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Corporate Social Responsibility and Firms Brand Development: A Case of Equity Group

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Abstract

Firms are continuously seeking to enhance their brand development through adopting all possible strategies with the main focus being Corporate Social Responsibility (CSR). The study sought to establish the impact of CSR on firm' brand development. The objectives of the study were; to establish the effect of economic responsibility on Equity Group brand development, to investigate the effect of legal responsibility on Equity Group brand development, to determine the influence of ethical responsibility on Equity Group brand development and to determine the effect of Philanthropic responsibility on Equity Group brand development. The study adopted a descriptive survey design to establish the relationship between independent and dependent variables. The target population of the study was Corporate Social Responsibility activities in the 23 Equity Group branches in Nairobi Count. The study used secondary data which was collected using the bank records. Data was collected covering 10 years from 2010 to 2020. The published statements are reliable because all listed companies are required by law to report their audited statements as well as stating their compliance with performance principles. The collected data was analyzed using SPSS. Data was analyzed using both descriptive and inferential statistics. The results indicated that economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility have a positive and significant effect on firm`s brand development. The study concluded that there is a significantly positive relationship between corporate social responsibility activities of firms on their brand development. This study recommends firms to build collaborative partnerships with other stakeholders to impact positively to society through Corporate Social Responsibility. The study further recommends on firms to integrate Corporate Social Responsibility with their vision, mission, core competencies, values, strategic goals and objectives to benefit both the firm and the society.

Keywords: *Economic responsibility, ethical responsibility, legal responsibility, philanthropic responsibility & brand development*

1.1 Introduction

Brand development is an aspect of great importance to a firm that wishes to sustain a substantial market and competitive edge in the market over the rivals. Brand development (BD) define as the firm`s devotion to maintain and enhance the quality, value and positive customer perception on a product or service; has essentially emerged as a critical requisite towards the sustenance of profitable operations for a firm in the long term (Sharma, 2019). As such, firms are consistently seeking to enhance their brand development through adopting all possible strategies; apparently, Corporate Social Responsibility has been effectively adopted to enhance brand development by firms (Carlini, Grace, France & Lo Iacono, 2019). Globally, according to the proposed model, firms begin with the development of a strong brand in home markets, then, utilize it to expand and become familiar with international markets (Cheng, Blankson, & Chen 2015). In Turkey, the Mavi Jeans manage brand and design strategies being a global brand with its roots in local appeal, the company first invested in gaining quality standards and kept investing in technological upgrade (Goncu & Er 2018). In Europe, strategies have been adopted towards strong branding and new product development to commercial success, featuring some state-of-the-art approaches to segmentation and brand positioning (Wilson, 2019).

In the regional perspective, as sustainable development challenges heightened in Africa due to high levels of poverty and inequalities, to some extent branding strategy could be an appropriate policy for African firms to compete in the continental African and indeed in the global, markets to achieve the sustainable goals (Abimbola, 2016). BD is critical because it promote exports, investment opportunities and vocational destinations to African countries (Wanjiru, 2016). Unique expectations arise from many factors, with wealthy societies having greater resources and, perhaps, more demanding expectations that emerge from the greater options wealth brings (De Roeck & Farooq, 2018). In Africa, as in other less developed societies, the general social welfare is focused on the necessities of life, such as among others; food, shelter, education, health, security and jobs. Governmental or voluntary brand development initiatives or restrictions add costs that such societies could ill afford (Stanisavljević, 2017).

In the local perspective, BD is viewed by organizations as a necessary but voluntary commitment (Chekmarev & Chekmarev, 2019). More concisely, a long-term commitment to sustainable outcomes motivates organizations to consider social, economic, legal and environmental rights (Mwancha & Ouma, 2017). Despite the nobility of CSR, organizations and wider society variously consider it either a blessing, a curse or a necessary evil. In challenging and turbulent times, these perspectives become even more significant, since while the pursuit of CSR is considered critical for sustainability, competing needs make it unlikely to be considered a priority (Cheruiyot & Tarus, 2017). Kenyan organizations are undergoing difficult times, and the resources necessary for CSR are diminished or non-existent (Gitahi, Nasieku & Memba, 2018).

