Corporate Social Responsibility in Developing Economies: Organisation, Communication and Activity Dimensions of Local Large Firms in Kenya and Tanzania, East Africa

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Abstract

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Thesis Title: Corporate Social Responsibility in Developing Economies: Organisation, Communication and Activity Dimensions of Local Large Firms in Kenya and Tanzania, East Africa

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This study examines Corporate Social Responsibility (CSR) practices of selected local large firms in both Kenya and Tanzania by exploring communication, organisation and activity dimensions of these firms. The study focuses on these two East African countries because there is a well established stock exchange with a large number of firms capable of engaging in social issues in this region. Moreover, compared to other regions in Africa, there has been little research on CSR practices in this part of Africa. In addition, the existing literature on CSR in Africa reveals more studies on Multinational Enterprises (MNEs) with little emphasis on large indigenous firms operating in the southern hemisphere, particularly in the East African region. Accordingly, this study explores the CSR practices of indigenous large firms in Kenya and Tanzania. Specifically, it examines whether these firms engage socially, and in the same way. To answer the research questions a survey research approach using standardised public data (i.e. newspapers and business annual reports for the period 2010-2012) was employed. In particular, content analysis of newspapers and annual reports was carried out to investigate the characteristics of CSR practice of these local firms. The study concludes that local firms in both Kenya and Tanzania are faced with the same obligations in meeting society’s needs, even though social engagement is different between the firms. This research identified well organised firms with established CSR (i.e. proactive firms); less well organised firms in which CSR is not established (i.e. reactive firms); and lastly firms that engage less often and are not organised internally (i.e. episodic). Overall, research findings in this study imply a shift of focus from sole stakeholders to multiple stakeholder engagements in business conduct.

Declaration

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About the Author

Lilian Julius Kishimbo finished her Bachelor of Accountancy and Finance (BAF) in 2002 at the University of Mzumbe in Morogoro, Tanzania. She was awarded an MBA in Business Administration, specialising in Finance and Banking, by the same University in 2004. Lilian was appointed as an Assistant Lecturer in the Faculty of Banking and Accountancy at the Institute of Finance Management (IFM) in Dar es Salaam Tanzania in November 2004. She still works at the IFM where she teaches mainly Accounting, Finance and Business Management. In 2011, with the sponsorship of the Tanzanian Government through the Institute of Finance Management, she joined the doctoral programme in Business and Management at the University of Manchester, Institute of Innovation Research.

Lilian has found her doctoral research and training a tool that has widened and deepened her understanding of CSR. It has also been a catalyst to equip her with essential skills, knowledge and capabilities to be a competent researcher. Each chapter in the PhD thesis has taught her a lesson. First, the writing of the introductory chapter trained her to transform a phenomenon into a research topic, and further to relate the topic to the contribution of knowledge. The methodology chapter trained her in how to select appropriate research methods and maintain the rigour of the research design. The literature review and the theoretical framework taught her to position her study in relation to existing empirical studies, and developed her ability to critically review the available literature and connect it to the research problem. The empirical chapters equipped her with the analytical skills which enabled her to perform a robust analysis. The concluding chapter developed her ability to draw together research findings, reflect on the implications of the study and suggest avenues for future research.

List of Terms and Abbreviations

AfDB	African Development Bank
BRICS	Association of five major emerging national economies: Brazil, Russia, India, China and South Africa.
CEOs	Chief Executive Officers
COOP	Co-operative Bank
CSR	Corporate Social Responsibility
DCB	Dar es Salaam Commercial Bank
DTB	Diamond Trust Bank
EABL	East African Breweries Limited
EAC	East African Community
EAPCC	East Africa Portland Cement Company
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoT	Government of Tanzania
IFM	Institute of Finance Management
IMF	International Monetary Fund
ILO	International Labour Organization
ISSN	International Standard Serial Number
ISO	International Organization for Standardization
KenGen	Kenya Electricity Generating Company
KCB	Kenya Commercial Bank
KPLC	Kenya Power and Lighting Company
MIOIR	Manchester Institute of Innovation Research
MM	Marketing Manager
MNCs	Multinational Cooperations
MNEs	Multinational Enterprises
NBK	National Bank of Kenya
NBS	National Bureau of Statistics
NGOs	Non-Government Organisations
NIC	National Investment Corporation
NMB	National Microfinance Bank
NMG	Nation Media Group

OECD	Organization for Economic Co-operation and Development
PRO	Public Relations Officer
SMEs	Small and Medium-sized Enterprises
TBL	Tanzania Breweries Limited
TCC	Tanzania Cigarette Company
TNCL	Tanzania National Central Library
UNCTAD	United Nations Conference on Trade and Development
UNGCI	United National Global Compact Initiative
TSN	Tanzania Standard (Newspaper) Limited
WBCSD	World Business Council for Sustainable Development

Chapter 1: Introduction

1.1 Research rationale

Corporate Social Responsibility (CSR) is a major area of great interest within the field of business and society in general. The concept has increased in importance in recent years as a result of growing demand for socially responsible firms from a wide range of stakeholders globally, including customers, suppliers, employees, investors, government, community and social activists (Hinson, 2007). Investors today assess the performance of companies based on various criteria including ethical issues. It is known that ethical conduct influences the purchasing power of consumers and exerts competition in the labour market. Moreover, employers are under pressure to behave ethically, and in order to hire and retain skilled employees, they are urged to improve their employees' working environment. At the same time, communities are pressurising companies to consider their social wellbeing, and both large and small firms find it difficult to avoid responding to this increasing pressure from stakeholders. As such, a more balanced value base to social dynamics is important to firms' business viability (Hinson, 2007). This thesis examines the CSR practices of selected indigenous large firms both in Kenya and Tanzania by focusing on their social activities, communication and organisation of these activities. A survey research approach was employed to analyse national newspapers and business annual reports of stock exchange listed firms for the three years 2010-2012.

Recognising the importance of CSR, international organisations have developed frameworks to harmonise CSR practices globally. For instance, the International Organisation for Standardisation-ISO 26000 guidelines were introduced to encourage business and other organisations to practise social responsibility, to improve their relations with stakeholders including communities, workers, consumers, customers and employees. The Global Reporting Initiative (GRI) formulated common frameworks or guidelines for voluntary reporting of the economic, environmental and social impacts of firms' activities[1]. The aim of these guidelines is to enhance awareness, transparency and accountability among others, of firms' social conduct toward their stakeholders. Consequently, firms are under pressure to conform to high ethical standards if they are to compete successfully in the global market.

This study is important in that it focuses on the African continent, where little is known about CSR, although CSR is emerging in large fast-growing economies, e.g. the BRICS members (Brazil, Russia, India, China and South Africa), Indonesia and Malaysia. In Africa there has been little research on CSR practices, and a few available studies are mainly from Nigeria and South Africa (Kolk and Lenfant, 2010). The need for a research on CSR in Africa is also emphasised by (Visser, 2006a) and some academic journals have dedicated special issues to CSR, focusing on developing economies including Africa[2]. Most of these journal issues examined the local influence of CSR, while emphasising important country-specific case studies (Frynas, 2005). However, even with the increasing promotion of research studies on CSR, empirical evidence demonstrates a clear imbalance of these studies in African countries (Kolk and Lenfant, 2010, Muthuri and Gilbert, 2011). This study, therefore, focuses on East African countries of Kenya and Tanzania, because little is known about CSR in this region. The selection of these countries is based on the fact that they both have well-established capital markets with local large firms that are able to engage in CSR practices.

[1]https://www.globalreporting.org
[2]For instance Journal of Corporate Citizenship Issue number 13, 18, 21 and 24 were dedicated for developing countries including Africa.

1.2 Research questions

Overall, this study aims at examining the CSR practices of local large listed firms in two East African countries; Kenya and Tanzania. Very specifically, this study addresses the question: *do local large firms in Kenya and Tanzania socially engage*? This question is important because most of the literatures have focused more on multinational corporations (MNCs) operating in either North-North or North-South regions with less emphasis on South-South indigenous local firms. This connects to the second question addressed in this study: *do local large firms in East Africa engage in the same way as each other*? This question is equally important because it addresses three key aspects of CSR, i.e. activities, firms' organisation and the intensity/level of their engagement in social issues. This will add a new knowledge to existing studies on CSR which in most cases offer only descriptions of firms' CSR activities (see for example Chambers et al., 2003, Chapple and Moon, 2005, Jamali and Mirshak, 2007).

Accordingly, to answer the research questions highlighted above, this study used a survey research approach in looking at public, standardised data (i.e. newspapers and business annual reports) for the three years 2010-2012, to develop a systematic framework with three dimensions: communication, organisation and activity. As opposed to the common method of interviews in the majority of studies on CSR, the current study used newspapers and annual reports because they provide factual data and have proven to be reliable in learning about the social engagement of firms in other countries such as Indonesia (Tanaya, 2012). In this thesis the term local/indigenous firms will be used to refer to companies which are not subsidiaries of MNCs and are registered and incorporated in Africa, with headquarters in one of the two selected East African countries. The terms CSR and social engagement are used interchangeably throughout this thesis.

1.3 Structure of the thesis

Chapter Two conceptualises the literature underpinning CSR. Key literature that demonstrates CSR practices in developed economies is reviewed to establish the background of this study. Given that the focus of this research is on developing countries, this chapter also presents an overview of CSR in developing economies by addressing the main contemporary debates and presenting literature on CSR in Africa.

Chapter Three reviews and discusses the mainstream theories (i.e. stakeholder, legitimacy and social issue life cycle theories) to explain CSR practices for local firms in Kenya and Tanzania. These theories, together with knowledge from previous studies, are used to develop a theoretical framework to characterise firms' CSR practices.

Chapter Four gives a detailed account and justification of the methodology used in the study. This chapter describes the philosophical choice, positions and strategies guiding this research study. It also presents the background information on the selected area of the study. Finally, it describes the methodology and strategy used, and the sampling techniques and data collection methods used together with protocols for data collection.

Chapter Five presents the empirical findings based on the content analysis of business annual reports. This chapter aims at identifying patterns in local firms' CSR practices. In this respect, the way firms communicate and are organised to conduct CSR (i.e. communication and organisation discourse) is examined in depth for three consecutive years. Firms are examined to see if they involve employees and/or partnerships with other institutions in delivering CSR. Finally, the two dimensions (communication and organisation) are merged to present patterns of behaviour of firms' CSR practices.

Chapter Six presents a systematic review of CSR-related activities by groups of firms, from media surveys and annual reports. The aim is to explore the degree or level of social engagement of local firms by linking their activities and examining whether there are differences in engagement types among them. This chapter identifies firms' preferred CSR activities by thematic area. A summary of CSR activities is then given for groups of firms.

Chapter Seven develops profiles of social engagement for local large firms in Kenya and Tanzania, discussing them in relation to previous studies and the theoretical framework built in Chapter Three of this thesis. Chapter eight reflect the findings of the study.

Finally, Chapter nine draws key conclusions, summarises the contribution to knowledge. It also highlights the implications of the present research, study's limitations and avenues for future research.

Chapter 2: Literature Review

2.1 Introduction

The notion that business has to be responsible to society is not a modern phenomenon (Bowen, 1953). Although its development conceptually and theoretically can be traced back to the 1950s (Carroll, 1999), the concept of CSR gained prominence in the 1990s-2000s, suggesting that it is a relatively new area for academic research (Crane et al., 2008). Specifically, CSR originated in the United States where a large amount of literature is evidenced (Carroll, 1999). However, the effect of CSR is witnessed to date as a number of studies on CSR and definitions proliferate in the literature of business and society (see for example Carroll, 1999, Garriga and Melé, 2004, Dahlsrud, 2008, Carroll and Shabana, 2010, Aguinis and Glavas, 2012). Moreover, the literature on CSR and society is expanding to cover other parts of the world including Asia and Africa.

On the other hand, globalisation and international trade have strengthened the demand for business transparency and corporate citizenship. This in turn has increased awareness of the role of business in society, and companies can be differentiated according to their engagements in CSR. To date, then, there is little doubt that CSR is a popular and global concept (Muthuri and Gilbert, 2011). However, since the aim of this study is to investigate the CSR practices of local firms in the East African countries of Kenya and Tanzania, a large part of the literature referred to in building the conceptual framework is drawn from developing economies, i.e. Asia and Africa. Nevertheless, literature from developed economies is also reviewed and used to provide background information, since there are comparatively few relevant studies on CSR focusing on developing economies. In the context of CSR in developing economies, despite the dearth of literature there are a few notable exceptions which form the core of this analysis (Amaeshi et al., 2006, Khan and Beddewela, 2008, Muthuri and Gilbert, 2011).

This chapter consists of seven major sections. Section 2.2 presents definitions and a historical perspective of CSR, while section 2.3 provides arguments for and against CSR practices. Section 2.4 provides different motives for engagement in CSR practices. This is followed by a detailed review of CSR practices, addressing the organisation, communication and activity of firms in developing economies, and the implications for the development of these economies. Section 2.6 highlights CSR issues and practices in Africa, and section 2.7 concludes the chapter by summarising the main messages from the literature.

2.2 Definition and historical perception of Corporate Social Responsibility

As was pointed out above, CSR is not a new idea to business. Although it can be traced back to the 1950s, it was driven by social movements such as civil rights, environmental movements, women's rights and consumers' rights in the 1960s (Carroll and Shabana, 2010). However, the awareness and growth of CSR to a large extent has been influenced and spearheaded by globalisation in developing economies (Chambers et al., 2003). Globalisation is related to the emergence of transitional risks, new political actors and institutions in the global arena (Scherer and Palazzo, 2008). It also enables developing and developed economies to be linked; at the same time multinational corporations, international organisations, non-governmental organisations (NGOs) and civil society have influenced social responsibility practices. Subsequently, the CSR concept became more prominent after the emergence of global CSR discourses in the 1990s.

Global standards and guidelines for CSR, such as those of the International Standards Organization (ISO 26000) on social responsibility, the International Labour Organization (ILO), United Nations Global Compact Initiative (UNGCI) and the Organisation for Economic Co-operation and Development (OECD), (Chambers et al., 2003) promote better CSR practices internationally (International Organization for

Standardization, 2008). For example, (ISO 26000) formulated the core subject area for social responsibility; it includes community involvement and development, human rights, consumer issues, fair operating practices, environmental issues and labour practices.

In general, CSR has continued to grow and increase in popularity and significance. The concept has grown not only with different definitions but also with terminological transformations (Donaldson and Preston, 1995, Visser, 2008, Carroll, 1999). Scholars have referred to CSR with slightly different labels, such as corporate social investment, environmental responsibility, corporate social performance, corporate social responsiveness, triple bottom line, corporate citizenship, sustainable development, corporate responsibility, social accounting and sustainable business (De Bakker et al., 2005). Even with the thematic development of the concept it is interesting to see CSR being the dominant, most-used term by scholars and practitioners. However, it should be noted that, despite the concept's popularity and widespread use, there is no commonly agreed definition of CSR. Instead, the available definitions are confusing and unclear (Garriga and Melé, 2004). Consequently, this confusion has affected managers, particularly the new business executives who are trying to take up responsibility towards shareholders and society (Van Marrewijk, 2003). Hence, it is not surprising to find a mushrooming of CSR definitions in the literature of business and society, representing different contexts. Nevertheless, it has been stated that too often CSR is aligned with specific situations and the challenges of a particular context, and that definitions and concepts often biased towards specific interests (Van Marrewijk, 2003).

Howard Bowen is recognised as the first to define CSR, and he is popularly known as the Father of CSR (Carroll, 1999 p. 4). His textbook, *Social Responsibilities of a Businessman* (Bowen, 1953), to a large extent marks the beginning of the CSR debates that have been a focus in business and social literature. Very specifically, Bowen defines CSR as "the obligation of businessman to pursue those polices, make those decisions, or follow those lines of actions which are desirable in terms of the objectives and value of our society" (Bowen, 1953 p.6). Other definitions followed. For instance, Keith Davis defined social responsibility as "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960, p.70). Similarly, McGuire (1963) defines CSR as certain responsibility to society that is beyond economic and legal obligations. Others such as Carroll (1999) and Dahlsrud, (2008) have analysed definitions over the years and have identified common CSR dimensions. For example, Dahlsrud (2008) did a Google search and retrieved 37 definitions which he categorised into five common dimensions: social, environmental, economic, stakeholders and voluntariness. He found that these dimensions are common to most definitions of CSR, even though economic and social dimensions might be given priority (Dahlsrud, 2008). However, his study sample size was criticised as being too small to cover other definitions that were not retrieved from a Google search (Carroll and Shabana, 2010). Visser et al., (2009) suggested a broader scope of CSR definitions, arguing that, regardless of any definition, CSR covers "business performance in a variety of social and environmental topical areas that usually embrace issues of diversity, philanthropy, social responsible investment, environment, human right work place issues, business ethics, sustainability community development and corporate governance" (p.125). This suggests CSR's broad scope, and that any definition on CSR depends on how it is perceived in a given setting or context. In short, CSR expresses the responsibilities and roles of corporations to society. Table 1 presents examples of common CSR definitions by various scholars.

Table 1. Examples of CSR definitions as demonstrated by various scholars in empirical literature

Reference	**Examples of CSR definition**
Bowen (1953)	CSR refers to the "obligations of businessmen to pursue that policy, to make those decisions or to follow those lines of action which are desirable in terms of the objective and value of our society".
Carrol (1979)	The "social responsibility of a business encompasses the economic, legal, ethical and discretionary expectation that society has of organisation at a given point in time".
Jones (1980)	CSR is defined as the notion that "corporation has an obligation to the constituent groups in society other than stakeholders and beyond that prescribed by law or union contract indication that the stake may go beyond mare ownership".
Frederick et al. (1992)	"…corporation should be accountable for the effect of any of their action on their community and environment".
World Business Council for Sustainable Development, (1999)	"The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life".
McWilliams and Siegel, (2001)	"Action that appear to further some social goods, beyond the interests of the firm and that which is required by the law".
Pinney (2001)	"….a set of management practices that ensure the company minimises the negative impact of its operations on society while maximizing its positive impacts".
Jackson and Hawker (2001)	"…is how you treat your employees and all your stakeholders and the environment".
Commission of European communities (2001)	A concept where "companies integrate social and environmental concern in their business operations and in their interaction with their stakeholders on voluntary basis".
Andersen (2003)	"...extending the immediate interest from one self to include ones fellow citizens and the society one is living in andis a part of today, acting with respect for the future generation and nature".
Van Marrewijk, (2003)	Corporate sustainability and CSR refer to "company activity-voluntary by definition -demonstrating the inclusion and environmental concerns in business operation and interaction with stakeholders".

Source: Carroll (1999) and Dahlsrud (2008)

For the purpose of this study, therefore, CSR and corporate responsiveness are used interchangeably throughout. Having explored other scholars' views and definitions of CSR, this thesis adapts McWilliams and Siegel's conceptualisation (McWilliams and

Siegel, 2001) and defines CSR as: *All social practices or social actions of firms that go beyond the minimum legal requirements and cover wider stakeholders.*

The next section, discusses arguments for and against CSR practices with highlights on various debates on the advantages and disadvantages firms receive from engaging in various social issues or interventions.

2.3 Arguments for and against CSR practices

The literature on business and society presents various arguments for and against firms' engagement in social issues or interventions. The major concern is what economic value a business derives from social performance. The history and evolution of CSR show that the initial primary objective of business was doing good to society, with less emphasis on social performance (Carroll and Shabana, 2010). With the continued development of the concept, the need to explore what CSR really means and what it implies for business became the major agenda for many academicians and practitioners. This resulted in questions such as: w*hy firms have to be socially responsible*: *"what are the bottom-line benefits of a socially responsible corporate performance"*(Carroll and Shabana, 2010 p.920). Along the same lines are various views in support of the CSR. First, social issues were viewed as belief and interest developed within the business. This view is supported by the idea that in order to maintain a healthy business climate to operate in the future, a firm needs to be socially responsible. A second argument, as asserted by Davis (1973), contends that business has resources such as managerial talent, expertise and capital to handle better the social issues. His view suggests letting business try, "because so many others have tried and failed to solve social issues" (Davis, 1973). A third view is that social practices minimise government regulations imposed on businesses, and a fourth suggests that being proactive in social issues is less costly than simply reacting to social problems when they first arise (Carroll, 2009).

