
Standard Group Ltd	
Uchumi Supermarket Ltd	