This research study sought to find out the various ways that corporate social responsibility as a strategic endeavor within organizations impacts the firm`s brand development. Ultimately, the chapter postulates the conceptual framework that indicate the relationship between the various variables identified for the research study; both independent and dependent variables. The research study shall base its analysis on Equity Group- Kenya as one of the companies that has undertaken intensive CSR in the bid to develop its brand in the Kenyan market.

Carroll´s (1991) Model or Pyramid of CSR constitutes four kinds of social responsibilities; economic, legal, ethical and philanthropic. Carroll considers CSR to be framed in such a way that the entire range of business responsibilities is embraced. Carroll suggests that CSR consists of four social responsibilities; economic, legal, ethical and philanthropic. These four responsibilities can be illustrated as a pyramid (Pandey, 1999). As a fundamental condition or requirement of existence, businesses have an economic responsibility to the society that permitted them to be created and sustained. The economic component is about the responsibility to profit and this responsibility serves as the basic block or base for the other components of the pyramid. Businesses create profits when they add value, and in doing this they benefit all the stakeholders of the business (Grewal *et al*. 2008).

1.2 Statement of the Problem

The concept of brand development (BD) has been embedded across psychological and physical frontiers of organizations building up on economic, legal, ethics and philanthropy. However, brand development vision needs to differentiate itself, resonate with customers and inspire employees. It needs to be feasible to implement, work over time in a dynamic marketplace and drive brand-building programs. Implicitly, CSR advances the efforts of brand development for the firm (Gitahi, Nasieku & Memba, 2018). Firms are preventing the occurrence of activities that may tarnish their reputation as it would have a direct impact on the customer`s perception and hence sales volume (Cheruiyot & Tarus, 2017). Further, banks are obligated to satisfy a diverse range of stakeholders. Banks are expected to maximize profits for shareholders who contributed funds toward their establishment. It has to maintain adequate liquidity to meet the demands of depositors. Apart from being obliged to satisfy the legitimate requests for credit, banks also need to comply with regulatory requirements to do business (Mwancha & Ouma, 2017). In the long run, banks need to be seen as good corporate citizens who contribute to the maximum development of the economy and society. These complex relationships with different stakeholders have made corporate social responsibility and the existence of banks interdependent and inseparable (Suvendu & Shigufta, 2017). Banks need to be socially responsible to be able to build their reputational capital, thereby enabling them to attract high quality employees, negotiate better contracts, expand their customer base, attract investors and win public trust and confidence (Raza & Majid, 2016).

The investors (shareholders) are also changing the way they assess companies' performance, and are making decisions based on criteria that not solely based on profitability, but include economic, legal, ethical and philanthropy concerns (Brin & Nehme, 2019). In addition, there is scarcity of literature linking CSR and BD in Kenyan context. It is therefore of essence to determine the nature of CSR activities that are most effective in advancing the brand development concept for a firm. Therefore, this study sought to establish the impact of CSR and firm brand development with a case of Equity Group. This study categorically assessed how the dimensions of brand development that are; economic responsibility, legal responsibility, ethical responsibility, philanthropic responsibility affects the brand of Equity Group over time and therefore filling the research gap.

1.3 Research Objective

This study was guided by the following four specific objectives;

i. To establish the effect of economic responsibility on brand development of Equity Group.
ii. To determine the influence of ethical responsibility on brand development of Equity Group.
iii. To investigate the effect of legal responsibility on brand development of Equity Group.
iv. To determine the effect of philanthropic responsibility on brand development of Equity Group.

1.4 Research Questions

i. To what extent does economic responsibility influence brand development of Equity Group?
ii. What is the relationship between ethical responsibility and brand development of Equity Group?
iii. How does legal responsibility influence brand development of Equity Group?
iv. To what extent does philanthropic responsibility influence brand development of Equity Group?

2.0 Literature Review

2.1 Theoretical Review

2.1.1 Stakeholder Theory

The stakeholder theory stipulates that a corporation is not supposed to consider the shareholders' expectations but the all stakeholders as the main item (Freeman, 1984). A stakeholder is described as any group or persons who can impact or is impacted by the attainment of the organization's aims (Freeman, 1984). According to Freeman (2007), as management is responsible for providing a decent return on investment to shareholders; it is also responsible to look after the well-being of broader set of stakeholders like customers, suppliers, employees, community, and environment etc. Therefore, management of the organization (though one of the stakeholders) needs to take care of the interest and needs of other stakeholders; and requires to fulfill their expectations through effective business functioning because this has implications on corporate governance.