A fifth view in support of CSR states that the public believes that besides profit motives, businesses should be responsible to their employees and the community at large (Bernstein, 2000).

However, there are opposing views to CSR practices. A case against social responsiveness begins with the classical argument expressed by Friedman (2007), who argued that business people have a responsibility to maximise profits for shareholders. He further argued that social issues had to be left to the free market system or government legislation. Another objection by Davis (1973) contends that businessmen have no social skills to make socially oriented decisions to handle social issues. Moreover, it is suggested that involving firms in unrelated business activities results into dilution of the business core objective (Hayek, 1969). It is also claimed that involvement in CSR will make business less competitive globally.

Following the various arguments for and against CSR practices, the next section presents drivers or motives for firms' engagement in social practices.

2.4 Drivers for firms' engagement in corporate social responsibility

Various scholars have proposed several drivers or motives for firms' social engagement. Kurucz (2008) suggests four motives: (i) that firms want to gain competitive advantage, (ii) develop a reputation and legitimacy, (iii) reduce costs and risks, and (iv) achieve win-win effects through synergistic value creation. On the other hand, Graafland and van de Ven (2006) classified the motives for social responsiveness into two groups: strategic and moral. The strategic motive suggests that firms engage in CSR for reasons of making a profit, while the moral motive is the one firms feel toward society (Lenssen et al., 2011). Similarly, Hemingway and Maclagan (2004) argued that CSR practices are driven by the values and beliefs of managers. The following paragraphs discuss each motive separately.

2.4.1 CSR improves a firm's competitive advantage

According to Carroll and Shabana, firms that engage in CSR practices gain a competitive advantage, which in this context simply means "differentiation strategy" (2010, p.98). Similarly, Smith (2003) argues that firms can build competitive advantage by the uniqueness of their strategy, for example through engagement in social issues. He further argues that CSR initiatives enhance the relationship between firms and their stakeholders, e.g. customers, again strengthening competitive advantage (Smith, 2003). Pivato et al. (2008) argue that those firms that engage in CSR build brand loyalty. Similarly, companies can use philanthropy to build competitive advantage (Walter and Bruch, 2005). However, Porter and Kramer contend that competitive advantage is more visible when the philanthropic activities focus on where there is a "convergence of interest" between economic gain and social benefit (2002, p. 59). In addition, CSR practices attract investors, as they "…seek companies with good records on employees relation, environmental stewardship, community involvement and corporate governance …" (Smith, 2005, p.64).

2.4.2 CSR reduces costs and risks of operations

Firms that engage in CSR are likely to reduce costs and risks related to the organisation's operations (Carroll and Shabana, 2010). This view emanates from understanding that the pressure and high demands of shareholders may create potential threats to the viability of a business (*ibid*). As a result, economic interests have to be served by mitigating the threats at a certain level of social performance (Kurucz, 2008). For example, firms that engage in social responsiveness reduce staff turnover through improving employees' morale (Smith, 2005). Similarly, Berman et al. (1999) contend that lack of diversity increases absenteeism by dissatisfied employees. In addition, organisations can reduce cost and risk of operations by being proactive to environmental related activities (Dechant and Altman, 1994). Being proactive to environmental issues lowers the costs of complying with present and future environmental regulations (Carroll and Shabana, 2010). Similarly, Berman et al. (1999) further argue that CSR initiatives focused on community relations may reduce the cost and risk of operations through engaging in environmental issues. In addition, firms that invest in community relationship activities may get tax relief as well as reducing the number of regulations imposed on them (Carroll and Shabana, 2010).

2.4.3 CSR practices enhance reputation and legitimacy of the firm

Firms that engage in CSR practices enhance and maintain their reputation and legitimacy (Maignan and Ferrell, 2004). Legitimacy is a belief or perception that firms' actions are proper and desirable within a prescribed set of norms, values and beliefs (Suchman, 1995). Kurucz (2008) argues that value creation can be maintained through leveraging gains, reputations and legitimacy as a result of aligning stakeholders' interests. When the interests of stakeholders such as employees, customers and society are considered, this enhances firms' reputation. Carroll and Shabana (2010) argue that firms are more likely to be accepted within society if they invest in social issues, and that they can use philanthropy as a strategy to build legitimacy and reputation. Chen et al. (2008) suggest that corporate philanthropy can be a useful tool for legitimising their business. It is also known that firms can build organisational reputations through corporate social reporting (Brammer and Pavelin, 2006a). Corporate social reporting is simply the disclosure of a company's economic, environmental and social performance to the stakeholders. Currently, international organisations such as Global Reporting Initiative (GRI) encourage firms to report their corporate social practices. In so doing, companies are able to demonstrate that they conform to social norms and expectations, and hence are legitimate.

2.4.4 CSR practices enhance the win-win effect

Firms that engage in CSR practices have the advantage of building a synergetic value creation through a win-win strategy (Carroll and Shabana, 2010). Synergetic value creation focuses on the CSR initiatives that fulfil the needs of stakeholders, while at the same time ensuring that the objectives of the firms are met. For example, donating money for education (for example through scholarships) would enhance the quality of human resources available to the organisation. Likewise, investing in community initiatives improves the quality of life of society, which in turn may result in increasing local customers (Porter and Kramer, 2002). From this perceptive, the win-win strategy is viewed as a vehicle that balances the interests of both the firm and stakeholders. Having discussed the motive for CSR practice the next section presents an overview of CSR practices in the context of developed and developing economies.

2.5 An overview of CSR practices in developed and developing economies

2.5.1 Nature of CSR in developed economies

As was pointed out in the introduction to this chapter, a large body of literature on CSR originates from Western countries (Carroll, 1999), and the majority of concepts and theories, such as corporate social performance and stakeholder theory, were developed in the Western context. Various managers have applied these theories, and both practitioners and academics better understand social responsiveness by business. However, the compatibility of these theories and concepts with the environment of developing economies has been questioned (Frynas, 2005, Idemudia, 2014). For example, one of the most famous and cited models is Carroll's Pyramid of Corporate Social Responsibility (Carroll, 1991b). Carroll proposed four responsibility dimensions of a businessman, in decreasing importance economic, legal, ethical and philanthropic (Figure 1). Economic responsibility at the base of the pyramid acts as a foundation and gives priority to economic performance. The view in this case is that business has to be profitable and maximise shareholders' returns. Legal responsibility takes the view that business has to comply with the laws and regulations of society. Third is ethical responsibility, which highlights how society expects business to embrace values and norms, over and above what is required by law. This is a difficult dimension to handle, and is the subject of much debate by scholars (Dartey-Baah and Amponsah-Tawiah, 2011). At the top of the pyramid is philanthropic responsibility, the actions that society expects from business as a good corporate citizen. Indeed, philanthropic responsibility entails giving back to the community, and being a good corporate citizen through participating in community welfare programmes. Crane and Matten (2007) found that philanthropic responsibility in Europe and the United States tends to be compulsory, while ethical responsibility has a much higher priority in Europe.

Figure 1. Carroll's Pyramid of Corporate Social Responsibility (Carroll 1991 p. 42)

Contrary to developing economies, developed economies see the economic contribution of business as taking more of a development-oriented approach to CSR, with an emphasis on enhancing a supportive environment for responsible business (Dartey-Baah and Amponsah-Tawiah, 2011). Loimi (2002) asserts that the major drivers for CSR in the developed economies include globalisation, environmental issues, international initiatives, pressure from non-governmental organisations, media, risk management, pressure from employees and customers, and competitive advantage. This notion is opposite to that in developing economies, where CSR is largely driven by culture, the political and social economic situation, and the governance gap (Amaeshi et al., 2006). Having explained the nature of CSR practices in the developed economies, the CSR practices in the developing economies is discussed in the next section.

2.5.2 CSR practices in developing economies

This section presents a debate about CSR practices in developing countries. The empirical studies have different unknowns about social engagement of firms in developing countries. The first unknown is whether CSR practices in developed countries are similar to those in developing economies. The second unknown is how CSR is organised and communicated by local firms, and the third unknown centres on the activities in which firms in developing countries prefer to engage as part of their social practices. As such, this section opens up the debate which forms the backbone of this thesis.

Visser (2003) argues that the manifestation of CSR in developing countries is different from the Western world because of differences in culture and norms. Developed economies commonly use benchmarks such as CSR codes, standards and reports, while CSR practices in developing economies tend to be less formalised (Visser, 2003). Visser further argues that CSR in the developing economies is associated with social investment, such as in education, health, sports and the environment. In Indonesia, for example, Tanaya (2012) found that CSR practices are influenced by various social, political, economic and environmental aspects of the country. Similarly, Amaeshi et al. (2006) in his study of CSR practices in Nigeria on whether CSR mimics Western practices or has established indigenous ones, found that CSR practices are shaped by the social and economic challenges of the region. Interestingly, however, Lindgreen et al. (2009) found no evidence of cultural or socio-economic influences on CSR practices in Malawi and Botswana.

Different arguments reveal on how firms organise and implement CSR in the developing economies. Muthuri and Gilbert (2011) found that MNEs have institutionalised their CSR into company policy, which is often not the case for local firms. However, other studies (Boehm, 2005, Amaeshi et al., 2006, Tanaya, 2012) noted that local firms in developing economies are increasingly integrating CSR into their core business functions and operations, and the relationship between business and community is deepening. Of particular significance is the fact that some of the firms in developing economies have established and integrated policies on CSR to safeguard the sustainability of the social interventions they have initiated; for example, formal structures to manage CSR practices including specific departments or foundations have been established, and there are regular allocations of budget, involvement of employees and partnerships with other organisations (e.g. NGOs) to execute CSR objectives (Phillips, 2006, Tanaya, 2012). A study of eight active local and multinational firms in Lebanon, however, showed that firms had neither dedicated internal or external departments for CSR. Instead, the majority of these firms used existing internal departments such as marketing and public relations departments together with the firms' management, to manage social responsibility activities and programmes (Jamali and Mirshak, 2007). In the same study it was reported that the marketing department had the overall role in managing CSR issues, following guidelines provided by top management in some firms (Jamali and Mirshak, 2007). In their study, Muthuri and Gilbert (2011) reported that some firms had a dedicated CSR department while others delegated social responsiveness issues to other existing departments, particularly human resources and public relations departments in Kenya. However, firms that transferred management of social issues to other departments, e.g. public relations, responded to social needs and expectations in an ad hoc manner, suggesting that CSR was only a strategy to mitigate risks and promote the firm's reputation (Muthuri and Gilbert, 2011).

In addition, empirical studies show that firms engage their employees, as well as collaborating with other institutions, in CSR activities in Africa (for example see Maclagan, 1999; Frynas, 2005; Jamali and Mirshak, 2007; Chong, 2009). Civil society organisations, for example, have been instrumental in institutionalisation of CSR practices and processes in public and private sectors (Muthuri and Gilbert, 2011). Several scholars suggest that collaboration between local firms and NGOs could be intended to build strong community relations, reshape the focus of business and minimise and/or avoid conflicts (Jamali and Mirshak, 2007; Kolk and Lenfant, 2013). It could also be that firms collaborate with NGOs to minimise their direct involvement in social projects and channel their resources directly into other actors giving them opportunity to concentrate on the core business function; this was also observed in Lebanon (Jamali and Mirshak, 2007). This is so because it is well known that most NGOs have extensive local knowledge, experience and expertise on the ground, and could be used by the local firms as entry points for social investment and community development projects. This proposition is supported by Freeman and Liedtka (1991), who emphasise that firms should not venture into CSR as they do not have the required expertise. In addition, firms were found to partner the government in implementation of social responsibility initiatives (Ite, 2007, Abramov, 2010). Collaboration between firms and local communities has been attributed in Africa to forging societal acceptance and the creation of a conducive environment for business operations (Kolk and Lenfant, 2013).

Communication of CSR practice to stakeholders is another heated issue. Some firms do it in secret, others in public. For example, in Indonesia and China it is a legal obligation to record CSR practices in the annual reports (Tanaya, 2012). These findings are, however, contrary to the results reported in Lebanon whereby local and multinational firms never communicate their CSR activities to external stakeholders and there is no systematic social reporting (Jamali and Mirshak, 2007). Instead these firms communicate CSR issues systematically to internal stakeholders, particularly employees, organisational behaviour with a positive effect on the morale and motivation of staff (Jamali and Mirshak, 2007; Chong, 2009). These findings are supported by a comparative study looking at perception, implementation and reporting of CSR practices between local firms and MNEs in Asia (Khan and Beddewela, 2008). In the same study it was found that some firms systematically reported their social responsiveness activities while others did not communicate at all, whether local or NMEs (Khan and Beddewela, 2008).

Previous studies further show that firms in the developing economies engage in diverse social activities as part of CSR. In Indonesia, for example, firms engage in disaster relief, law compliance, labour welfare and community development projects such as building schools, libraries, water supplies and wells, and sponsoring education through scholarships and health. Studies also found firms engaging in small business initiatives, including training on small business and micro-credit programmes to support community development (Frynas, 2005; Amaeshi et al., 2006; Eweje, 2006). Similar findings were revealed in many other developing countries such as Lebanon and Sri Lanka (Jamali and Mirshak, 2007; Khan and Beddewela, 2008). As such, social culture issues such as education were the priority CSR domains in the area of community development (Ite, 2004; Chapple and Moon, 2005; Muthuri and Gilbert, 2011).

A study in Nigeria and South Africa on oil and mining companies found education initiatives given high priority by MNEs (Eweje, 2006). The importance of education was pointed out by one of the mining executives in South Africa:

> In our corporate social responsibility areas, we have got a wide range of things. Education is very important and we have programs that go from preschools education right the way through to secondary school, to completing secondary education. We have got a number of interventions in education, technical training, and technical skills training… (Eweje, 2006 p.105).

The author further states that companies motivated teachers by paying them well to work in the remote areas where there are insufficient teachers. This suggests that a sustainable business can be attained through a healthy and well-educated society (Porter and Kramer, 2006, Muthuri and Gilbert, 2011). Besides the education and health sectors, firms also engage into sports such as athletics, rugby and football as part of their CSR activity. In Nigeria, sports were reported as one of the areas on which local firms and MNEs focused their CSR activity (Amaeshi et al., 2006, Ojo, 2009). Environmental conservation is also a common CSR area. Increasing awareness of the consequences of environmental degradation and climate change mean that NGOs, civil society organisations and the international community are exerting pressure on companies to take responsibility for their business actions and impact on the environment and society (Moon, 2008). Muthuri and Gilbert (2011) found an increased commitment toward maintaining the natural environmental in Kenya. In Lebanon, firms gave priority to tree planting and cleaning up public areas (Jamali and Mirshak, 2007). Similarly, social engagement in the area of nature conservation was given priority by local firms in Malawi, Botswana and some Asian countries (Khan and Beddewela, 2008, Lindgreen and Swaen, 2010). Firms may engage in more than one CSR domain and activity in order to meet several socio-economic development challenges in the host community and build their corporate image (Jamali, 2007, Chong, 2009). However, some scholars who argue for a wider focus on CSR by firms have criticised such corporate response, claiming that spreading investment into many social needs has little impact socially, economically or environmentally, and receives little appreciation from stakeholders (Phillips, 2006). Nevertheless, it is interesting to note that despite this criticism of the wide focus of firms in their CSR practices, many studies show that the vast majority of firms do engage in multiple social programmes across various thematic areas, globally. For example, it was shown that a local firm (identified as B) acted in a socially responsible manner by investing in education, health, community support and environmental issues in Sri Lanka (Khan and Beddewela, 2008). Similarly, the multinational corporation Nigeria Shell Oil Company was reported to invest in social responsibility in the same areas, and SMEs to empower in communities where they have business operations (Ite, 2004, Eweje, 2006). Table 2 shows examples of CSR practices by firms in developing countries, as extracted from the literature review.

Table 2. Examples of CSR practices of firms in developing countries

CSR practices	**CSR activity description**
Law compliance	To obey regulations and pay tax.
Ethics and corporate governance	Anti-corruption, banks limit loans to environmentally unfriendly firms, environmental friendliness a requirement for getting loan.
Labour welfare	Provide house for workers, safety gear provision and improving salary.
Community support	Building schools, libraries, water wells, sponsoring education through scholarships, health (e.g. free temporary clinics), sponsorship for sports and culture preservation.
Disaster relief	In-kind and cash donations and emergency response (e.g. food, clothing and medicine)
SMEs Empowerment	Capacity building, grants, soft loans, revolving funds.
Product	Responsible production, anti-corruption, quality assurance, discount on basic needs.
Philanthropy	In-kind and cash donation, charity events support, e.g. during religious festivals, and greening.
Environment	Waste management and replanting.
Health	Free clinics, medicine and sanitary donation.
Education	School renovation, internship training and vocational training.

Source: Adopted from (Amaeshi 2006, Jamali and Mirshark 2007, Tanaya 2012)

Table 2 demonstrates the social engagement activities prioritised as CSR activities by firms elsewhere in the world. In Indonesia, for example, paying tax, ethics and corporate governance are part of firms’ CSR practices.

A summary of the literature reviewed shows that even though firms perform social activities, there has been no systematic or intensive analysis of the dynamics of how firms organise and communicate their CSR practices, even though the three dimensions (communication, organisation and activity) are key aspects in understanding the social engagement of firms. Thus, these dimensions will be further explored in chapters five and six of this thesis. Following the description of various CSR practices in developing and developed economies, the next section highlights the debates on CSR and economic development of developing economies.

2.5.3 Controversy on CSR and economic development of developing economies

Corporate Social Responsibility and the development of third-world economies has long been a debate in the literature of business and society. Proponents of CSR advocate that it makes a contribution to developing economies (Ite, 2004, Fox, 2004, Baskin, 2006, Tanaya, 2012). Others (Frynas, 2005, Blowfield, 2004, Dobers and Halme, 2009) argue that engagement in social issues does not automatically contribute to development. However, scholars such as Ite (2004) and Frynas (2005) found positive contributions of CSR to development, suggesting that Stat Oil's Akassa programme funded by the Nigerian oil industry was the best CSR development project (Frynas, 2005); the uniqueness of this project was that it was based entirely on grass-root priorities, largely driven by local communities. Local people were consulted about their needs before any initiatives were undertaken. Another "best" development project proposed by Ite was by the Shell Oil Company in the Niger delta (Ite, 2004): their contribution to development was achieved through a series of transformation stages, departing from the assistance mode of community development to complete transparency and accountability in its operations (Ite, 2004).

Despite some positive contributions of CSR to developing economies, other scholars disagree about the role of CSR (Frynas, 2005, Dobers and Halme, 2009, Khan and Lund-Thomsen, 2011). Frynas (2005) argues that several CSR development projects have failed to achieve their objectives for several reasons, such as conflicts and corruption that make it difficult to implement CSR practices in business. Additionally, failure to engage CSR recipients in the planning of CSR practices, absence of human resources to implement development programmes and failure to integrate CSR in large development plans are challenges to the implementation of CSR in developing economies (Frynas, 2005).

Lastly, commentators suggest that CSR should focus more on developmental issues (Fox, 2004, Visser, 2008, Idemudia, 2014). In order to play a constructive role in development, CSR needs an approach in line with development issues such as poverty alleviation, labour standards, human rights, health, education and child labour (Fox, 2004). In addition CSR needs be integrated into companies' core business (Jamali (2007) with a strong regulatory framework and enforcement for effective CSR practices (Hilson, 2012).

The debate about the role of CSR in the economic development of developing economies remains inconclusive because of the limited number of cases and inability to generalise experiences. Therefore, one of the strategies of the current research is to have a large sample size to give a better view of the social engagement activities undertaken, and how these activities are organised and communicated by business. Future research can then focus on examining the contribution of CSR to the progress of developing economies. For the present, this study aims at exploring the CSR practices of local large firms in a standardised and systematic way, and not on the effects on national or community development.

From discussion of CSR in developing countries, we now turn to an overview of CSR practices in Africa.