The stakeholder model unlike the socio-economic model focuses primarily on the interests and concerns of the organization's stakeholders over economic interests. From the stakeholder model perspective, the focus becomes how to please and build mutually beneficial relationship with the beneficiary community. Stakeholder theory affirms that those whose lives are touched by a corporation hold a right and obligation to participate in directing it (Feng, Yoon & He, 2016). Further, Chirimubwe (2015), states that, stakeholder theory obligates corporate directors to appeal to all sides and balance everyone's interests and welfare in the name of maximizing benefits across the spectrum of those whose lives are touched by the business.

2.1.2 The Pyramid of Corporate Social Responsibility

Carroll´s (1991) Model or Pyramid of CSR constitutes four kinds of social responsibilities; economic, legal, ethical and philanthropic. Carroll considers CSR to be framed in such a way that the entire range of business responsibilities is embraced. Carroll suggests that CSR consists of four social responsibilities; economic, legal, ethical and philanthropic. These four responsibilities can be illustrated as a pyramid (Pandey, 1999). Profits are necessary both to reward investor/owners and also for business growth when profits are reinvested back into the business. CEOs, managers, and entrepreneurs will attest to the vital foundational importance of profitability and return on investment as motivators for business success. Virtually all economic systems of the world recognize the vital importance to the societies of businesses making profits.

With regard to the legal aspect, society expects organizations to comply with the laws and regulations. Ethical responsibilities are about how society expects organizations to embrace values and norms even if the values and norms constitute a higher standard of performance than required by law. This is doing what is right and to avoid harming stakeholders. Philanthropic responsibilities are those actions that society expect for a company to be a good corporate citizen. In this case is expected to contribute financial and human resources to the community and to improve the quality of life (Santiago, 2014).

The criticism of this model is that it is simplistic and factors such as ethical responsibility should be at the top of the Pyramid. Businesses on the other hand may not also disclose a true and fair view of what they claim to do when it comes to Corporate Social Responsibility (Porter & Kramer, 2006).

2.2 Empirical Review

Dapi and Phiri (2015) conducted a study on the impact of social economic responsibility on brand development. The study used quantitative survey using customers of the South African mobile phone service provider Vodacom and self-administered questionnaire as the primary data collection instrument. The study showed that although most consumers were not aware of what CSR as a concept is, they felt that companies are obligated to be socially responsible. It further determined that, the knowledge of a firm's CSR initiatives may lead to enhanced corporate image and brand development.

Tajuddin (2018) conducted a study on the influence of CSR on the buying behavior of Malaysian consumers and whether they consider a corporation's CSR initiatives before making any purchase decisions of the products and services. The study adopted the use of structure questionnaires and a total of 220 structured questions were distributed, with 193 returned for analysis. The results showed significant positive relationships between all of the variables used in measuring CSR and consumers' buying behavior.

In another study conducted by Raza and Majid (2016) on the effect of economic responsibility practices among organizations in Pakistan. The study used a sample size of 180 students based on organization image in the perceptions of stakeholder's organizations. The findings of the study showed that discretionary practices for social causes may not always accompany with financial returns or economic returns, responsibility of business is to increase its profits. Therefore, the study recommended that expanding on social welfare causes performs important role in creating better picture of those corporations.

Owino (2014) conducted a study on determining the effect that legal CSR has on consumer identification in Kajiado County. The study employed an explanatory survey. The researcher carried out data collection using questionnaires in a seven-point Likert scale. Questions were administered to a sample size of 325 Safaricom clients in the month of February 2014. Cluster sampling technique was used in selecting primary schools where Safaricom clients were studied, clients were divided into administrative divisions and then simple random sampling was done. The findings of the study indicated that there was a statistically significant relationship between legal CSR and consumer identification.

Another study was conducted by Amor-Esteban, García-Sánchez and Galindo-Villardón (2018) to analyzed the effect of legal system on corporate social responsibility. The study adopted multivariate statistical techniques X-STATIS and HJ-biplo to analyze the data. The study found that the analysis of the legal system shows that firms located in civil law countries have a greater interest in their CSR practices and in disclosing information than companies in common law countries; the most likely companies to act in a responsible way are those operating in institutional environments with a large and developed legal system oriented towards stakeholder protection. Further the finding showed that companies operating in countries with similar legal systems adopt homogeneous patterns of behaviour regarding the commitment to sustainability, but their degrees of development are strongly determined by the coercive institutional characteristics.