2.6 Corporate Social Responsibility Practices in Africa

2.6.1 Overview

Since the central focus of this research is Africa, it is important to give an overview of CSR practices in this continent. Therefore, this section first examines the existing knowledge gap of CSR in Africa. The next section addresses specific drivers and challenges of CSR practices in Africa. The third section provides the debate on the contribution of CSR practice to the development of Africa, while the last section presents a concise summary of key articles on CSR in Africa and suggests general preposition that need to be addressed in this research.

Little is known as yet about CSR in Africa. This is evidenced by scholars such as (Visser, 2006b), who calls for more research on the topic. With existing studies there are uneven distributions (Visser, 2006a) with the emerging literature dominated by studies in South Africa and Nigeria (Visser, 2006b, Muthuri et al., 2013). South Africa was spurred on by the political reforms brought about by the end of the apartheid movement, while Nigeria is influenced by the presence of oil Multinational Enterprises (MNEs) (Kolk and Lenfant, 2010). The scope of CSR studies has nevertheless begun to consider other parts of Africa such as Mauritius and Central Africa (Idemudia, 2014), as well as being covered by other disciplines such as geography, sociology and anthropology (*ibid*).

As already described, the majority of studies on CSR in Africa have focused on MNEs, with very little written specifically about local firms (Amaeshi et al., 2006, Khan and Beddewela, 2008). Scholars have demonstrated that MNEs operating in developing economies engage in different social issues. In Nigeria, for example (see for example Amaewhule, 1997, Ite, 2004, Frynas, 2005, Eweje, 2006, Ojo, 2009), MNEs in the oil sector engage more with local communities by concentrating on the social and environmental impact of their operations. They engage in the areas of education, health, environment, SMEs empowerment, community support and sports. For example, Frynas (2005) found that MNEs like Shell and BP Nigeria run small business initiatives including training on SME and micro-credit programmes to support community development. Similar results were found in the mining sector of South Africa, where

MNEs focus on business development schemes including the establishment of small cooperatives, training in product development by women for the tourist industry, and bookkeeping services free to local communities in areas mining takes place (Frynas, 2005, Amaeshi et al., 2006). The empirical study by Eweje (2006) compared local firms and MNEs in Ghana and found that their CSR practices were different. The CSR practice of MNEs is largely triggered by legal obligations, while that of local firms is driven by moral and ethical considerations (Kuada and Hinson, 2012). This suggests that the two groups place different emphases on legal and moral/ethical expectations in their CSR decisions.

2.6.2 Nature of CSR in Africa

Like many other firms worldwide, those in Africa engage in social issues, but with a different emphasis from those in most developed economies. In Africa, for example, issues such as health and HIV/AIDS, education and scholarship, and SME empowerment are at the forefront of CSR efforts (Kuada and Hinson, 2012). Indeed social issues are at the top of the CSR agenda in Africa, as opposed to other areas of ethical and environmental priorities (Muthuri et al., 2013, Van Alstine and Afionis, 2013). (Schmidheiny, 2006) revisited Carroll’s Pyramid model of CSR (Visser, 2006b) to reflect CSR practices in the African context, and came up with different findings (Figure 2). He noted that in the context of Africa, economic responsibility is given priority followed by philanthropy, legal and lastly ethical responsibilities. It was suggested that economic responsibility is given first priority because of the economic situation of most African countries, with low levels of development and high unemployment rates. Philanthropy is given the second highest priority because of the belief that business operates in a healthy society, much needed given the socio-economic condition of African societies. The third rank was legal responsibility, reflecting the poor African legal framework that lacks independence and good governance. Finally, ethical responsibility, which requires more good governance, accountability and transparency, is the least important influence on the CSR agenda in Africa. However, Carroll, (1991a) explored CSR practices in Nigerian and South Africa indigenous firms and found philanthropic came above economic, legal and ethical issues. Similarly, Amaeshi et al. (2006) found philanthropy to be the dominant practice in both Kenya and Zambia. This may suggest that CSR practice in Africa is still at an embryonic level (Muthuri et al., 2013), probably because it is yet to be fully understood (Rossouw, 2000) as a result of weak local pressure from the government and NGOs (Bagire et al., 2011).

Figure 2. Carroll's Pyramid order of CSR layers in Africa (Visser 2006 p. 34)

2.6.3 Motives for CSR in Africa

Various scholars have suggested the main drivers of CSR in Africa. Idemudia (2014) contends that CSR is influenced by culture, political reform, social economic priorities, the governance gap, market access, international standardisation and stakeholders' activism. Similarly, Dartey-Baah and Amponsah-Tawiah (2011) grouped drivers into three major groups, internal, external and transnational factors. Internal drivers relate to conflict between local social movements and the corporate community, while external drivers relate to global norms such as shareholders' activism and the United Nations Global Compact, and transnational factors to partnership between African and Western NGOs. For instance in Malaysia and Pakistan CSR is partly shaped by religious belief and Islamic proscription of certain business practices, while in Argentina it is shaped by the national economic crisis (Fynas, 2006). Similarly, in Nigeria and Ghana CSR is framed by socio-cultural influences such as religious faith, charitable belief and communism (Idemudia, 2014). Therefore, the meaning attached to CSR differs from country to country and even within countries (Ite, 2004; Idemudia, 2014). The World Business Council for Sustainable Development (WBCSD) found that despite awareness of CSR, there were differences on its meaning and emphasis in different parts of the world (Idemudia, 2011). In Ghana it is largely led by belief and culture, and in South Africa by the historical events of apartheid and inequality. As a result, CSR practice continues to develop according to the economic and political situation of the country. Moreover, evidence suggests that the socio-cultural and economic situation of Africa determines the societal expectations of business. For example, in areas where the social infrastructure is lacking, such as in rural areas, firms are expected to provide schools and healthcare centres and to contribute to poverty eradication (WBCSD, 2000). Social issues were also identified as core CSR drivers in Uganda (Idemudia, 2007). While the arguments rage between the contemporary CSR agenda in Africa being largely moulded by Western values and priorities against indigenous values, (Bagire et al., 2011) come down on the side of the former. (Amaeshi et al., 2006), however, believe that CSR in Africa is based on the tradition of humanism.

2.6.4 Debates on contribution of CSR to the economic development of Africa

The arguments about CSR's contribution to economic development in Africa can be seen at three key levels: practical, conceptual and discourse (Phillips, 2006; Muthuri et al., 2013). At the level of practice, several proponents of CSR see it as a vehicle for development, arguing that it can contribute to development. Firms' social investment is in activities such as social infrastructure, health, employment opportunities, education and micro-credit schemes, which stimulate economic growth and enhance poverty reduction (Idemudia, 2014). Studies that support this view include empirical works (World Bank 2001) which cite examples of such investment in Nigeria, Kenya, Malawi and Zambia. Several (Eweje, 2006; Muthuri, 2007; Kamlongera, 2013; Van Alstine and Afionis, 2013) noted that the Magadi Soda Company remains the dominant social welfare provider in the region through its community support involvement project. (Muthuri, 2007) points to the automobile and mining industries in South Africa in fighting against HIV/AIDS. Nonetheless, in most cases such corporate investments often have little or no effect in improving the lives of the intended beneficiaries, because of poor execution of the projects, misplaced priorities and lack of project sustainability (Börzel et al., 2012). Some scholars argue that CSR practices are affected by the business case that the core objective of business is profit-making rather that dealing with social issues (Idemudia, 2014). Others (Watts, 2005; Frynas, 2005; Idemudia, 2008) argue that the difficult in practising CSR may be due to the hostile environment within which projects are implemented, which limits the impact of CSR initiatives in the continent. Similarly, advocates of CSR argue that difficulties in CSR practice in Africa are caused by weak institutional frameworks (Idemudia, 2014). It has certainly been pointed out that weak institutional enforcement, such as weak government regulations and commitment to CSR, affects CSR in Kenya (Dartey-Baah and Amponsah-Tawiah, 2011, Muthuri and Gilbert, 2011). As argued by (Muthuri and Gilbert, 2011), CSR can contribute to development if it is enabled by both business and government. Moreover, CSR is hampered by a community dependency mind-set of what needs to change. This mentality of dependence is often a product of a decade of top-down strategy that has undermined the local culture of self-help. Indeed, CSR to some extent has contributed to the development aspect, such as building of hospitals, schools and road construction to enhance public relations, while neglecting the process aspect of development such as social protection, empowerment and equality (Okoye, 2012). This evidence can be seen in studies in Nigeria, where to some extent MNEs have contributed to the wellbeing of the community. However, it has also been argued that human development has been neglected in that country (Utting, 2007; Utting and Marques, 2010).

Conceptually, the assumption that CSR can contribute to the development of Africa is often rooted in stakeholder theory and the licence to operate (Amaeshi et al., 2006). However, the assumptions that support the two concepts do not support the peculiarity of the African context. As a result African reality is forced to fit into the Western model. Moreover, the stakeholder theory is limited and hence fails to recognise the inability of the model to represent different realities of legitimacy and responsibility. For instance (Idemudia, 2014) poor communities in Africa and elsewhere in the world are not identified as stakeholders with power, legitimacy and agency. Stakeholder theory suggests the inclusion of the local community among the company's stakeholders. However, (Boyle and Boguslaw, 2007) found that MNEs are likely to neglect the development needs of the local communities. Hence Idemudia (2014) argues that the current application of stakeholder theory and social licence favours business more than stakeholder accountability for long-term community development.

At the level of CSR discourse, it is argued that corporate values and interest re-shape CSR in Africa. For instance, CSR in South Africa promotes dependence instead of independence and empowerment. Instead of being a tool for development, the MNEs of the Niger Delta cause more community violence (Owen and Kemp, 2013). As argued by (Akpan, 2009), the concept of development is characterised by contemporary development, business as a development actor mirroring the established norms of the pre-dominant development discourse. Table 3 presents the key articles about CSR in Africa and the main views of the writers.

Table 3. Summary of key articles on CSR in developing countries particularly Africa and the view of the writer(s)

Authors	**Study location**	**Authors view on CSR in Africa**
Ite (2004)	Nigeria	"Proper governance in its entire dimension is vital for the CSR agenda in Africa".
Bowfield (2004)	No information	"In order CSR to benefit local community, local values and priories have to be taken into account in CSR practices".
Fox (2004)	No information	"CSR agenda has to change direction towards the South to fulfill its potential contribution to development".
Acutt (2004)	South Africa and Mexico	"CSR in the context of emerging and developing economies need to address country specific institution and political barriers to regulatory effectiveness stakeholders engagement and implementation."
Hamann and Capelus (2004)	South Africa and Zambia	"Companies CSR-related claims and particularly the reference to business case for voluntary initiative need to be treated with caution".
Fynas (2005)	Nigeria	"CSR agenda may be unsuitable to address social issues in developing economies and may divert attention from broader political, economic and social solution for such problems. Four constraints for CSR engagements i.e. country and context specific issues; the failure to involve the beneficiaries of CSR; the luck of human resources, social attitudes of oil company stuff; the failure to integrate CSR project into large development plan".
Egels (2005)	Tanzania	"For a successfully CSR practices managers should be knowledgeable of local community culture and align the conflicting international and local stakeholders demand".
Frynas (2006)	South Africa and Malaysia	"CSR in the developing economies continue to be haphazard, unevenly applied and limited to a minority of organisation''.
Amaeshi et al. (2006)	Nigeria	"Local firms in Nigeria perceive and practice CSR as corporate philanthropy focusing on social economic development challenges. CSR is localised and socially embedded construct".
Eweje (2006)	Nigeria and South Africa	"MNEs act as a backup for the government in the development countries that often do not offer economic and social welfare programs that can contribute to the social and economic development of the communities".
Jamal &Mirshak (2007)	Lebanon	"CSR practices in Lebanon are philanthropic in nature, characterised by charity donation".
Hinson et al. (2007)	Ghana	"CSR practices of local firms in Ghana are aware of CS though are less strategic in the approach of CSR,

		contrary to international connected firms who seem to have a better understanding of CSR practices”
Achua (2008)	Nigeria	‘‘External regulation should be blended with conscious self-regulation by the banking institution for the reform to effectively include the delivery of CSR’’
Lindegreen and Campbell (2009)	Malawi and Botswana	“Firms that engage more in CSR are expected to recognize more benefit related with CSR practices”.
Muthuri and Gilbert (2011)	Kenya	“Lack of government regulations, weak government capacity and commitment to enforce regulation hampers CSR practices in Kenya”.
Idemudia (2014)	Africa	‘‘At stake here is the need to better understand the circumstances and forms under which CSR is most likely to contribute to development in Africa’. Drivers for CSR in Africa can be classified into internal (e.g., local social movements and corporate community conflict) external (spread of global norms for example United Nation Global Compact) and transnational factor (collaboration between African NGO and western NGOs)”.

This section has addressed the debate on the contribution of CSR to the development of Africa. It has also highlighted the motives for CSR and summarised views on CSR in Africa. It is worthwhile noting that this discussion will not be continued further, as this thesis explores the CSR of local firms by focusing on their activities and how they organise and communicate their social engagement. Further investigation into the nature and controversy of CSR practices in Africa and the motives for CSR in the continent can be addressed in future research.

2.7 Chapter conclusion

Indeed there have been relatively few studies on CSR in developing economies, particularly in Africa apart from specific countries such as Nigeria and South Africa with a narrow sectoral focus. There are limited case studies but these cannot be generalised to give a clear picture of CSR in specific regions or in Africa at large. To a large extent, the literature represents CSR practices in MNEs operating in the developing economies, with few empirical studies focusing on indigenous firms. Previous studies have demonstrated the imbalance in the literature, as described in this chapter. Existing empirical studies have not looked at CSR systematically in a standardised way that permits comparison of companies' characteristics and their CSR activities. Thus, the review of literature has raised the following questions: 1) *Do local large firms in East Africa socially engage and* 2) *do they engage in the same way as each other* 2a) *What type of activities do these firms socially engage in?* 2b) *What is their level or intensity of engagement in activities?* and 2c) *How is CSR organised within local large firms*? Communication, organisation and activity are important dimensions in understanding CSR. The importance of these dimensions is developed in the next chapter by using them to identify distinctive types of firms' social engagement in East Africa.

Chapter 3: Theoretical Framework

3.1 Introduction

Following the literature review, this chapter describes important theories in building a framework to guide CSR in Kenya and Tanzania. Various theories have been proposed over time to explain why businesses engage in social responsibility (Adams et al., 1998). These theories are broadly classified as economic, social and political. The economic theory includes agency theory and accounting theory, which both consider the economic aspects of CSR practices and the market outcome of CSR disclosure (Fernando, 2013), prioritising the financial stakeholder rather than the wider spectrum of stakeholders. On the other hand, firms need to operate legitimately and according to legitimacy theory building legitimacy is a process within the social issue life cycle theory (Suchman, 1995). This process of social engagement drives different levels of stakeholders' engagement, as described in stakeholder theory. Accordingly, this study makes use of three theories: legitimacy theory, social issue life cycle theory and stakeholder theory, to characterise the social engagement of local large firms both in Kenya and Tanzania. The three theories are selected because they are popular choices among CSR scholars (Nasi et al., 1997, Eweje, 2006, Muthuri and Gilbert, 2011, Fernando, 2013) and have been used to understand CSR practices in Finland, Nigeria, South Africa, Sri Lanka and Kenya. It is important to mention that most of the previous studies on CSR used a single theory rather than triangulation as proposed by Thurmond (2001); the use of multiple theories provides a clearer understanding of a phenomenon. Consequently, the theoretical framework that is presented at the end of this chapter suggests taxonomy based on the three theories and knowledge from the previous studies. This framework is used to guide the analysis of this study and support the fieldwork in the light of empirical findings in chapter seven in this thesis.

This chapter is organised as follows: section 3.2 describes the theories used in the current study, while section 3.3 synthesises them and proposes taxonomy for social engagement of firms. Section 3.4 concludes the chapter.

3.2 Theoretical viewpoint of CSR practices

3.2.1 Legitimacy theory

Legitimacy theory originated from Davis's iron law of responsibility (Davis, 1973), which argues that a business is a social institution that must use its power responsibly if society is not to revoke it. Furthermore, Davis argues that society grants power and legitimacy to a business. Those who do not use power in a manner which society considers responsible will tend to lose it in the long term. Legitimacy is thus seen as a social construct based on the cultural norms of corporate behaviour. Zimmerman and Zeitz (2002) suggest that legitimacy is a vital aspect for new ventures as it can be used strategically to increase resources and attain growth. Díez-Martín et al. (2013) argue that organisations with a high level of legitimacy achieve better results and increase access to resources also are insulated from unsystematic variations in their stock prices Bansal et al (2004). Moreover, perceptions of organisational legitimacy shape investor behavior, (Pollock et al 2003). On the other hand, Tost (2011) asserts that legitimacy increase individuals' loyalty to the organisation and willingness to accept organizational actions, decisions and policies.

Suchman (1995) suggests three strategies that managers can consider to gain and maintain legitimacy for organisational success: pragmatic, moral and cognitive. Pragmatic legitimacy is the relationship between a firm and its most immediate stakeholders. It is centred on a self-interested calculation of the expected value of the firm's activities to an immediate audience.

Unlike pragmatic legitimacy, moral legitimacy is based on a positive normative assessment of the organisation and its activities, not on whether a certain activity is profitable but rather whether the activity “is the right thing to do” (Suchman, 1995 p. 579). Consecutively, these judgments typically reflect beliefs about whether the activity effectively upholds societal welfare, as determined by the viewer’s socially constructed value system (Ibid).

Cognitive legitimacy takes the form of belief rather than evaluation, and provides a framework for everyday routing for firms (Zimmerman and Zeitz, 2002, Dart, 2004). Society judges the legitimacy of a company based on the corporate image. However, both the perception of the company and society might change over time, leading to changes in the legitimacy of the corporation. Also, perception of a corporation might vary geographically, and as such local firms have to be legitimate in their locality as well as over time. If a society’s expectations are not in line with corporate behaviour, the result is a legitimacy gap (Nasi et al., 1997). A corporation that loses legitimacy faces a variety of difficulties ranging from punitive legislation to difficulty in hiring personnel (*ibid*).Legitimacy theory emphasises that organisations should continually ensure that their operations are legitimate and in line with the norms of the society within which they operate (Suchman, 1995, Deegan and Rankin, 1996). A corporation is said to be legitimate when it is judged to be “just and worthy of support” (Dowling and Pfeffer, 1975 p 123).

However, scholars have defined legitimacy in different ways. For example, Tyler defines legitimacy as the belief that authorities are entitled to be obeyed irrespective of the likelihood of reward or punishment (1997: 323). According to Tyler, legitimacy is important because the sense of perceived obligation involved in legitimacy lead to voluntary deference behavior. Deference to authority is linked to the social bond between group members and the group which improved group performance. Suchman suggested a broad view definition of legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (1995: 574). According to Suchman, legitimacy is a perception or assumption in that it represents a reaction of observers to the organization as they see it. On the other hand, legitimacy is socially constructed in that it reflects congruence between the behaviours of the legitimated entity and the shared or assumedly shared beliefs of some social group. Suchman points further that, “legitimacy affects not only how people act toward organizations, but also how they understand them” (pg. 575).

The significance of legitimacy was discussed further by Tost (2011). Tost proposes three dimensions of legitimacy judgments: instrumental, relational, and moral. An entity is viewed as legitimate on instrumental basis when it is assumed to facilitate the individuals or groups endeavors to “reach self-defined or internalised goals or out-comes” (pg. 693). On the other hand, an entity is viewed as legitimate on relational basis when it intends to affirm the “social identity and self-worth” of individuals or social groups in ensuring that individuals or groups are treated with dignity and respect and in receipt of outcomes proportionate with their privileges. Lastly, an entity as viewed on moral basis when it is alleged to be consistent with the evaluator’s moral and ethical values. Nevertheless, Tost admits that these three dimensions are not mutually exclusive in that entities may be evaluated simultaneously on all three dimensions or on some subset of the dimensions. On the other hand Tost argues that the three domains may oftentimes overlap in that the specific beliefs and perceptions that underlie any given legitimacy judgment may also fall into one or more other categories.

3.2.2 Social issue life cycle theory

In line with the legitimacy theory, firms engage in various social issues as one of the ways to gain a good reputation Maignan and Ferrell (2004) and hence maintain legitimacy. Following Mahon and Waddock's (1992) proposition, social issues follow a predictable evolutionary trajectory. However, the number of stages through which the social issue evolves may differ from author to author; for instance, (Ackerman, 1975) suggests three stages of social issue development whereas (Mahon and Waddock, 1992) identify four. Nevertheless, most social theorists agree that a social issue progresses from the time in which the issue was unthought-of through a period of increasing awareness and expectation of action. This is usually followed by a period when new standards for dealing with the issue become embedded in the normal functioning of the company (Nasi et al., 1997). The most influential form of the life cycle theory was developed by (Ackerman, 1975) in his book on social challenges to business. He discovered a number of instances of the evolution of responses of business organisations to social issues. He also found that these responses evolve through three stages: policy, learning and commitment.

During phase one (policy development), the social issue is first initiated by top management and becomes a top management concern. At this stage top managers formulate a policy to deal with the specific social issue, although at this early stage there is little or no emphasis on enforcing the policy, perhaps because, first, the expectations of society are not seen as a priority to the organisation. Secondly, there might be little governmental regulation to pressurise enforcement of the policy. Thirdly, managers do not have sufficient skills or understanding to deal with social issues during the early stages of policy development. Finally, there is little positive incentive to implement the company's social policy. At this stage the assumption is that no CSR organisation, communication or activity is undertaken by the firm.

Phase two, the learning stage, is characterised by implementation of company policy, probably involving friction between various specialists and line managers. The resistance and crisis often encourage operation managers to adopt the new policy. At this particular stage it is assumed that CSR communication, organisation and activity are at a low level.

At the commitment stage, the organisation's responsiveness to social issues is integrated into ongoing business decisions and becomes the responsibility of line managers. During this stage, practices related to social issues are often implemented and performance appraisal criteria begin to embrace social issues. Analysis of the three phases of the social issue life cycle suggests that firms' social responsiveness is not a one-day endeavour but rather it is a process. It begins with the transition of organisational behaviour from mere lip service to concrete action, increased organisational commitment to social action and how to deal with it, to increased standardisation of the responses to social and environmental issues at the operational level (Ackerman, 1975). In line with the evolution of social issues, firms have identified with the stakeholders' engagement. During this stage, firms are well organised, communicate about CSR with their stakeholders, and the activities are lasting in nature. As such there are different levels of stakeholder engagement, as described by stakeholder theory.

3.2.3 Stakeholder theory

The stakeholder concept had been debated in the business and management literature for more than a decade when (Preble, 2005) published his work. Despite many definitions proliferating in the literature to identify who are firms' stakeholders (Mitchell et al., 1997, Freeman and McVea, 2001a) the concept remained unclear (Fassin, 2009). Basically, stakeholder theory is concerned with an organisation's relationship with its stakeholders. Freeman and McVea (2001b p. 2) define a stakeholder as "any individual or group who can affect or is affected by achievement of an organization's objectives". Scholars in business management have classified stakeholders as voluntary and involuntary (Clarkson 1994), external and internal

(Carroll 1989), strategic and moral (Goodpaster, 1991), and primary and secondary (Clarkson, 1995) to offer more precise definitions. This classification suggests that there are various stakeholder groups with varying and conflicting interests. According to stakeholder theory, an organisation has to satisfy not only the interest of shareholders but also the multiple expectations of its stakeholder groups. As opposed to shareholder theory, stakeholder theory highlights the organisation's accountability beyond simple economic or financial performance (Guthrie et al., 2006). As such shareholder theory contends that financial success can best be achieved by considering the interests of all stakeholders (e.g. shareholders, customers, suppliers, employees and local community), and organisations need to adopt policies that provide the optimal balance between them (Hasnas, 1998). According to Carroll (1996), managers who want to achieve certain ends have to identify and pay attention to various classes of stakeholders and determine the types of power each group possesses. As noted by Jones (1994), successful managers are those who identify their stakeholders' groups and evaluate their sources of power, legitimacy and agency. Indeed, failure to identify powerful stakeholders might put the business at risk (Nasi et al., 1997). (Berman et al., 1999) observe the issue of trust among firms and their stakeholders, which can be accessed by managers. Similarly, firms and stakeholders expect mutual gains, which have an impact on the firm in the future (Welcomer et al., 2003). This suggests that organisations exist at the interception of a range of interests. From a managerial perspective, for an organisation to prosper it must maintain the on-going process of managing stakeholders' interests and demands in a proper manner (Freeman and McVea, 2001b). Hence it is argued that an organisation's attention to stakeholders' interests enhances organisational performance (Berman et al., 1999). In addition, firms that look after the interests of stakeholders achieve greater success in the marketplace. Clarkson (1995) argues that organisations respond not to social issues but rather to stakeholders' issues. For the purpose of this study we classify stakeholders into primary and secondary (Clarkson, 1995, Waddock et al., 2002).

Primary stakeholders constitute firms' owners, employees, customers and suppliers. Secondary stakeholders include the government and the community who provide the infrastructure and a conducive environment for firms to operate in, and others such as special interest groups (e.g. NGOs) and the media, which affect the firm indirectly. In corporate law, shareholders are seen as the owners of firms, electing directors who appoint managers to act on their behalf. Managers have a duty to make sure that the interests of shareholders and other stakeholders are met (Heath and Norman, 2004). Figure 3 illustrates a firm's stakeholders.

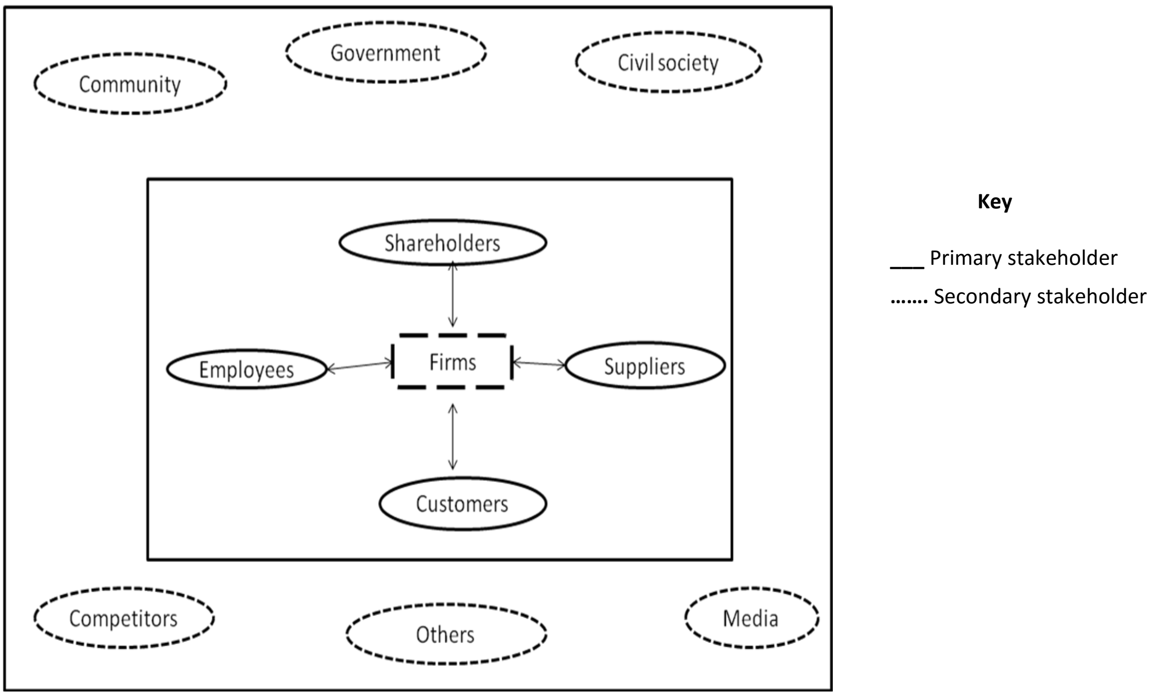

Figure 3. A modified firm's stakeholder model after Clarkson (1995) and Waddock (2002)

The final section addresses the synthesis of the three theories in relation to the communication, organisation and activity dimensions used in this study.

3.3 Synthesis of legitimacy, social issue life cycle and stakeholder theories

This section synthesises the three theories and links them to the three dimensions, communication, organisation and activity. As discussed in the previous section, firms seek licence, i.e. legitimacy, to operate. Suchman (1995) contends that one of the reasons for seeking legitimacy is the credibility and viability of the business. Deephouse (1996) argues that organisations with a high level of legitimacy are the ones with best organisational outcomes. As such, an organisation can strategically seek pragmatic, moral or cognitive legitimacy or maintain multiple forms of legitimacy depending on the objectives of the organisation (Deephouse, 1996).

It is known that legitimisation is a process which begins with policy development, leading to higher-level commitment to social actions. As a result, firms develop different levels of stakeholder engagement. Following the review of the literature and the three theories, the present study identifies four types of social engagement (Figure 5). The first type can be considered as passive firms, not recognising the legitimacy issue and giving priority to primary stakeholders. They also give less priority to secondary stakeholders (i.e. society in this study). Moreover, the process of social engagement by this particular type is not structured. For example, no specific department or foundation deals with CSR issues or a budget to cater for social engagement. Firms in this group do not undertake CSR activities and do not communicate their CSR discourse. There is no policy to direct the planning, execution and delivery of social activities in this engagement type. These firms (passive group) are not subject of discussion in this research.

The second group comprises proactive firms which recognise the legitimacy issue for the stability and survival of the business. These firms give priority to both primary and secondary stakeholders. In this engagement type, social needs or priorities are derived from the secondary stakeholders, for example local communities whether near or far from the firm's offices/location. Under this category, social engagement is well established, for example the presence of a department or foundation for dealing with social issues. Moreover, there is consistency in terms of budget allocation, and the frequency of engagement in social activity is lasting and sustainable. There is generally greater emphasis on running social practices and increasing organisational commitment, and CSR policy is instituted within firms in this group.

Like the proactive group, the reactive group of firms recognises the importance of legitimacy for the stability and survival of the business, even though the process of determining social engagement priorities or activities is not determined fully by the secondary stakeholders. Decisions on particular activities may be taken either by the firms themselves or by secondary stakeholders. The firms communicate social engagement to their stakeholders but not in the systematic way taken by proactive firms. The social engagement actions are not stable in this group, and the nature of the engagement is more of an irregular pull from secondary stakeholders. This group of firms tends to give priority to both primary and secondary stakeholders in responsibility. In general there is less emphasis on social issues, and policy on social engagement is at the learning phase (for more details see section 3.2.2).

The last type of firms' engagement is philanthropic, in which the engagement activities are characterised by regular donations and the engagement is determined by primary stakeholders, i.e. the firm. Like the proactive group, in the philanthropic group does recognise the legitimacy issue in the survival of the business. These firms communicate CSR once in a while. Usually there is less emphasis on social issues and engagement activities are ad hoc or one-off in nature. There are no organisational aspects such as CSR foundations or departments, or a budget for CSR issues. Social issue policy is at the learning phase and engagement is in the form of donations.

Even though four major social engagement types have been identified, it should be noted that firms are not static and the intention of this framework is therefore to facilitate mapping of firms for better understanding of their social engagement in Kenya and Tanzania. Moreover, organisations may be characterised by more than one (or possibly all) engagement types across their various divisions and over time (Greenwood, 2007).

Table 4. Taxonomy of social engagement

Relevant theories	**Passive**	**Proactive**	**Reactive**	**Philanthropic**
Legitimacy	Do not recognise legitimacy issues	Recognise legitimacy for stability and survival of the business	Recognise legitimacy for stability and survival of the business	Recognise legitimacy for stability and survival of the business
Stakeholders theory	Priority is given to primary	Priority is given to primary and secondary stakeholder	Priority is given to primary and secondary stakeholder	Priority is given to primary and secondary stakeholder
Social issue theory	No policy to deal with social issues Do not engage in social activities Absence of communication discourse within the firm	Social issues are more structured and organised with foundations to deal with social issues Increase organisational commitment and familiarity to social issues Consistency of CSR communication discourse	Social engagement is on irregular and ad hoc Less emphasis on social issues Social issue policy is at learning stage Less organised Inconsistency of communication discourse	Less emphasis on social issues Social issue policy is at learning stage. Regular engagement in CSR activities in form of donation No structure for execution of CSR Inconsistency of communication discourse

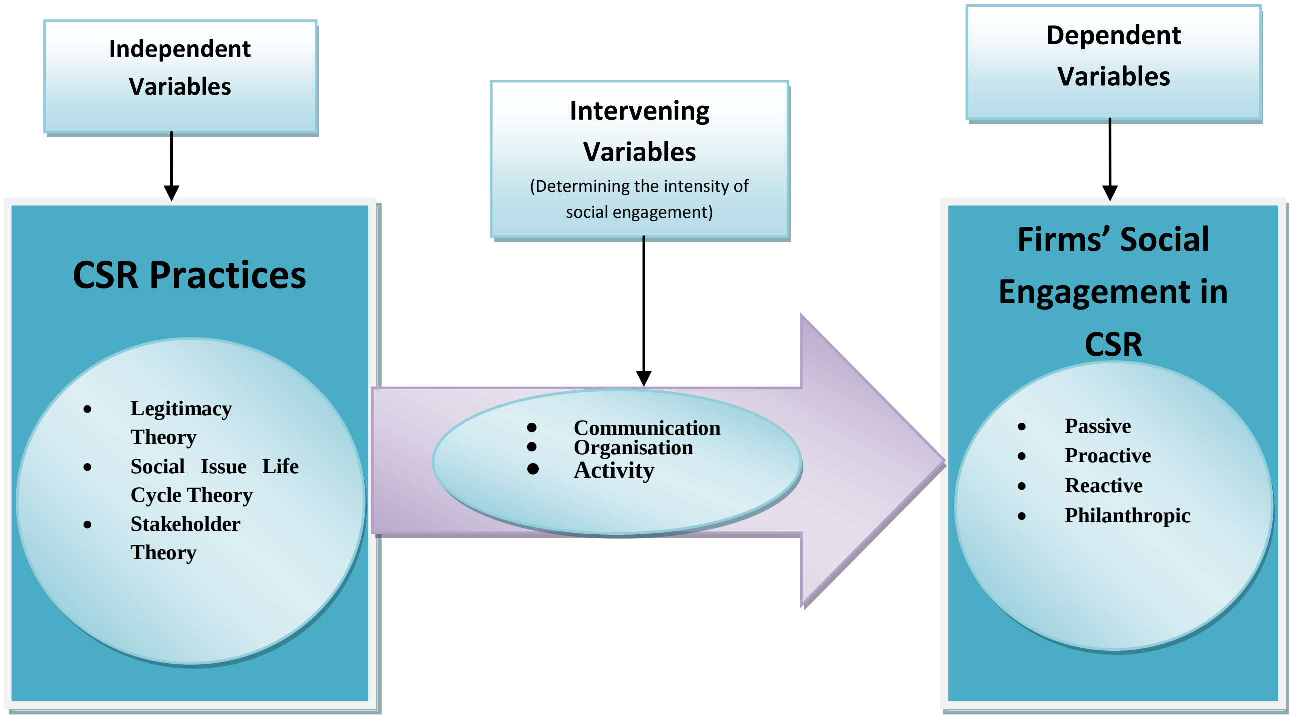

Figure 4. Theoretical Framework[3]

Figure 4 illustrates the theoretical framework which guides the analysis of this study. The diagram indicates that the level of firms' social engagement in CSR (dependent variables) is demonstrated by different types of social engagements such as passive, proactive, reactive and philanthropic. However, different levels of engagement are determined by the intensity of firms' practices or engagement in CSR (independent variables). On the other hand, this intensity of engagement is determined by the motive behind firms' CSR practices. To analyse "why" firms engage in CSR, this study used three guiding theories: legitimacy, social issue life cycle, and stakeholder theory. In the action arena, this study used three different dimensions (intervening variables) to measure the intensity of engagement of local firms both in Kenya and Tanzania. These are: communication, organisation and activity dimensions. The three dimensions are important because they generally demonstrate how CSR is expressed by local firms, the institutionalisation of CSR discourse within the firms and the dynamic of engagement

[3]Source: Author's Construct

activities and eventually determining the level of firms' social engagement in CSR (dependent variables).

3.4 Chapter conclusion

In this chapter three key theories, legitimacy, stakeholder and social issue life cycle theories, were linked to the communication and organisation dimensions to develop a theoretical framework to support the fieldwork. The use of the three theories is important because they have been used as a lens through which to analyse and characterise CSR practices of local large firms in East Africa. The proposition that use of the three theories together facilitates better understanding of CSR is supported by Eweje (2006), who used a similar framework to understand CSR in Nigeria and South Africa. As was described earlier in this chapter, firms need legitimacy in order to operate, and legitimacy theory emphasises not only the expectations of society on accountability, but also the norms and values of society; while social life cycle theory proposes that social issues have evolutionary stages, evolving from policy and learning to commitment (Nasi et al., 1997). Firms give priority to stakeholder engagement, and stakeholder theory maintains that a business organisation requires a balanced interest of all its stakeholders. This is because corporate success depends on the on-going process of stakeholder management, continually identifying their needs and dealing with them appropriately. Accordingly, the three theories together, with the knowledge of firms' social engagement (i.e. how they communicate, organise their CSR activities and the actual activities they engage in) were used to support building the fieldwork. This framework is empirically revised in chapter seven to build profiles of social engagement for local firms in Kenya and Tanzania.

Chapter 4: Research Strategy and Methodology

4.1 Introduction

This chapter describes the methodology and strategy used in this study to understand the Corporate Social Responsibility (CSR) practices of local large firms by focusing on their social activities and how they organise and communicate them to stakeholders in the developing economies of East Africa. The research employed a qualitative multi-method approach (i.e. media content analysis and business annual report review) to disclose the depth and breadth of CSR practices of local large firms in East Africa. The media and business annual report contents analyses focused on the listed local large firms in the stock markets of the studied countries (i.e. Tanzania and Kenya) for the period of three years (i.e. 2010-2012).

Section 4.2 gives an account of background information on the selected countries while 4.3 present rationale and justification for the methodology chosen. Research strategy and philosophy is presented in section 4.4 while sampling techniques is indicated in section 4.5. Data collection protocol and methods used to analyse the data is presented in section 4.6. Section 4.7 touches on reliability, validity and generalisability of the findings. Section 4.8 provides concluding remarks.

4.2 Context and background information on the area of the study

This section provides a contextual and background information of study countries (i.e. Kenya and Tanzania). It discusses and provides circumstances and settings that facilitate understanding of CSR practices in both countries. The central argument in this section is that contextual understanding of historical, political, social economic, religious and legal settings is important as these settings influence the CSR practices of a particular country (Mattern and Moon, 2005). As Fernando (2013) pointed out, context settings help to interpret the empirical findings to provide holistic understanding of CSR in the study area.

4.2.1 General overview: Population, political and economic factors

Kenya and Tanzania are East African countries with estimated total populations of 47.8 and 51 million[4] respectively. Recent data shows that Tanzania has an annual population growth rate of three percent, and Kenya two percent (World Bank, 2013). Life expectancy is estimated at 63 years in Tanzania and 64 in Kenya for 2015. The economic growth of the two countries has been relatively strong in the East African region over recent years, although Tanzania's seems to be growing faster than Kenya's. In 2010, 2011 and 2012 Kenya registered a Gross Domestic Product (GDP) growth of 5.8%, 4.4% and 4.6%; Tanzania had 7%, 6.4% and 6.9% respectively (IMF, 2013). The economies of both countries are agriculture based, and it has been projected that their economies will continue to grow (IMF, 2013). Because of improvements in the information and communication, construction, manufacturing and other services, the economy of Tanzania has continued to perform strongly and recorded a growth of 7.3% in 2013. This is close to China growth rate, and was higher than Kenya, UK and USA, at the moment possibly due to global economic recession of 2008 (see Figure 5).