Yueying (2014) conducted a study on ethical and sustainable practices in the hospitality and tourism industry in China. The study employed convenience sampling. The survey was done using a sample size of 320 respondent in Sourthern Chinese. The researcher explored that following ethical practices of corporate citizenship has positive effects on employee organization commitment, and customer loyalty, whereas organization commitment and customer loyalty have positive impact on business performance. The researcher further found that the Chinese fast-food diners expected and perceived them to be socially responsible.

In addition, another study was conducted by Maignan and Ferrell (2014) to examine the effects of corporate citizenship on business performance in the hospitality industry. The study applied structural equation modelling (SEM) analyses. The results showed that ethical and sustainable practices of corporate citizenship have positive effects on employee affective organizational commitment, organizational innovation and customer loyalty, while affective organizational commitment, innovation and customer loyalty all have positive effects on business performance. Most important of all, bootstrap estimations based on SEM show that corporate citizenship has indirect positive effects on business performance through the mediating roles of affective organizational commitment, innovation and customer loyalty.

Moreover, another study was conducted by Galbreath (2017 to investigate the impact of intellectual capital on innovation in telecommunication companies in Jordan, through the presence of knowledge management as a mediator. Data were collected using a self-administrated questionnaire from 498 employees working in three telecommunication companies in Jordan. Structural equation modelling approach was used to examine the causal relationships and to test the hypotheses between the observed and latent constructs in the proposed research model. The results led to the confirmation of a mediation model as intellectual capital did not have a direct impact on innovation. The results revealed that intellectual capital did have a significant impact on knowledge management and the latter on innovation.

Makori and Jagongo (2013) conducted a study to establish if there existed significant association between environmental accounting and the profitability of given Indian firms. The research randomly chose 4 quoted firms in the Indian Bombay Stock Exchange. The data used was from annual accounts and reports which were later analyzed with the help of multiple regression models. According to the outcome, a significant but unfavorable association was established between Environmental Accounting and Return on Capital Employed (ROCE) and Earnings per Share (EPS). These results indicated that there was need for tax credit from governments to firms that follow the environmental regulations and that in India there was need to make environmental reporting mandatory to enhance the performance of firms and the economy.

In addition, another study was conducted by Mbithi (2015) to assessed the effects of corporate social responsibility programs on organizations' financial performance in Kenya. The study employed descriptive design. The target population used was eleven Chief Finance Officers of Kenyan commercial banks listed in Nairobi Stock Exchange (NSE). The results were based on a response rate of 100% (n=11). The dependent variables were found to have a positive correlation with profitability. Sports CSR having P (value=0.97) was the most significant variable impacting

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CSR, followed by environment and education with P (value=0.87) and P (value=0.54) respectively. However, health with P (value=0.17) was the least impacting variable. The study presented that CSR has a positive impact on an organization's financial performance. The study further recommended that the banks should have a well-planned and effective CSR approaches in order to enhance brand and company reputation.

3.1 Research Methodology

This study used a descriptive survey design; a descriptive survey design was considered to be an appropriate method for this study because of its ability to collect data on different characteristics and backgrounds for analysis (Edmonds & Kennedy, 2013). The target population of the study was Corporate Social Responsibility activities in the 23 Equity Group branches in Nairobi County (Appendix III) from 2010-2020. This study targeted all the Corporate Social Responsibility of Equity Group branches in Nairobi County undertaking the corporate social responsibility activities. This study used census technique where all the activities of 23 Equity Group branches in Nairobi was used in the study. The current study used secondary data which was collected using the bank records. The study used Pearson's correlation test to for the association between the independent variables and the dependent variable. The study also used regression analysis to show the relationship between the study variable.

4.1 Descriptive Statistics

The descriptive statistics shows the mean, minimum, maximum and standard deviation values of the variables Brand development (Market Share), Economic responsibility, Ethical responsibility, Legal responsibility and Philanthropic responsibility for period 2010-2020. The results are presented in Table 1.