Even though agriculture employs the majority of the workforce and remains the mainstay of the economy in both countries, the sector is challenged by infrastructure gaps and low productivity (AfDB, 2015). Kenya's GDP growth remained robust at 5.7% in 2013 because of expansion in construction, manufacturing, finance and insurance, information, communications and technology, and the wholesale and retail trade (AfDB, 2015). In 2013 and 2014 both countries maintained single-digit inflation. According to the African Development Bank's (AfDB) latest report, overall Kenya's

[4] http://worldpopulationreview.com/countries/

GDP is projected to grow to 6.6 % while that of Tanzania is projected to remain above 7.2% in 2015 (AfDB, 2015). This growth is important because it promotes markets growth and creation of opportunities for firms to grow. Consequently, this may also affect firms' commitment to CSR initiatives.

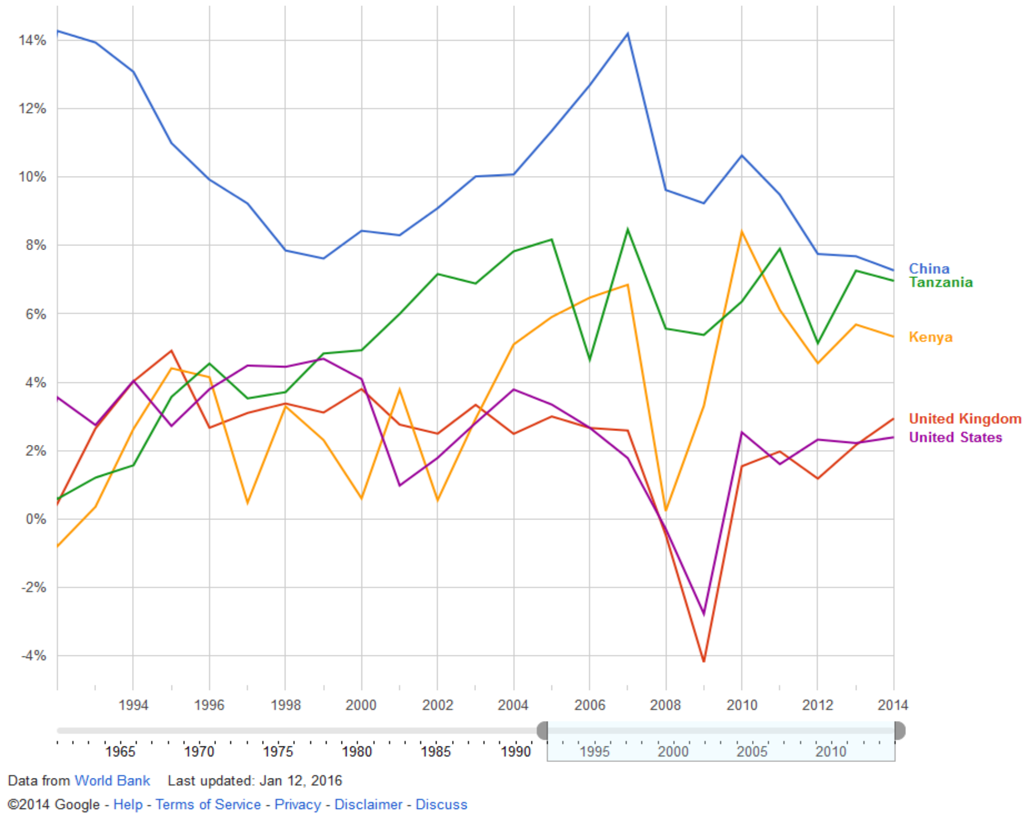

Figure 5. Gross Domestic Product (GDP) rate for different countries[5]

Due to their good environments for local and foreign investments, including business security, political stability and available labour and natural resources, the two countries attract considerable Foreign Direct Investments (FDIs). Indeed, Tanzania was recently ranked with the highest level of business security among the East African Community (EAC)[6] member states (AfDB, 2015) and this contributes to the growth of business and economy. In 2010 and 2012 Tanzania attracted FDIs worth US$ 1.8 and US$ 1.70 billion, whereas Kenya attracted only US$ 178 and US$ 259 million (United Nations

[5] https://www.google.co.uk/publicdata

[6] The EAC is an intergovernmental organisation established to strengthen the economic, political, social and cultural aspects of the member countries.

Conference on Trade and Development, 2013). Export performance remains strong, in Tanzania driven by gold and tourism/travel receipts in 2015.

Tanzania gained independence from Britain in 1961 and Kenya in 1963. After independence, having lost the protection of Britain, both countries had to undergo economic restructuring to allow more opportunities for growth and better wellbeing of the people. Tanzania, which was initially under socialist economic control, had to restructure its economy to market base in 1986. Likewise, Kenya had to restructure in 1990, which in turn promoted rapid growth in the economy of the region, with economic reforms addressing critical differences in access to economic, political and social services (AfDB, 2015). Trade liberalisation and globalisation increased MNEs in Kenya and Tanzania for example Canadian Mining Corporation, Barrick Gold Corporation in Tanzania. The two countries have a history of co-operation dating back to the twentieth century. In 1967, they first formed EAC which lasted for only ten years; it was officially revived in July 2000. The economies rely on agriculture, industry and service sectors, although the dominant sector in both countries is agriculture, which employs overall about 70% of the population compared to India (50%), China (3%) and UK (1%) (World Bank, 2016)**.** The percentage contribution of the service sector to GDP is comparatively high, with Kenya leading (64%) followed by Tanzania's (47%) (NBST, 2015). This implies that service sector is the majority share in Kenya as also reflected in the findings of this research. Comparatively, agricultural service sectors were found to engage more in social issues in Kenya.

Politically, Kenya has experienced some instability in the past years, but the situation has stabilised. Tanzania has enjoyed a peaceful political environment since independence. Despite economic and political differences, the two countries do have common features such as a similar colonial history. History is important in the way institutions are framed; with more similarity than differences in the way the nations handle their customers' safety, employees, infrastructure features and regulatory obligations for firms. This is important especially when comparing firms' behaviour between countries, and because a considerable number of firms operate in both countries.

4.2.2 Population, economy and history of Kenya

Kenya has a population of 47.8 million and over 70 ethnic groups which is high compared to China with 56 and the UK with around 10 ethnic groups. Majority of Kenyans are bilingual in English and Swahili but also a large percentage speaks their local dialects. Colonisation impacted Kenyans mode of production, political structure, education system, legal framework among others. Because of the influence of Christian Missionaries across the country many Kenyans are Christian (78 percent) while 22 percent are a mixture of traditional religion and others (Cheruiyot et al., 2016). Regardless of little available fertile land (i.e. 15% of available land area) Kenyan's economy is deeply dependent on agriculture as such 75% of Kenyans depend on farming producing for consumption and exporting[7]. Exports of goods and services amount to 19.8% of the GDP which is less than that of Tanzania (21.3%), China (24.2%) and UK (30%) in 2012 (World Bank, 2016). Exports products include cotton, wheat, sugar sisal and coffee among others for Kenya. Kenya is faced with social, political and economic challenges which include, for example HIV/ AIDS, high level of poverty, corruption and bad governance (Muthuri, 2007). Moreover, current statistics show that approximately 46% of the population live under poverty line in Kenya[8].This might reflect that the Government is somehow not providing adequately to the citizens and the citizens might depend on other sources for solutions to the challenges they face. Consequently, firms find it an opportunity to engage in socio-economic challenges

[7] http://www.africa.upenn.edu/NEH/kagriculture.htm
[8]http://www.unicef.org/kenya/overview_4616.html

facing the country. A survey conducted among 70 companies operating in Kenya asserts that prominent CSR issues are education (61%), environment (48%), HIV/AIDS (41%) and health (35%) and are key CSR issues in Kenya (Muthuri et al., 2009). The authors further posited that companies are increasingly aware that health businesses depend on a health society as such firms respond to social needs in a strategic manner. Kenyan government, for instance, faces considerable challenges in providing an enabling environment for learning such as inadequate classrooms (Daily Nation, 2014). As such, a shortfall of 43,000 classrooms was revealed countrywide and 32 per cent of the available classrooms were below standard (Daily Nation, 2014). On the other hand, public expenditure on education was 6.7% of GDP slight higher than that of Tanzania 6.2% and UK 5.6% in 2012 (UNDP, 2013).

Kenya faces growing problems of soil erosion, deforestation, and water pollution and desertification[9]. Large part of Kenyan land (83%) is dry so the country faces regular famine which is caused by the prolonged drought. Kenya faces with the challenges of health care infrastructure such as healthcare facilities, lack of essential equipment, shortages of drugs, accessibility and unqualified staffs. Poor health infrastructure has led to high patient burden at hospitals that are supposed to be only referral hospitals (Kenyanya, 2015). As such, total health expenditures as a percentage of GDP is 1.8% with health index of 0.633 less than that of Tanzania (2.8%) with index of 0.629, China (3%) with index of 0.849 and the UK (7.8%) with index of 0.929 in 2012 (UNDP, 2013).

Kenya has a number of legislations that promote right to basic services including health, housing, clean and safe water, social security, education, and medical care. For instance, the Ethics and Anti-Corruption Act of 2011 which has a mandate is to combat corruption and economic crime through education, prevention, and law enforcement.

[9] http://www.nationsencyclopedia.com/Africa/Kenya

Moreover, Environmental Management and Coordination Act of 1999 was established to provide a legal and institutional framework for the management of environment. However, none of the legislations make clear provision with regard to CSR conduct (Cheruiyot et al., 2016). As such, the state is weak to enforce these legislations which leave an opportunity for firms to come in and serve in these areas through CSR.

Kenya is characterised by vibrant Civil Society Organisations (CSOs) and a free and independent media that highlights and promotes civility, democracy, justice, and human rights (Cheruiyot et al., 2016). There are several CSOs such as Community Based Organizations (CBOs), Non-Governmental Organisations (NGOs) and Faith Based Organizations (FBOs), both local and international that advocate for CSR. Such organisations include Horticultural Ethical Business Initiative (HEBI) that acts to promote ethical social behaviour in the horticultural industry. For instance, Ufadhili Trust is an independent non-profit support organization founded in 2001under the Public Trustee Act (Cap 168, Laws of Kenya) to promote the social responsibility of governments, corporations, organizations and individuals in East Africa, through capacity building, advocacy, networking, research, and technical support for a just and equitable society (Cheruiyot et al., 2016).

4.4.3 Population, economy and history of Tanzania

Like Kenya, Tanzania has a diversity of ethnic groups with approximately 120 ethnic groups more diverse than Kenya. Despite cultural and linguistic diversity among Tanzanians ethnic groups, the country is united by a common language Swahili. Religion freedom is important to Tanzania long relatively peaceful history since the national independence in the 1961. As such all the religion holidays are equally recognised as public holidays. It is estimated that 40 percent of the population is Christians and 35 percent Muslims while the remaining 25 percent follows other indigenous religions[10]. Agriculture is the backbone of the Tanzania economy and employs about four-fifths of the population; this is around 10 percent higher than Kenya. Tanzania is a less industrialised country compared to Kenya. Industry is mainly limited to processing agricultural products and light consumer goods. Important industries include food processing, alcoholic beverages and cement among others. Moreover, Tanzania participates in local and international trade and important commodities are such as cotton, sisal coffee, cloves and fish.

Following its independence in 1961, Tanzania followed a socialist command economic and institutional system, with socialist policies (‘‘Ujamaa’’ in Swahili means family hood) being introduced in 1967. Ujamaa was a communal social and economic policy through which all people worked and all benefited, and decisions were made by consensus. The policy centred on economic and political self-reliance. The emphasis of the policy was to motivate cooperative institutions, collective villages with the aim of building a democratic society and establishing the common language for all in this case, Swahili language. Within the practice of Ujamaa, the country had achieved to unite its ethnic groups under a common language (Newenham Kahindi, 2011). Compared to many post-colonial Sub- Saharan African countries that went through civil and ethnic strife and conflicts after independence in the 1960s and 1970s, Ujamaa appeared to be a successful model in Tanzania. However, the country began to experience significant economic stagnation and social problems in the late 1970s and 1980s. To combat these issues, in the early 1990s, the government sought to privatize its economy and reform its institutions to attract foreign investments. The introduction of the new Investment Act of 1997 was intended to encourage free markets and trade liberalization in the country. Investment in various private sectors such as mining, tourism, fishing, banking, and agriculture increased following the enactment of the Act.

[10]http://www.everyculture.com/Tanzania

Furthermore, like Kenya Tanzania faces social economic challenges in various areas including education and health sectors. Physical infrastructure particularly in primary schools, lack of teaching and learning materials (UNESCO, 2006). Public expenditure on education was 6.2% of GDP slightly less than Kenya (6.7%) in 2012 (UNDP, 2013). Pupils to teacher ratio is 46 which is slightly lower than Kenya with 57 while for instance China and UK was one to eighteen in 2012 (World Bank, 2016).

The health sector in Tanzania has been severely affected by the economic crisis as such government commitment to health sector has diminished (Lugalla, 1995). For instance, it has been a challenge for the state to maintain its priority on rural health care. Expenditure on health percentage of GDP was 2.8 slightly higher than Kenya (1.8%) but lower than other countries such as China 5.4 and UK with 7.8% in 2012 (World Bank, 2016). Scarcity of financial resources in health has affected the sector as such government has been unable to establish more health facilities and to recruit more health personnel in order to cater for the rapidly rising population (Lugalla, 1995). Water supply is one of the most important services in terms of health of the people and as a necessity for day to day life. However, water has been one of the most difficult and expensive services to provide, especially in urban areas of Tanzania (Lugalla, 1995). The rapid population growth and extensive urban growth have further contributed into this challenge.

Like other developing countries, Tanzania had a weak national institutional and legal system (Newenham-Kahindi, 2009) which resulted into high rate of corruption[11]. Nevertheless, the Government of Tanzania (GoT) has been reforming its laws and regulations from time to time to address corporate governance, accountability and CSR issues (Lauwo, 2010). Such laws include those on waste management, control of pollution, the environmental management Act (2002) which promotes sustainable

[11]www.transparency.org

management of the environment, employment and labour relation Act (2004), occupation health and safety Act (2003) among others. However, the effectiveness of these legislations is questionable with regard to addressing CSR issues in Tanzania (Lauwo, 2010).

Like Kenya, Tanzania has CSOs that are advocating and promoting CSR. These civil organisations in some cases have challenged government institutions regarding issues such as human right and environmental protection. Such organisations include Christian Aid, Joint Environment and Development Management Action which promotes environmental issues and Christian Council of Tanzania which promotes CSR in the mining sector. While these pressure groups have been active in shaping the CSR practices in the North (i.e. developed world), to the contrary, experience shows that in Kenya and Tanzania these groups are not so active with respect to promoting responsive behaviour in corporate governance practices. Figure 6 presents a map of East Africa and the location of the study countries.

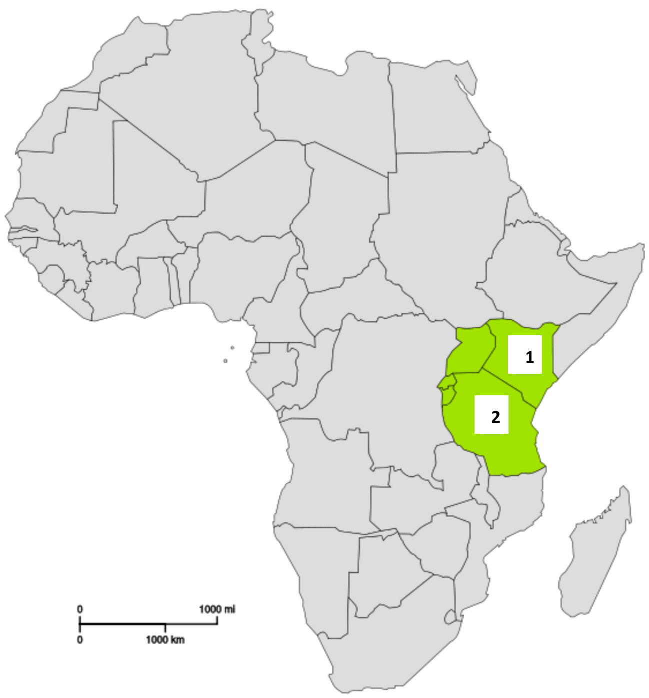

Figure 6. The map of East Africa. Numbers 1 and 2 show Kenya and Tanzania respectively

4.3 Rationale and justification for the methodology used in the research

A thorough review of empirical literature revealed that previous studies on CSR mostly employed small sample sizes ranging from one to eight local and multinational firms operating in developing economies. Few studies, notably Ojo (2009) and Muthuri and Gilbert (2011), use a large sample size (> 20 firms) in understanding CSR in Nigeria and Kenya respectively (Annex 1). Further analysis of the literature shows that previous studies have also largely used interviews (in the form of telephone, face-to-face, e-mail and questionnaires) and web surveys (Abdul and Ibrahim, 2002, Hadfield-Hill, 2014, Yen, 2014). Most were addressed to top management, executives and elites, and did not consider stock exchange listed firms in developing countries. On the other hand, the current study has used a sizable sample size, 42, of listed firms (see section 4.4.3). Moreover, the selected firms represent different sectors and sizes within the region. While previous studies on the social responsiveness of firms mainly used qualitative interviews and web surveys, this study employed systematic approaches to explore the nature of firms' social engagement activities and how they communicate and organise CSR. In particular, firms' annual reports were reviewed for 2010-2012. This study period was chosen in order to obtain the most recent data. Also, there have been changes in reporting practices by firms, and information technology (e.g. websites and electronic documents) has made information on firms in East Africa more readily available recently.

The use of annual reports alone was not sufficient to explore the activities, organisation and communication of CSR by firms in the region, because they do not necessarily contain enough information. A new approach of using the press/media was therefore devised and tested, and was found to be useful in learning about CSR practices. In this regard, four newspapers with a wide coverage and readability were chosen. Indeed, use of newspapers for three years in two East African countries (i.e. Kenya and Tanzania) brought far more insights on social practices of local firms. Overall, the two approaches complemented each other and provided rich and reliable data (Golafshani, 2003). Indeed, the use of a sizable sample of listed firms and the systematic approach makes this study unique, offering a significant contribution to the global body of knowledge. This unique case study is important because it facilitates a systematic characterisation of firms' social engagement (see chapter 7) and measures strengths and balances between engagement types, which have not been attempted in previous studies. The next section describes the research strategy.

4.4 Research strategy and philosophy

This study employed a survey research approach to analyse CSR in two East African countries of Kenya and Tanzania. Very specifically, the research used a multi method analysis of firm's survey in a systematic way of analysing text and content analysis of media newspapers and business annual report. As such the analysis of the firms' survey using texts and content analysis of secondary database has direct implications to the ontology in the research philosophy.

There are a number of philosophical way that affect the way we view the world e.g. positivism, interpretivism, social constructionism, functionism, feminism, critical inquiry and post-modernism (Hempel, 1935, Crotty, 1998, Creswell and Clark, 2007, Quinlan, 2011). The popular paradigms primarily known to conflict one another are positivism (also known as post-positivism) and constructivism (or interpretivism) (Creswell and Clark 2007). Each philosophical stance has its own framework for viewing the social world as well as the ontology and epistemological standpoint. The ontology behind positivism is that there is one objective reality, implying that reality is singular and independent of the human mind (Crotty, 1998). This viewpoint underlines what is the called quantitative method[12]. In contrast, interpretivists argue that there is no such thing as single objective reality and no reality independent of our consciousness. Their viewpoint is that subjective enquiry can be discovered through a qualitative research method (Creswell and Clark, 2007). With social constructivism, the truth or meaning is constructed and not discovered (Firestone, 1987, Crotty, 1998), and truth or meaning comes into existence by our engaging with the reality in our world. As such people may construct meanings in different ways even in relation to the same phenomenon.

It has been asserted that knowledge is produced through the researcher's investigation of a phenomenon by means of adequate methodology and methods (Quinlan, 2011 p.95). Quinlan further argues that the methodology and methods selected must 'fit' and be capable of generating the knowledge required for the research. This research analyses texts that demonstrate how firms represent themselves around CSR as social construction. For example, the speech by the chairman of the Cooperative Bank of Kenya (COOP) states that "…the Bank has continued to play its corporate social responsibility role through various activities (COOP201204)…" This illustration demonstrates how firms can construct the truth about their own world views. In this regard, the ontology of the current study underlies the subjectivist belief which states that the subject imposes meaning or truth on the object, whereas the object makes no contribution to the generation of the meaning (Crotty, 1998).