Table 1: Descriptive Statistics

Variables	Mean	Minimum	Maximum	Std. Deviation
Brand development (Market Share)	9.83%	8.70%	11.75%	0.74
Economic responsibility	16	7	21	5
Ethical responsibility	28	10	43	8
Legal responsibility	14	6	26	6
Philanthropic responsibility	13	8	17	4

The results in Table 1 indicated that the Brand development depicted by market share. Market Share had a mean of 9.83% with a minimum of 8.70% and a maximum of 11.75%. The Standard deviation was 0.74. This implied that Equity Group had a high market share in since the banking sector is competitive and above 5% is favorable for a Group. The results indicated that the Economic responsibility had a mean of 16 with a minimum of 7 and a maximum of 21. The Standard deviation was 5. This implied that each of the 23 Equity Group branches in Nairobi in average engaged in 16 economic responsibility activities per year. The results indicated that the Ethical responsibility had a mean of 28 with a minimum of 10 and a maximum of 43. The Standard deviation was 8. This implied that each of the 23 Equity Group branches in Nairobi in average engaged in 28 Ethical responsibility activities per year.

Further, the results indicated that the Legal responsibility had a mean of 14 with a minimum of 6 and a maximum of 26. The Standard deviation was 6. This implied that each of the 23 Equity

Group branches in Nairobi in average engaged in 14 Legal responsibility activities per year. Lastly, the results indicated that the Philanthropic responsibility had a mean of 13 with a minimum of 8 and a maximum of 17. The Standard deviation was 4. This implied that each of the 23 Equity Group branches in Nairobi in average engaged in 13 Philanthropic responsibility activities per year.

4.2 Correlation Analysis

Correlation analysis was conducted to measure the extent of association between the independent and dependent variables of study. The relationship was between economic responsibility, ethical responsibility, legal responsibility, philanthropic responsibility and firm`s brand development. The correlation matrix is presented in Table 2.

Table 2: Correlation Matrix

	Brand development	Economic responsibility	Ethical responsibility	Legal responsibility	Philanthropic responsibility
Brand development	1.000				
Economic responsibility	.624**	1.000			
	0.000				
Ethical responsibility	.614**	.626**	1.000		
	0.000	0.000			
Legal responsibility	.611**	.690**	.625**	1.000	
	0.000	0.000	0.000		
Philanthropic responsibility	.629**	.698**	.661**	.659**	1.000
	0.000	0.000	0.000	0.000	

The results revealed that Economic responsibility (r= 0.624**, p=0.000) is positively and significantly associated with firm`s brand development. The results further indicated that Ethical responsibility (r= 0.614**, p=0.000) is also positively and significantly associated with firm`s brand development. The results showed that Legal responsibility (r= 0.611**, p=0.000) and firm`s brand development is positively and significantly associated. Lastly, the results showed that Philanthropic responsibility (r= .629**, p=0.000) and firm`s brand development are positively and significantly related. This implies that an increase in economic responsibility, ethical responsibility, legal responsibility, philanthropic responsibility and firm`s brand development would lead to an increase on firm`s brand development.

4.3 Results of Regression Analysis

Regression analysis was conducted to establish the statistical significance relationship between economic responsibility, ethical responsibility, legal responsibility, philanthropic responsibility and firm`s brand development of Equity Group. The results presented in Table 3 present the results used of the regression model in explaining the study phenomena.

Table 3: Regression Model

R squared

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.713a	0.609	0.601	0.52224

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	70.121	4	17.53	64.276	.000b
Residual	67.638	248	0.273		
Total	137.758	252			

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	8.541	0.097		88.003	0.000
Economic responsibility	0.033	0.01	0.233	3.422	0.001
Ethical responsibility	0.022	0.006	0.250	3.958	0.000
Legal responsibility	0.024	0.011	0.154	2.091	0.038
Philanthropic responsibility	0.029	0.012	0.184	2.405	0.017

The R squared in Table 3 indicated that variables economic responsibility, ethical responsibility, legal responsibility, philanthropic responsibility were found to be satisfactory variables in explaining firm`s brand development. This was supported by coefficient of determination also known as the R square of 0.609. This means that economic responsibility, ethical responsibility, legal responsibility, philanthropic responsibility explains 60.9% of the variations in the dependent variable, which is firm`s brand development. This results further means that the model applied to link the relationship of the variables was satisfactory. The findings further confirm that the regression model is significant and supported by F= 64.276, p<0.000) since p-values was 0.000 which is less than 0.05.

Regression of coefficient analysis was used to establish the statistical significance relationship between the independent variables notably economic responsibility, ethical responsibility, legal responsibility, philanthropic responsibility on the dependent variable that was firm`s brand development. The constant of 8.541 showed that when economic responsibility, ethical responsibility, legal responsibility, philanthropic responsibility are held constant, firm`s brand development would remain at 8.541 units.