4.5 Sampling technique

This section describes the sampling frame used in this research. As was pointed out in the introduction to this chapter, the current study focuses on East Africa, which comprises Kenya, Tanzania and Uganda. The region was selected because the three

[12] Quantitative methods refers the use of surveys and experiments and usually make use of the numerical data

countries have more in common than they have differences, such as a common market, a similar legal infrastructure and, most important, the presence of a stock exchange listing large firms capable of engaging in CSR issues. A pilot study to identify the firms and relevant newspapers for the study discovered that most local large firms in Uganda are subsidiaries of companies in either Kenya or Tanzania, adding little value to the study. Consequently, Uganda was dropped from the study.

As already established, the focus of the current study is on local large listed firms. The population included all listed firms, assuming that if a firm is listed it is large enough and able to engage in social issues. The sampling frame thus consisted of 42 local large listed firms, selected from a total of 75 local and foreign companies listed on the Nairobi (58 companies) and Dar-es-Salaam (17) Stock Exchanges in 2010. The total of 75 comprised 28 foreign companies and 42 local firms, with five firms cross listed. It should be noted that the total number of registered firms in both Tanzania and Kenya could not be found. The 42 local firms were followed up in the four national newspapers (see section 4.5.1) and their annual reports (see section 4.5.4) to obtain information on their social engagement during 2010-2012. The frame represents both public and private sectors. Listed firms were selected because of the accessibility of their annual reports, which must be published for shareholders and prospective investors. In addition, the case study methodology provided an appropriate means to explore CSR inside the region and in local firms in particular. The case study design using multiple and diverse industries and companies was the most appropriate to explore context-specific CSR practices.The next section discusses in detail the instruments for data collection and related protocols considered during data collection.

4.6 Data collection methods

To obtain information to answer the research questions, a combination of sources of data was investigated, from newspapers and companies' annual reports. The media data were collected between January and April 2013 from the library of the Nation Media Group (Kenya) and the National Central Library (Tanzania). Considering the objectives of the research, two data collection methods, i.e. media content analysis and annual reports analysis, were used. The detailed protocol followed is presented next.

4.6.1 Media content analysis

This research applied content analysis method on the newspapers and the business annual reports. Content analysis is a systematic and objective way of making inferences by identifying specified characteristics in written, verbal or visual communication messages (Holsti, 1969, Elo and Kyngäs, 2008). This method has been highlighted as a useful and fundamental tool in various fields including business management (Holsti, 1969), and specifically in developing a typology of firms' CSR practices in Asia (e.g Tanaya, 2012). Data collection protocols to some extent follow the suggestion of Elo and Kyngäs (2008): preparation, organisation and reporting.

The preparation phase involves the selection of the study period, in this case three years. This period was selected because of the availability of data. The preparation phase also involves a pilot study, here to select the newspapers for analysis, conducted between October and December 2012. The objectives of the pilot study were: first, to select relevant newspapers; secondly, to become familiar with the specific media in terms of coverage of news and the reporting of CSR-related activities; thirdly, to identify search terms commonly used to present social engagement-related issues and activities in the newspapers; and finally to learn the art of using a camera to capture relevant articles in situations where no e-copies of newspapers were available. The pilot study was carried out on eight newspapers from Kenya, Uganda and Tanzania. Two weeks of articles for the pilot study were posted to the UK because electronic copies could not be accessed via Factiva. It should be noted that the papers selected for the pilot study were not the only available newspapers in these countries, but the ones most commonly read and with the widest circulation. The papers were the Daily Nation, Business Daily and The Standard (Kenya), Daily Monitor and New Vision (Uganda) and The Guardian, Daily News and the Business Times (Tanzania). The preliminary analysis revealed that, out of 19 hard copies of The Guardian newspaper, 79% of articles reported CSR-related activities, while the Daily News had 67% o and the Business Times only 55%. Hence, for Tanzania, only The Guardian and Daily News were selected. For Kenya, Business Daily had 67% of articles reporting CSR activities, followed by Daily Nation with 46% and The Standard only 27% (Table 5). The Standard only had hard copies available so it was dropped. For Uganda, the newspapers were not well organised and the pilot study revealed that they contained only a few articles with 13% and 25% CSR articles in Daily Monitor and New Vision respectively. As mentioned in the previous section, Uganda was in any case dropped from the study because the majority of local large firms were subsidiaries of or Tanzanian or Kenyan companies. Consequently, four newspapers, the Daily News and The Guardian (Tanzania) and the Business Daily and the Daily Nation (Kenya) were finally selected for the study. These are national papers with a wide coverage, are easily accessible, and report on a range of companies' social engagement activities. Furthermore, all are well organised in sections, i.e. home news, national news, international news, business, corporate and sports news, the majority of engagement activities appearing in the business or corporate sections.

Table 5. Summary of pilot study for newspapers selection from Kenya, Tanzania and Uganda

Country	**Name of the newspapers**	**No. of newspaper issues posted to the UK**	**Coverage of the pilot study from the selected papers (2012)**	**No. of issue identified with CSR activities**	**%of newspaper identified with CSR articles**
Tanzania	The Guardian	19	10th-28th Sept	15	79
	Daily News	18	10th-28th Sept	12	67
	Business Times	9	6th July - 12th Aug	5	55
Kenya	Business Daily	15	5th -21st Sept	10	67
Kenya	Daily Nation	13	5th - 21st Sept	6	46
	The Standard	15	5th - 21st Sept	4	27
Uganda	Daily Monitor	15	3rd -17thSept	2	13
	New Vision	12	3rd-17th Sept	3	25
Total newspapers		**116**		**57**	

4.6.2 Nature of the selected papers

All four selected newspapers are English-language, not translated into other languages. However, the Daily News has a Kiswahili sister paper Habari Leo, which was established in 2007. The Daily News was established in 1972, owned by the Tanzanian government and run by Tanzania Standard (Newspapers) Limited (TSN). The Guardian is owned by a private Tanzanian company known as IPP Media. It was established in the mid-1980s, and the headquarters are in Dar-es-Salaam. The company also owns five Kiswahili newspapers (Nipashe, Alasiri, Komesha, Kasheshe and Lete Raha), two Kiswahili television stations (Independent Television-ITV and Channel five East Africa Television-5 EATV) and two radio stations (i.e. Radio One and East Africa FM). Both papers (The Guardian and the Daily News) are produced daily both in print and online[13] and use the English language to report a combination of news ranging from business and politics to sport.

In Kenya, the Nation Media Group Company (NMG) produces both the Business Daily and the Daily Nation newspapers. The NMG is a privately owned company founded in 1958 with headquarters in Nairobi. It is the largest private media house in East and Central Africa, with offices in Kenya, Uganda and Tanzania. The company owns eight newspapers (The East African, Daily Nation, Business Daily Africa, Daily Monitor, The Citizen, NMG Investor Briefing, Taifa Leo and Zuqka), several television (e.g. National Television-NTV) and radio (e.g. Easy FM) stations.

Business Daily is a premium newspaper launched in March 2007 and featuring largely business news and analysis of the Kenyan market. It is published from Monday to Friday and is the most read local paper on the Internet. The Daily Nation is the leading paper in East and Central Africa both in editorials, circulation and readership.

4.6.3 Data collection protocol

Phase two involved actual data collection from the four newspapers, and the annual reports of the listed firms, 2010-12. It was discovered that the archives of the selected papers could not be accessed at a distance (via Factiva) by the researcher in the UK. The e-archive of the Daily Nation and the Business Daily could be accessed only at the NMG's local premises in Kenya, and for the Daily News and The Guardian only hardcopies were available in Tanzania.

Preliminary arrangements were made prior to commencement of the actual data collection with NMG in Kenya who owns the two media the Daily Nation and the

[13] Only some of the issues or highlights are put online while printed newspapers are rich in information

Business Daily. Similar arrangements and communications were made with National Central Library in Tanzania. It was learnt that National Central Library has well organised archive for both papers (Daily News and The Guardian) and one doesn't need to move to different offices. In addition, the working environment was better at the National Library compared to probably other libraries in Tanzania. The researcher therefore decided to base herself at the National Library, where two research assistants were recruited to work hand-in-hand with her. Accordingly, searching the CSR-related articles on the newspapers in Tanzania was carried out as follows: a research assistant who happened to be a librarian arranged the newspapers sequentially, while the researcher and the second research assistant looked for social engagement-related activities, and the researcher photographed the selected articles. The researcher also recorded all the important information from each newspaper in a prepared logbook. The logbook was divided into eight sections with the date and month of the occurrence of the engagement activity; ISSN and serial number for each day of publication; photo number as it appeared on the i-pad camera; company type; and a section recording all other information.

The data from the logbook was transferred to the computer and a backup made daily on an external hard drive. In total, six weeks were spent reviewing some 2,160 hard copies of newspapers, from which a total of 216 articles with CSR-related activities were collected in Tanzania (Table 6).

In Kenya, an e-archive of the selected newspapers was available at NMG headquarters. A single research assistant was recruited and trained to work with the researcher. To facilitate searching for CSR-related activities, the researcher used a list of company names and a list of search terms which had been prepared during the pilot study. Some of the commonly used terms were community support, disastrous relief, financial support, empowerment (empowering women and youths), donations such as mosquito nets and patient beds, scholarships, social involvement, community development such as construction of schools, classrooms, talents and clean water projects. Thanks to the local e-archive, data collection in Kenya took only two weeks, resulting in a total of 325 articles on local firms (Table 6).

Table 6. Summary of articles with CSR-related activities for Kenya and Tanzania for the period 2010-12

Country	Nature of the archive	Number of articles collected
Tanzania	Hardcopies	216
Kenya	e-archive	325
Total		**541**

The third phase involved data indexing, coding and analysis. Information drawn from the four newspapers was represented on an Excel worksheet. There were columns for country (Kenya or Tanzania), newspaper name, ISSN, newspaper serial number, year of publication, page number and company name.

Coding can be done deductively or inductively. The deductive approach is applied when the purpose of the study is to test theories and the analyses build on existing knowledge (Charmaz, 2005). On the other hand, the inductive approach applies when there is little knowledge about the phenomenon under study (Elo and Kyngäs, 2008). This research combined both approaches, as categories were derived from both existing theories and relevant research findings. Subsequently, data were coded based on a hierarchical theme to arrive at categories such as ‘education’ as the parent term and ‘scholarship’ as a child. This research uses a paragraph as the unit of analysis, claimed by Unerman (2000) to give greater accuracy than words or sentences. The results of the media content analysis are presented in chapter six.

4.6.4. Analysis of business annual reports

The collection of annual reports covered the same three years, although because of differences in the firms' financial years (some starting in April and others in July) some reports for 2009 were also collected. These annual reports were collected from the respective companies' official websites or offices. A similar protocol to that for media content analysis was applied. The preparation phase involved the selection of business firms for the study, with the unit of analysis the firm. The specific selection was detailed in section 4.4.3. All the annual reports analysed in this study are published in both Swahili and English, but the researcher used only the English version for easy communication. Although the expected number of annual reports for 42 firms over three years was 126, 16 were missing report, leaving a total of 110 (Table 7).

Table 7. Summary of local firms' business annual reports for the period of three years (2010-2012)

Country	Total number of listed firms studied	Expected number of annual reports for the duration of three years study period	Available Annual reports for all the three years study period	Available reports for 1 or 2 years of the study period	Total missing annual reports	Total available annual reports for the study
Kenya	33	99	87(88%)	2(2%)	10(10%)	89(90%)
Tanzania	9	27	18(67%)	3(11%)	6 (22%)	21(78%)
Grand total	**42**	**126**	**105(83%)**	**5(4%)**	**16(13%)**	**110(87%)**

The second stage, the organising phase, involved collection and storage of the reports. All were available in Adobe format and downloaded from the official websites; hardcopies were requested from the company offices if online versions were not available. The third phase involved indexing, coding and presentation of data.

The index uses the structure IYYYYPP. This form of indexing had also been found useful in analysing CSR heterogeneity in the Indonesian palm oil industry (Tanaya, 2012).

- 'I' refers to the initials of the company's name
- 'YYYY' represent the fiscal year of the audited report.
- 'PP' refers to the page number of the quoted paragraph.

For example a paragraph on page 10 of the Kenya Commercial Bank's annual report for 2010 was indexed as KCB 201010. In order to retain consistency with the media content analysis, the paragraph as the unit of analysis was maintained. The coding was done within Microsoft Excel. The results of this business analysis are presented in chapter five. The next section describes the reliability, validity, transferability and generalisability of the findings.

4.7 Reliability, validity, transferability and generalisability of the research findings

Reliability and validity are common criteria in quantitative research, as opposed to qualitative study, and are commonly rooted in the positivist tradition (Golafshani, 2003). In quantitative studies reliability is defined as the degree to which repeated use of the same research instrument, under constant conditions, yield the same results (Fidel, 1984, Golafshani, 2003). Validity refers to the degree to which the research truly measures the objective intended, or in other words it measures how trustworthy are the results (*ibid*). Nevertheless, qualitative researchers view the concepts of reliability and validity as referring to credibility and trustworthiness, transferability and applicability (Golafshani, 2003), criteria which are essential in qualitative research (Lincoln and Guba, 1985). Yin (2009) noted that the quality of a research design is vital when conducting case study research, as the selected research design has to represent a logical set of statements. Yin further argued that to maintain reliability in research design, the case study protocol has to be tested, especially the procedure for data collection, to ensure that trustworthiness, credibility and data dependability are maintained (Yin, 2003). The current study applied a systematic data collection protocol and data analysis. The pilot study was carried out to identify and select relevant newspapers for the study. The research used a systematic approach to standardised public records (newspapers and annual reports) rather than the unsystematic and/or non-standardised interviews or surveys found across the CSR-related literature. Hence, a similar approach can be repeatable in other countries. It is therefore argued that the researcher has maintained reliability in this research.

Furthermore, Yin (2003) argued that a validity test can be done by multiple sources of evidence, also by establishing chains of evidence and the use of key reviewers of the draft. The current study employed more than one data source (newspapers and annual reports) to characterise the social engagement of local large firms, arguing that the current study has maintained validity.

Qualitative research regularly raises the issue of generalisability of research findings. It has been debated whether the findings from qualitative studies can be generalised and to what degree. In quantitative studies the ability to generalise findings to a wide group is common and is one measure of validity. (Stenbacka, 2001), however, argued that qualitative research maintains a different kind of generalisation, i.e. analytical rather than statistical generalisation. Analytical generalisation refers to the ability of a qualitative study to expand and generalise theories (Yin, 2008). Moreover, qualitative research is related to the application of findings beyond the context of research (Flyvbjerg, 2006). Thus, the qualitative research design in the current study is not able to produce statistical generalisation. However, concepts that have been generated, such as the organisation, communication and activity dimensions to learn the degree of embeddedness of CSR in local large firms, may be able to generate analytical generalisation. In addition, while the empirical findings of this research may be localised, the approach taken is transferable to other studies with similar contexts (Larsson, 2009).

4.8 Chapter conclusion

The objective of the current chapter was to present the methodology used. Two data collection methods, media and business annual report content analysis, are discussed thoroughly, including the data collection procedure and data analysis. The chapter further described the reliability, validity, transferability and generalisability of the research findings. As such, it is argued that the combination of two methods complemented the weakness of each and strengthened the quality and dependability of the methodology. The methodology used is therefore sufficient to answer the research questions posed by this study. The advantages and limitations of using business annual reports and media as a source of research information, and how to mitigate any risk, are addressed in detail in chapters five and six respectively. The next section examines the embeddedness of CSR into local large firms by addressing the communication and organisation dimension using analysis of the annual reports.

Chapter 5: The Embeddedness of Corporate Social Responsibility in the Local Firms

5.1 Introduction

This chapter measures the embeddedness of Corporate Social Responsibility (CSR) in local firms in East Africa, using three dimensions: communication, organisation and activity. However, it should be noted that the activity dimension is explained more fully in the next chapter. The three dimensions are important because they are used in chapter seven to characterise social engagement. Embeddedness in economics has been defined as the commitment of organisations in emergent social structures (Dacin et al., 1999). (Granovetter, 1985) posits that embeddedness is the on-going contextualisation of economic activity in social structures. In this study the term refers to how strongly and deeply CSR is rooted in firms. The CSR communication discourse is defined as communication designed and disseminated by the company itself about its CSR efforts (Morsing, 2006). The communication dimension refers to how firms speak about CSR, and the organisation dimension denotes how CSR is operationalised. The CSR communication discourse and CSR organisation are common features found in firms' annual reports, and the current study used these reports to study the embeddedness of CSR. This chapter intends to answer the following research questions: "how corporate social responsibility is communicated in indigenous East African firms?" and "how is CSR organised within these firms, according to their annual reports?" The communication dimension is important because it gives a general picture of how CSR is expressed by local firms, while the organisation dimension highlights the institutionalisation of their CSR discourse as a marker of social engagement. Understanding these dimensions in CSR planning and execution facilitates the development of patterns of CSR embeddedness. These patterns are linked with the theoretical framework (see Figure 4 in chapter three) to develop a profile of engagement. The annual reports of 42 local companies (nine from Tanzania and 33 from Kenya) were reviewed, as described in the previous chapter. These firms are from different economic sectors: banking and investment, telecommunications, construction, manufacturing, commercial and services, automobile and accessories, insurance, agriculture, energy and petroleum.

This chapter consists of five sections. Section 5.2 describes the approach of the study, and the methodology is detailed in section 5.3. Analyses of the communication and organisation dimensions are presented in sections 5.4 and 5.5 respectively. A synthesis of the findings and the patterns of CSR embeddedness in firms, together with conclusions, are given in section 5.6.

5.2 Approach of the study

This chapter examines the communication and organisation dimensions in order to answer the above research questions. Table 8 summarises the characteristics of the two dimensions to study the embeddedness of CSR in local firms. This was done through investigating firms' CSR communication discourse and the way they organise and operationalise their CSR activities. The communication dimension is important in disseminating information to stakeholders, i.e. shareholders, customers, media, employees, suppliers and government (Judd and Tims, 1991). The organization dimension highlights the institutionalisation of CSR policies and operationalisation of CSR activities within firms.

Table 8. Characteristics of organisation and communication dimensions used in the study

Firm(s) dimension	**Main characteristics for each dimension**
Communication discourse	A dedicated CSR section in the annual reports and CSR is a discourse of the firm (i.e. the chairman/directors of the firms speak about CSR in each year of the annual reports).
Organisation/operational dimension	This entails the presence of a department/foundation that deals with CSR issues, a dedicated budget for CSR issues, and employees' involvement in delivering, monitoring and evaluating CSR activities, and partnering with other institutions in delivering CSR to the community.

In the communication dimension, two aspects were investigated in the annual reports: the presence of a dedicated CSR section, and statements by the chairman/directors concerning CSR. The statements are given priority here because they appear to mention CSR frequently and are found in the important sections presented first in the reports. Also, the chairman and directors of the company are key people, influential in decision making. Thus, the first step was to examine whether there is a dedicated CSR section in the annual reports and if the table of contents mentions CSR. This was done through examining individual annual reports for the listed firms, for 2010 to 2012. If there is a section for CSR in the annual report it is usually listed in the table of contents; however, to ensure that all information on CSR was captured, every page of the report was closely examined. The second step was to examine the chairman/directors' statements for any mention of CSR.

After reviewing the communication dimension, the next step was to learn the operationalisation of CSR within firms (i.e. organisation dimension). In this case, organisation involves how a firm operationalises its CSR activities. The organisation aspect is manifested, for example, by the presence of a specific department or foundation that deals with CSR, a dedicated budget for CSR issues, employees' involvement in delivering, monitoring and evaluating CSR activities, and partnership with other institutions. So, every annual report was thoroughly investigated to ascertain the presence of these organisational aspects. Finally, the communication dimension was crossed with the organisation dimension to build patterns of CSR embeddedness in East Africa.

5.3. Methodology based on the analysis of business annual report

A company's annual report is regarded as an official public document through which the company communicates with its stakeholders (Stanton and Stanton, 2002). In most countries (e.g. in Europe and Asia), it is a legal obligation for public firms to publish annual reports (Waller and Lanis, 2009). Usually, the annual report includes statements from the chairman and directors, a report on corporate governance, a financial statement (financial position, performance and cash flow) as well as relevant notes on the accounts. However, for shareholders and the general public, the annual report should also disseminate non-mandatory information (Waller and Lanis, 2009), and companies may use them as a communication tool for voluntary disclosure of non-financial information to their stakeholders, building good public image (Judd and Tims, 1991, Stanton and Stanton, 2002, Neu et al., 1998). Indeed, firms may use their annual reports to their advantage. This is because management has complete control over what information to disclose, and could therefore present only information which portrays a good image of the firm (Goh and Lim, 2004). Several empirical studies have used data from annual reports to showing that they are reliable sources of information. For example, business reports have been used to study CSR disclosure (Deegan and Rankin, 1996, Neu et al., 1998, Goh and Lim, 2004, Waller and Lanis, 2009) and firms' performance (Ullmann, 1985). Accordingly, this study aims to investigate firms' CSR embeddedness by using data from three years of business annual reports. Ideally, it would have been better to study more than three years of reports, but for practical reasons (time and finance) this was difficult. Nevertheless, for the three-year period we can still observe a trend in reporting CSR, and understand how CSR is rooted within local firms in East Africa. For details of the selection of specific reports, see section 4.5.4.

5.4 Communication dimension analysis

As mentioned earlier, the communication dimension of CSR discourse comprises two aspects, the speeches by chairmen and directors, and a dedicated CSR section) these were analysed separately in order to identify the intensiveness of CSR communication. In analysing the annual speeches, the guiding question was "*Do the chairman or directors' statements speak about CSR*?". A further question was "*Do the speeches mention CSR in all the three years of study, at least once, or not at all*?".

Table 9. Chairman/directors' speeches mentioning CSR in the annual report for the period of 2010-2012

Firms with speeches mentioning CSR			
	In all the three years of study	At least one year	Not at all
Number of firms	14(33%)	15(36%)	13(31%)
Examples of firms	Kenya Commercial Bank, Nation Media Group, NIC Bank, Cooperative Bank of Kenya	Safaricom, Tanzania Breweries, Tanga Cement, East Africa Breweries Ltd, Jubilee Holding Insurance	National Bank of Kenya, Uchumi Supermarket, Sameer Africa, Dar-es-Salaam Community Bank

As shown in Table 9, the analysis revealed that, out of the 42 firms, 14 mentioned CSR in all the three years, 15 in at least one year and 13 firms not at all. Learning how firms talk about CSR based on their annual reports is important because it demonstrates awareness of CSR within the company.

Table 10 shows examples of statements made by chairmen or directors. The references are identified by codes in the form XXXXYYYYPP, where XXXX denotes the company name, YYYY the year of publication and PP the page number of the quoted paragraph.

Table 10. Examples of CSR statements in speeches by the chairmen/directors of local firms as demonstrated in the annual reports for the period 2010-2012

‘‘In line with our belief that as you sow, so shall you reap, we are committed to CSR principles by working with needy and vulnerable groups in various income generating projects to improve their livelihoods’’. (UNGA 201208)	‘‘Our commitment to social development upholds the principles of giving back to the lives, which the company operates’’. (TCCL201210)
‘‘In all our operations, we take cognisance that our sustainability and success are dependent upon the environment and the communities in which we operate’’ (NMGR201110)	“… We have a vision and a desire to be a strong leader in this region in corporate citizenship…” (NMGR201014)
‘‘The East African Portland Cement Company is committed to conduct business in ways that produce social, environmental and economic benefits for our stakeholders and the communities in which we operate’’ (EAPC201210)	‘‘Kenya Airways’ long-term vision is to contribute to the sustainable development of the African continent. This is achieved through sustainable programs that assist the common Mwananchi (citizen) to participate actively in society’’ (KENQ201249)
‘‘…By devoting more resources annually to CSR, we powerfully demonstrate our commitment to building a strong partnership with local communities’’ (EAPC201110)	‘‘The commitment to corporate social responsibility extends from maintaining high standards of integrity in business activities to a role in supporting the communities where the group operates’’ (NICO201007)
‘‘…We have continued to utilize our financial resources to invest in the countries and communities where we operate’’ (KCBA201114) …	“…The Bank has continued to play its corporate social responsibility role through various activities. (COOP201204)…”

Further analysis was done to investigate whether annual reports have dedicated sections for CSR activities, guided by the question “*Is there a dedicated CSR section in the annual report, in all three years of the study, at least once or not at all*?”.

Table 11. Firms with dedicated CSR section in the annual reports for the period of 2010-2012

Firms with dedicated CSR sections			
	All the three years of study	At least once during the three years	Not at all
Number of firms	15(36%)	10(24%)	17(40%)
Examples of firms	Kenya Commercial Bank, Nation Media Group, NIC Bank, Cooperative Bank of Kenya, Kenya Reinsurance	National Microfinance Bank, Tanga Cement, Mumias Sugar , Jubilee Holding Insurance	National Bank of Kenya, Uchumi Supermarket, Sameer Africa, Dar-es-salaam Community Bank

The analyses reveal that out of the 42 firms, 15 had dedicated CSR sections in their annual reports in all three years of the study period. 10 firms had dedicated sections in at least one year, 17 not at all (Table 11).

Further analysis explored the dynamics of CSR communication within the three-year period. Thus, the assumption was made that if CSR was presented in all three years, that company has constant coverage and was classified as incumbent. If CSR appeared in the last year of study, it was assumed to be increasing or enlarging, and if in at least one year, to be ad hoc (Table l2).

Table 12. Dynamics of CSR communication within firms for the period of 2010-2012

Firm group	**Firms with dedicated CSR section and /or CSR speeches by the Chairman/Directors**	**Assigned categories**
All three years (2010-12)	8	Constant/incumbent
In at least one year (2010 or 2011)	5	Ad-hoc/episodic
Only in the last year (2012)	21	Increasing
None for the three years	8	None

The results from analysis of the speeches by chairmen or directors and the dedicated CSR sections produced four groups of firms. In the first group of eight, CSR was mentioned every year and there was a dedicated section every year. In the second group of 12, both the speeches and a dedicated section mentioned CSR in at least one year. In the third group, 14, either one or the other (dedicated section or speech) mentioned CSR in at least one year. The fourth group contained 8 firms which had neither a dedicated section nor a speech mentioning CSR during the three-year study period (Table 13).

Table 13. Groups of firms derived from the analysis of the CSR communication dimension

Firm group	**Attributes**	**Number of firms**
1	The chairman or director mentioned CSR every year and there was a dedicated CSR section in the annual report	8
2	Both a speech and a dedicated section mentioned CSR in at least one year	12
3	Either one or the other (dedicated section or speech) mentioned CSR in at least one year	14
4	There were neither dedicated sections nor mentions of CSR in speeches during the whole study period	8

Based on the results shown in Table 13, firms were further classified into three major groups (see Table 14): those with high intensity in communication discourse (8 firms), moderate intensity (26, a combination of groups 2 and 3 in the table), and those which did not communicate about CSR at all in their annual reports (8). More detailed information on these groups is given in Annex 2 of the thesis.

Table 14. Degree of CSR communication intensiveness within firms for the period of 2010-2012

Dedicated section and chairman/director mentioned CSR	**Number of firms**	**Degree of intensiveness**
All three years	8	High
At least once a year	26	Moderate
None	8	Nil

This section has analysed the communication dimension and it is argued that the three forms of embeddedness are high-embedded firms, moderate-embedded firms and non-embedded firms.The next section presents the analysis of the organisation dimension of firms.

5.5 Organisation dimension analysis

The second dimension, organisation, was guided by the following research question "*How is CSR organised, according to the annual reports*?". To identify how CSR is organised, two structures, internal and external, were studied. In principle, the original ideal of structures for CSR emanates from the literature review in which it became clear that some firms have certain structures (internal or external) to facilitate the planning, execution, delivery and monitoring of social interventions. More details can be found in chapter two of this thesis. Also, in theory, where there are certain social responsibility initiatives and commitment towards responsible business one would expect certain structures to be in place to oversee such initiatives and translate the commitments into actions. It was therefore of particular interest to find out if such structures do exist in both Kenya' and Tanzania' firms, and to investigate their contribution to the organisation of social practices and the rootedness of CSR. The annual reports were examined again, with this in view. Structure is defined as a dedicated budget and a department or foundation with responsible officials that deal exclusively with CSR issues. Internal indicates within the firm, and external outside it.

The analysis of annual reports revealed that eight of the 42 firms have foundations dealing with CSR (Table 15). Some of these foundations are registered as charities and are semi-autonomous, receiving finance for their activities mainly from mother companies. However, some funds are also received from other partner institutions. Further analysis of the annual reports revealed that the administration of these foundations comprises an independent board of directors, management team and external experts. Such foundations are therefore external and semi-autonomous. Examples include the KCB Foundation under the Kenya Commercial Bank, Equity Group Foundation under Equity Bank and East Africa Breweries Ltd (EABL) Foundation under EABL Company. However, the annual reports did not show any firm to have a specific, internal department for CSR. Although 34 firms did not mention a specific department or foundation, they may still conduct CSR through other channels (or departments) such as public relations or marketing departments. Thus, the Public Relations Officer (PRO) and Marketing Manager (MM) in these firms are assumed to be responsible for overseeing CSR activities.

Furthermore, observations show that the majority of foundations have a dedicated budget for CSR activities. Structure (e.g. foundation) and finance (budget) for CSR are important aspects as they indicate the commitment levels of firms to CSR. Analysis of the annual reports revealed that 11 firms had dedicated budgets for CSR activities (Table 15), and that the budget allocation, where stated, ranged from 1% to 2% of the firm's annual profit dedicated. However, the commonest allocation was 1% of profit after tax (Annex 3). Thus, increase or decrease in the size of funds for CSR depends on the profit in that year. For example, the Kenya Commercial Bank budget for CSR rose from KShs 70 m ($ 683,623) in 2010 to KShs 157 m ($ 1.5 m) in 2011, and went down to KShs 151 m ($ 1.4 m) in 2012.

Table 15. Firms' CSR structure for the period of 2010-2012 in East Africa

Dimension	**No. of firms**	**None**	**Examples of firms**
Dedicated foundation	8	34	Kenya Commercial Bank, Safaricom, Equity Bank, East Africa Breweries, Cooperative Bank, ARM Cement, House Finance, CIC Insurance
Dedicated budget	11	31	Kenya Commercial Bank, National Microfinance Bank, Tanzania Breweries, Tanga Cement, East Africa Breweries, Kenya Power and Lighting, Kenya Airways, ARM Cement Kenolkobil, Kenya Reinsurance

It is expected that an organised firm would somehow engage employees in the firm's social responsibility. This notion is supported by the literature review (chapter two) where some firms involved their employees in carrying out social projects in other countries, such as South Africa. Therefore employees' involvement is another key aspect of a firm's organisation for CSR, and this was examined. Involving employees in CSR efforts is a good sign of social engagement. The analyses of the annual reports demonstrate that most firms involved their employees in the daily conduct of CSR activities. Three types of employee participation were identified. The first group involved their employees not only in delivery of the CSR activities but also in the designing, selecting, monitoring and evaluating of the projects. In this group, a total of five firms were identified. The second group of 23 firms involved their employees only in the delivery of the activities, and the third group (14 firms) did not mention any involvement of their employees (Table 16). Staff participated in a variety of CSR activities, some volunteering to offer their professional skills and personal funds towards community projects. Staff (in collaboration with the communities) identified community needs and established project, funded from the firm's allocation for CSR activities. Some companies encourage their staff to be involved in community projects by allowing them to take paid leave provided that they spend it working to benefit specific communities. For example, Safaricom Limited allows its employees to take up to four days paid leave a year to engage in CSR activities in Kenya.

Table 16. Types of CSR areas of involvement and examples of firms for the period of 2010-2012

Type of involvement	No. of firms	Nature of involvement	Firms that were involved
Design and /evaluation	5	Staff giving their skills, money and time for CSR issues.	Kenya Commercial Bank
		Staff undertake feasibility assessment, monitoring and evaluation of social initiatives	Safaricom
		Staff select their own project for a community	Nation Media Group
		Staff undertakes feasibility assessment, monitoring and evaluation of project. They provide mentorship and social support to students under the foundation education programme	ARM Cement
		Staff identify a project, e.g. a community that needs a HIV/AIDS awareness campaign	Unga Group
Programme delivery	23	Staff participated in the national Clean Day (environment day)	Kenya Commercial Bank
		Staff planted trees	Diamond Trust Bank
		Staff participated in the campaign for fund raising for children with heart complications	NIC Bank
		Staff took time off and organised mentorship programmes with students	NIC Bank
		Hunger alleviation campaign by contributing money to the Kenya for Kenyan initiatives	Nation Media Group
Not stated	14	Dar-es-Salaam Community Bank, Longhorn Publishing Company, Access Kenya, City Trust, among others.	

Chapter five of the thesis demonstrated that employees participate in different areas or domains in contributing to CSR, and the relevant domains were explored through the annual reports. The analysis revealed five domains where employees most participate in CSR issues: environmental conservation, humanitarian intervention, education, health, and community development (Table 17).In environmental conservation employees participated in activities such as tree planting and cleaning the environment. In humanitarian interventions, staff visited vulnerable groups such as orphaned children, particularly those infected and affected by HIV/AIDS; among other activities, staff donated money and non-monetary items and spent time playing and entertaining the children. In education, the staff of these local firms participated in various training and mentorship programmes in public schools; this kind of training subsidises the cost of hiring teachers so that tuition fees remain affordable to parents.

In health, employees participated in HIV/AIDS awareness-raising campaigns and blood donation to blood banks, among others. A detailed analysis of social activities is given in chapter six.

Table 17. Examples of domains employees participate in for CSR activities for the period of 2010-2012 in East Africa

Employees' area of involvement	Nature of participation	Examples of firms
Environmental conservation	Tree planting	Kenya Commercial Bank, Safaricom, ARM Cement, Equity Bank, Cooperative Bank of Kenya, CIC Insurance, Pan African Insurance,
	Participated in the national Clean Day	Kenya Commercial Bank , National Bank Kenya, Unga Group
Humanitarian intervention	Supported vulnerable groups in the society by donating various items and money, and spending time with them	Kenya Commercial Bank, Kenya Power and Lighting , CRDB, Cooperative Bank of Kenya, Kenya-Re, Pan African Insurance
	Fundraising campaign for hunger alleviation	Nation Media Group, Safaricom
Health	Employees are involved in free health camp programmes	Safaricom, EAPCC, DTB, CIC insurance
	Involvement in HIV/AIDS awareness campaign	Unga Group
	Donation of blood to blood bank on World Blood Donor day	Jubilee, Tanga Cement, CIC Insurance
	Staff fundraising for treatment of needy children	NIC, Mumias Sugar, Pan African Insurance
Community development	Involved in programmes related to child-welfare and poverty alleviation	Cooperative Bank, CIC insurance, Nation Media Group
Education	Staff mentor and train students in business skills	NIC Bank, ARM Cement, Safaricom

The analysis of annual reports revealed at least five forms of partnership. The first group of 13 comprises firms whose partners are non-governmental organisations (NGOs). The second group involves firm-to-firm partnership (three firms). The third group, of only two, was partnership with the community. The fourth group (7) were partnered with public or private bodies. The last group, 28 firms, did give no indication in the annual reports of any partnership (Annex 4). Further analysis revealed that local firms appear to have partners in six main domains: education, environmental conservation, health, clean water and sanitation program, humanitarian aid and community development programmes (Annex 4). For example, different firms are in partnership to support needy students by offering scholarships; they also collaborate to offer financial support and entrepreneurship skills to women and youth groups in the community. For example, in 2010 the Equity Bank Foundation and Master Card Foundation together launched a scholarship programme for orphans and disadvantaged Kenyan students. The same bank partnered the Save the Mau Trust and East African Breweries to sensitise communities to conservation of the Mau forest in Kenya. Additionally, firms partner health institutions, for example hospitals, to raise funds (e.g. for heart surgery) and organise free medical camps to provide health services to the general public. A large part of Kenya is semi-arid and often experiences severe drought and famine, and many firms enter partnerships to offer humanitarian aid in these areas, for example, KCB, Safaricom, EABL, KPLC, NBK and Equity Bank who supplied food, water and medicines in 2012 (Annex 4).

However, in general, very little information is given in annual reports about the scope of these partnerships in terms of their length, the amount allocated, their frequency or how it was decided where, how and when to enter the partnership. No clear, complete picture of local firms' partnerships is therefore available.

5.6 Synthesis of communication and organisation dimensions

Based on the analysis of organisation and communication dimensions, patterns of CSR embeddedness can now be identified, by linking key characteristics from both dimensions. In the communication dimension, three groups of companies were identified, exhibiting high, moderate or no levels of intensity (detailed in Table 14). The variables were; chairman or directors and dedicated section mentioning CSR in all the three years, both chairman or directors speeches and dedicated section mentioning CSR at least one year, either one or the other dedicated section or chairman mentioning CSR at least one year and none. In this dimension eight firms had both chairman/directors statements mentioning CSR and they had dedicated CSR sections in all the three years study period. Twelve 12 firms had chairman or directors mentioning CSR in their annual statements and had dedicated CSR sections at least in one year of their reporting. There were 17 firms of which either chairman had mentioned CSR or there was a dedicated section for CSR at least one year. Lastly were five firms that possess none of the above-mentioned attributes (Figure 7).

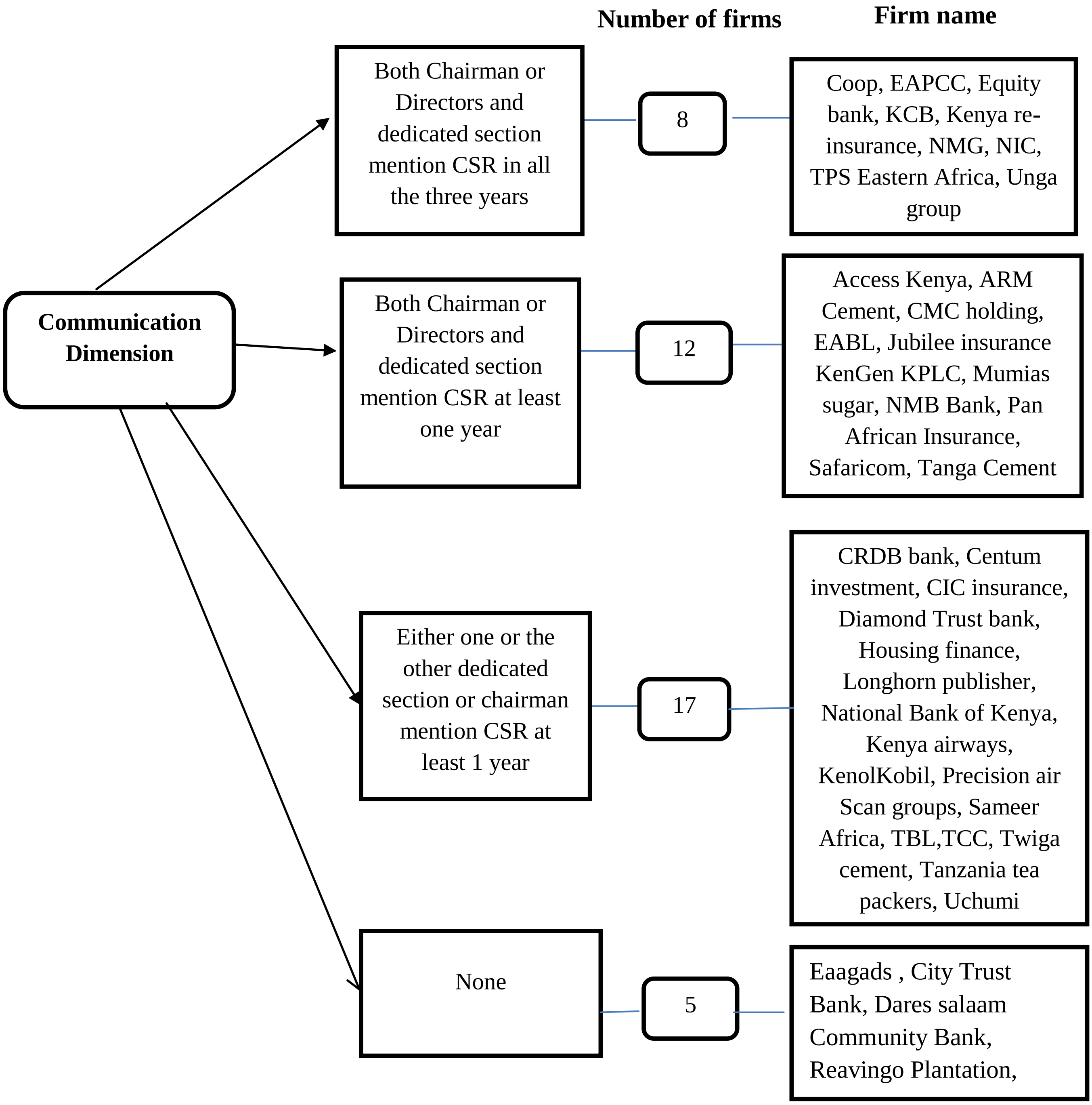

Figure 7. Classification of firms in the communication dimension

The organisation dimension also resulted in three groups of firms. The first group was of 16 firms with dedicated organisational features i.e. the budget and/or foundation and involves their employees and or partner with other institutions to conduct CSR activities. Followed by 14 firms that involved their employees and or partner with other institutions but do not have organizational features i.e. foundation or budget for CSR activities. Lastly, were 12 firms, which possess none of the mentioned attributes (see Table 15) and figure 8 indicates these groups and their membership.