The regression of coefficient results shows that Economic responsibility and firm`s brand development is positively and significantly related (β= 0.033, p=0.001). The results further indicated that Ethical responsibility and firm`s brand development is positively and significantly related (β=0.022, p=0.000). Legal responsibility and firm`s brand development was positively and significantly related (β=0.024, p=0.038). Lastly, results showed that Philanthropic responsibility and firm`s brand development is positively and significantly related (β=0.029, p=0.017).

The regression model was presented as follows.

$Y = 1.954 + 0.172X_1 + 0.094X_2 + 0.134X_3 + 0.211X_4$

Where

Y = Brand development of Equity Group

X_1 = Economic responsibility

X_2 = Ethical responsibility

X_3 = Legal responsibility

X_4 = Philanthropic responsibility

4.4 Discussion of finding

The regression of coefficient results indicated that economic responsibility and brand development of Equity Group is positively and significantly related (β= 0.033, p=0.001). The findings are in line with Haase (2017) who established that economic responsibilities have a significant effect on brand development of an organization. The regression of coefficient results indicated that Ethical responsibility and brand development of Equity Group is positively and significantly related (β= 0.022, p=0.000). The findings concur with Sharma (2019) who established that brand development could be determined by the corporation's consistency in promoting moral and ethical standards. The regression of coefficient results indicated that Legal responsibility and brand development of Equity Group is positively and significantly related (β= 0.024, p=0.038). The findings concur with Aras (2016) that legal responsibilities has a positive effect on brand development of a company. The regression of coefficient results indicated that Philanthropic responsibility and brand development of Equity Group is positively and significantly related (β= 0.029, p=0.017). The findings concur with Wood (2010) that firms engaging in philanthropic activities are often perceived as socially responsible if they satisfy community expectations, and the community will prefer them. The findings agree with Lev, Petrovits and Radhakrishnan (2010) that the firm's charitable contributions and the activities it engages in for the development of the community positively relate to brand development that eventually results in high growth of revenues.

5.1 Conclusions

The study discussed whether there was any relationship between corporate social responsibility of a firm and its brand development. Equity group was used as a case study. The secondary data analysis postulated that there is a significantly positive relationship between corporate social responsibility activities of firms on their brand development.

The study concluded that economic responsibility is highly associated with brand development of Equity Group. There is a positively and significantly relationship between Economic responsibility and brand development. Thus, engagement in economic responsibility activities leads to improvement on brand development. The study concluded that ethical responsibility is highly associated with brand development of Equity Group. There is a positively and significantly relationship between ethical responsibility and brand development. Therefore, by a firm engaging in ethical responsibility activities leads to improvement on brand development.

The study concluded that legal responsibility is highly associated with brand development of Equity Group. There is a positively and significantly relationship between legal responsibility and brand development. When the firm practices legal responsibility, this leads to improvement on brand development. Lastly, the study concluded that philanthropic responsibility is highly associated with brand development of Equity Group. There is a positively and significantly relationship between philanthropic responsibility and brand development. Thus, when a firm conducts philanthropic responsibility activities, it improves on its brand development in the market.

6.1 Recommendations

This study recommends firms to build collaborative partnerships with other stakeholders to impact positively to society through CSR. Partnerships pool unique capabilities and resources whose outcome could not be achieved by the firm acting alone. It also recommends firms to integrate CSR with their vision, mission, core competencies, values, strategic goals and objectives to benefit both the firm and the society.

This study recommends that firms maintain friendly business government relations through self-regulation on ethical practices in addition to compliance to enforcement through government regulation. This would promote production quality standards, environmental protection, labour standards, and the adoption of efficient technologies, which would offer sustained competitive advantage. Such relations would protect the firm's stakeholders including the employees, customers, and the community hence enabling the firm to enhance social and economic performance, and maintain high reputation.

The study also recommends CSR not to be viewed as a voluntary undertaking but a compulsory practice for the firms. Policies among firms to ensure that the firm acts in ethical and socially responsible manner to all stakeholders should be formulated and implemented. For example, to ensure that firms in Kenya are socially responsible, Capital Markets Authority has put guidelines and requirements for the same. The firms should implement such guidelines to the latter.

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