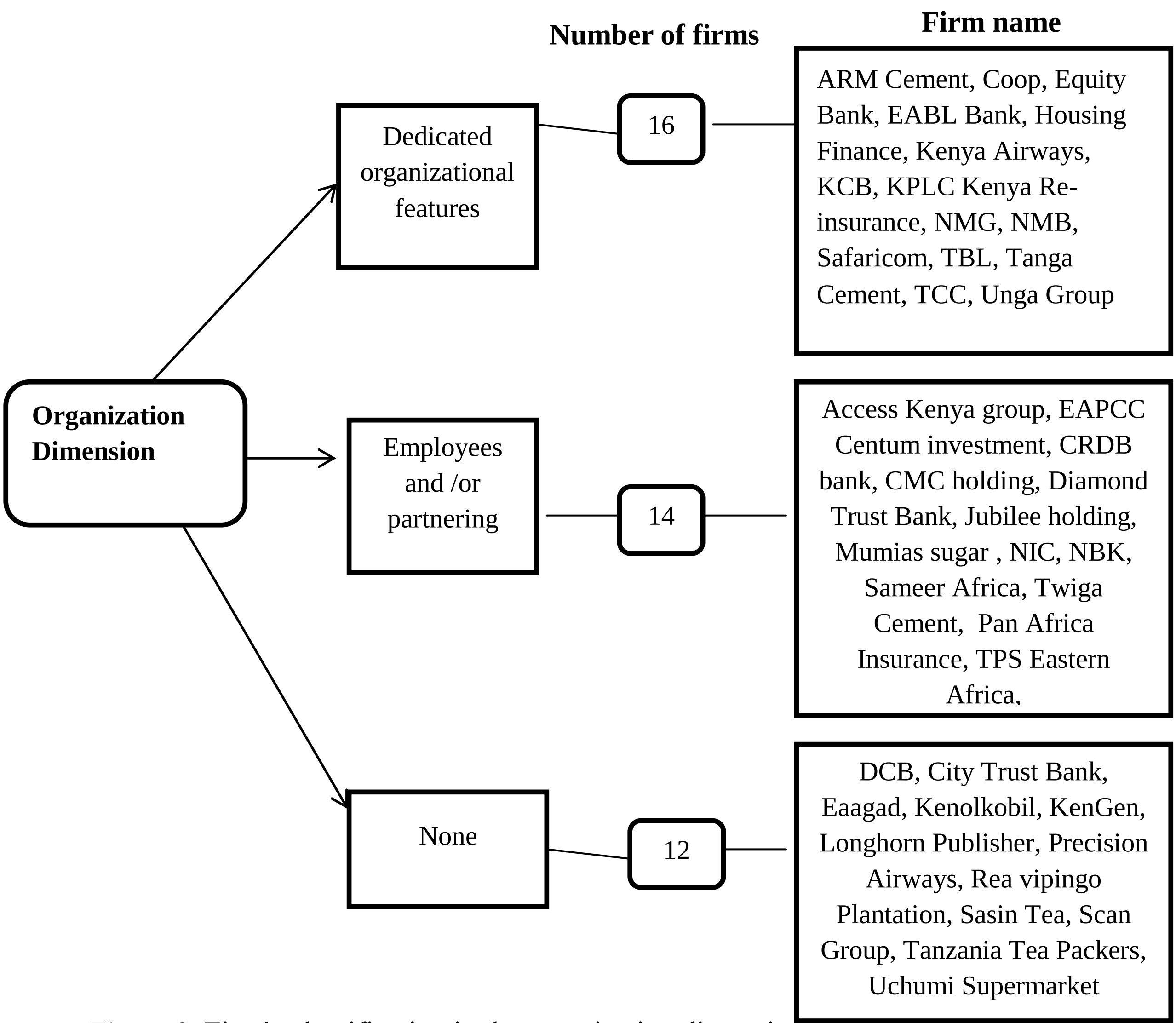

Figure 8. Firm's classification in the organization dimension

The synthesis of communication and organisation dimensions resulted in four patterns of CSR embeddedness. Highly embedded firms, a group comprising 13 firms, were identified as having organisational features, i.e. a foundation and/or budget for CSR issues, dedicated CSR sections in each year of the annual reports, and speeches on CSR in at least one year. This group has well-established and institutionalised CSR, and also involve their employees in delivery, undertaking feasibility assessments, monitoring, and evaluation of CSR projects. Some (e.g. Kenya Commercial Bank and Nation Media Group) have specific periods dedicated to CSR activities for the community, officially named community days or community weeks in East Africa.

The second group is the 15 moderately embedded firms, characterised by chairman or directors' speeches and dedicated sections for CSR in at least one year of the annual reports; and partners / employees involved in the execution of established CSR projects. This group actively participates in CSR during special events such as World Environment Day and World Earth Week, where they partner other institutions in, for example, tree planting. Since these companies have no specific departments or foundations for CSR, it is likely that public relations officers are responsible for managing CSR issues.

The third group of nine firms has low embeddedness in CSR. This group is characterised by having no specific foundation or budget dedicated to CSR activities. However, at least one year of annual reports has a dedicated section on CSR or a chairman's speech mentioning it. Most CSR practices do not come naturally to these firms, although they tend to participate in alleviation of national disasters such as floods or drought. Firms in this group also participated in visiting homes for disadvantaged children (e.g. orphanages) during religious festivals such as Christmas Day, and in charity fundraising events. The last group of five firms exhibit none of the features of communication or organisation dimensions. This means that, it was not mention in the three years of annual reports of engaging in any CSR activities. Table 18 summarises these four groups. The protocol used to develop patterns of embeddedness based on the communication and organisation dimensions is given in Annexes 5 and 6.

Table 18. Patterns of firms' CSR embeddedness for local firms for the period of 2010-2012

Group	**No. of firms**	**Characteristics of the group**	**Degree of embeddedness**	**Firm names**
1	13	The Chairman or Directors and a dedicated section mention CSR in all three years and have dedicated organisation features	High	ARM Cement, CRDB Bank, Cooperative Bank of Kenya, East Africa Breweries, Equity Bank, Kenya Airways Kenya Commercial Bank Kenya Re insurance, National Media Group, National Micro Finance Bank, Safaricom, Tanga Cement, Kenya Power and Lighting
2	15	The Chairman or Directors' speech and a dedicated section appear in at least one year, and they may have organisation features	Moderate	Access Kenya Group, Centum Investment, CIC insurance Diamond Trust Bank ,East Africa Portland, Housing Finance, KenGen, Mumias Sugar ,National Bank of Kenya, NIC, Tanzania Tea Packers Tanzania Breweries Limited, TPS Eastern Africa Tanzania Cigarettes, Unga Group
3	9	No organisation features but either a dedicated section or a speech mentions CSR in at least one year	Low	CMC holding, Jubilee Insurance Kenolkobil, Longhorn Publisher Pan African Insurance, Precision Airways, Sameer Africa ,Scan Group, Uchumi Supermarket
4	5	Neither organisation nor communication features revealed	None	City Trust Bank, Dar-e-Salaam Community Bank, Eaagads, Rea Vipingo Plantation and Sasin Tea Company

5.7 Chapter conclusion

This chapter identified the degree of embeddedness of CSR in the local firms in East Africa by analysing their communication and organisation dimensions. The two dimensions were extracted from the annual reports of the three study years (2010-2012). 35 firms in Kenya and Tanzania published a total of 110 annual reports in this period. These were reviewed to understand the embeddedness of CSR. The study found firms with high, moderate and low degrees of CSR communication; 34 (81%) of the listed firms communicate their CSR activities in their annual and eight (19%) do not. This may suggest that although reporting of CSR activities is not mandatory in East Africa, the majority of firms are aware of the importance of CSR and consistently communicate it to stakeholders. The study further revealed that the East African local firms have structures and are well-organised in their CSR initiatives, engaging with external bodies and other institutions collaboratively in the execution of CSR. Also, most of these firms involve their employees in the delivery of CSR activities.

Together, good communication and organisation are considered as a marker for CSR, and four patterns of CSR embeddedness emerged from the analysis: high, moderate, low and no embeddedness. In the high-embedded firms CSR is well-institutionalised and in the moderately embedded firms it is fairly institutionalised in their policies. The low embedded firms were found to have little CSR communication and no organisation dimension features. A few firms did not embed CSR at all, suggesting that they do not participate in any CSR initiatives.

Chapter 6: Corporate Social Responsibility Activities of Local Firms in East Africa

6.1 Introduction

The previous chapter explored two dimensions of CSR embeddedness: organisation and communication. The current chapter extends the discussion of CSR embeddedness into firms using the activity dimension. As pointed out in chapter five, the three dimensions are explored to characterise the social engagement of local firms in East Africa. This chapter aims to answer the questions "*Do local large firms in East Africa engage socially?" and "What activities do they engage in*?". Accordingly, the CSR activity dimension is defined to mean the social activities of firms in relation to CSR. The chapter aims to specifically describe the social activities which the local large firms in the study prefer to engage in; and to develop a typology of engagement of activities of these firms. Newspapers were the main source of data because they offer a systematic public record of firms' activities. This information was supplemented by business annual reports. Selection of the four national newspapers, the Daily News and The Guardian from Tanzania, and the Business Daily and Daily Nation from Kenya, was described in detail in chapter four. These papers are national papers with a wide coverage, including the range of engagement activities that reflect CSR practices in the region. Their content is well organised, with sections dedicated to CSR-related activities. 541 articles were found on the CSR activities of local large firms in the two countries.

This chapter consists of six parts. Section 6.2 presents the approach used, and the methodology is explained in section 6.3. Section 6.4 presents the significance of newspapers as a reliable source of research information.

In the section 6.5, a detailed description and topology of the CSR activities are given. Section 6.6 summarises the key conclusions.

6.2 Approach

A total of 541 newspapers articles for the 2010-2012 study period were summarised and analysed to explore the activity dimension of CSR practices. This dimension was analysed after the organisation and communication dimensions described in chapter five. Specifically in this chapter, the research intends to explore and characterise what firms do (i.e. social activities they engage in), where they engage (i.e. scope of activities), and the degree/intensity of engagement (i.e. the level of engagement). Newspaper articles were systematically coded and analysed. Microsoft Excel software was again used for data coding and media content analysis applied to develop themes. The themes were grouped by looking at CSR beneficiaries. For example, all themes related to schools were placed in the education category, while activities that benefited local communities, such as road and well construction, were grouped under community support. All themes relating to SMEs were grouped together. The sports category represents activities such as sponsorship and donations of sports equipment.

6.3 Methodology based on the newspapers

This section discusses the procedure used to build a database of newspaper articles that mentioned CSR or CSR-related words. It should be remembered that Tanzania had no electronic archive, so hard copies were reviewed; for Kenya, the electronic archive was used. Investigation of hard copies at the Tanzania National Central Library (TNCL) in Dar-es-Salaam city revealed that some issues were missing, so they were procured from the Tanzania National Archive office, also in Dar-es-Salaam. The recruitment of assistants and the details of data collection were presented in chapter four.

In Kenya one assistant was recruited and trained. Both the researcher and the research assistant were allocated computers connected to the local network at Nation Media Group (NMG) headquarters in Nairobi. The NMG archive is organised into various categories such as story archive, local photos, foreign photos, graphic archive and newspaper publications. The publications dated back to 1959 and were grouped into ten years categories (e.g. 1959-1969) at the NMG archive office. Also, the archive is well structured (See annex 7). The search process was limited to one year at a time for convenience. Different searching techniques and terminologies, prepared during the pilot study, were used for the publications and photo archives different searching techniques and terminologies were used such as a list of firms' names and a list of search terminologies that was prepared in advance during the pilot study. The majority of keywords were detected in the title/heading of the article.

Table 19 demonstrates the commonly used terms for searching for CSR-related activities in both hard and soft copies of newspapers articles. With hard copies, however, the whole newspaper was scanned, although priority was given to those sections identified by the pilot study as reporting CSR-related activities (see chapter 4). It was further discovered that some newspapers presented CSR-related activities in pictorial rather than text format, which is why the photo archives in Nairobi were reviewed.

Table 19. A list of search terms used to identify CSR activities in four newspapers in East Africa for the period 2010-2012

Country	**Name of the Newspapers**	**Common search terms**
Tanzania	Daily News The Guardian	Community support, disastrous relief, financial support, empowerment (empowering women, youths), donations such as mosquito nets and patient beds, scholarships, social investment, social involvement, community development such as construction of schools, classrooms, talents and clean water projects.
Kenya	The Business Daily The Daily Nation	

Table 20 shows the sections into which the newspapers were organised. This organisation is important because it facilitated locating the majority of CSR-related activities. Interestingly, 50% of the CSR-related activities appeared in the business section of the selected newspapers. Other sections identified with CSR activities were business and foreign news, with a few in home news and sports

Table 20. Newspaper organisation for the period of 2010-2012 in East Africa

Country	**Name of the newspaper**	**Organisation of the newspaper**
Tanzania	The Guardian	National news, business and foreign news, sports and entertainment
	The Daily News	Home news, international news, business and finance, sports news
Kenya	Daily Nation	National news, international news, business news, sports news
	Business Daily	National news, international news, business news, sports news

6.4 Significance of newspapers as a source of research information

Newspaper data has long been an important source of information in social science and humanities studies. Newspapers provide factual information, for example about people, place and time. They are the most accessible and affordable written documents globally. Earlier studies that use newspaper data have focused on violent conflicts such as protests, ethnic conflict, riots, social movements and rebellions (Jenkins and Perrow, 1977, Jenkins and Eckert, 1986, Kerbo and Shaffer, 1986, Wilkes, 2004, Wilkes and Ricard, 2007). Although newspaper data is an attractive source of information, (Kerbo and Shaffer, 1986, Olzak, 1989, Oliver et al., 2004) it suffers from a number of limitations (Earl et al., 2004), including researcher's bias, selection bias and description bias. Researcher's bias refers to errors caused by the researchers on data entry and interpretation (Franzosi, 1987). Selection bias happens when the newspaper or a journalist selects a few events from among the many possible ones reported (McCarthy et al., 1996), while description bias refers to erroneous reporting of the event (Ortiz et al., 2005). Barranco and Wisler (1999) suggest various techniques to minimise these possible limitations, such as using multiple sources of data, i.e. several newspapers. Non-media sources such as the records of police departments or other administrative archives can be used to support the media source. This research therefore used more than one national newspaper, identified through the pilot study and taking into account readership, availability and coverage.

6.5 Six thematic areas in which local firms engaged in CSR activities during 2010-2012

As was demonstrated in the literature review (chapter 2) most of the studies, in the global context, identified education, environment, health, labour welfare, disaster relief, product development and SME empowerment to be the major areas of CSR engagement

(Carroll, 1991b, Muthuri and Gilbert, 2011, Tanaya, 2012). Local firms in East Africa engage in similar themes, but additional ones have been identified. Some of these themes were merged, as they were insufficient to form viable groups. The new themes are therefore community support and sports. Moreover, the results of this study show that some themes, such as product development and labour welfare, that were considered important in other parts of the world (e.g. Indonesia: Tanaya, 2012) were given less priority by firms in East Africa.

To characterise the duration of social engagement within firms, CSR activities were differentiated into lasting and ad hoc activities. Both newspapers and annual reports were used to characterise CSR activities. However, newspapers were the entry point to first identify the activities; thereafter, firms' annual reports were used to triangulate the social engagement information. An activity was considered lasting (L) if it was mentioned several times in newspapers and annual reports in every year of the study period. It was regarded as one-off / ad hoc (O) if it was mentioned three times or less over the three years. Finally, multiple lasting (ML) engagements refer to an activity that has more than one lasting engagement.

This research identified six major themes that local firms prefer to engage in: education, health, environment, sports, community support and SME empowerment. The analysis and discussion of each theme is presented below.

6.5.1 Education

Education represents all the CSR-related activities that benefited schools and university students in the study region; it comprises five social activities: offering scholarships, construction/renovation of school buildings, donation of books and stationery, furniture, and electronics. A total of 27 firms were found to engage in various CSR activities related to education during the study period. Some activities received more attention (from firms and journalists) and were mentioned in newspaper articles every year; others occurred less frequently. A detailed discussion of each activity with examples is presented below.

Scholarship

It was fascinating to find 19 firms offering scholarships as part of their CSR activities. The scholarships covered school fees, uniforms, stipend and textbooks, offered to primary and secondary schools and university students. Scholarships were also given in the form of sponsorship of educational tours. The length of scholarships depended on the duration of the course/programme, although most were given to students for 3-4 years. Scholarships were a popular form of CSR. Five out of the 27 firms offered them every year during the study period. Six of the firms in the education category focused exclusively on giving scholarships. 13 firms, besides offering scholarships, had other activities such as donation of furniture and textbooks.

A good example of firms that offered scholarships exclusively was the Equity Bank; newspaper articles reported this activity every year during the study period, as did the bank's annual reports. This programme started in 1998, offering full scholarships to school and university students every year up to the completion of their studies. Individual scholarships therefore run for over 10 years, and the bank grants work placement opportunities and jobs to students who complete their studies successfully. The programme targets academically gifted and marginalised young people in society. It is organised and executed on behalf of the bank by the Equity Group Foundation, an autonomous body with an independent board of directors. Since the primary objective of the bank is not to offer scholarships, the bank also collaborates with NGOs and other organisations in the implementation of CSR. For example, the foundation works with the MasterCard Foundation and US Aid Kenya in offering scholarships, mainly by donating money to a specified education fund. Between 1998 and 2012 the programme had sponsored more than 7,000 students in public and private schools within the region and abroad (Equity Bank Annual Report 2012).

Other firms sponsored educational tours and university career events. For example, Kenya Airways annually sponsored Zambian secondary school students to visit Kenya. Table 21 shows scholarships, number of the occurrence of the activity on the newspaper articles and examples of activities.

Table 21. Number of firms that were involved in offering scholarships during 2010-2012 in East Africa

Type of activity	**Scholarships offered to students**			
	Number of newspaper articles	No. of firms involved	No. of firms engaged in scholarship every year	No. of firms engaged for one or two years
	40	19	5	14
Example of activity	Full scholarships for further studies offered to needy secondary school and university students Sponsoring a university careers event			

Construction and renovation

This activity includes the construction and renovation of school buildings, and the donation of cement, iron bars and nails to support building projects in schools. Firms constructed new classrooms and refurbished existing buildings, especially following disasters such as fire, or where there were severe shortages of facilities. For example, the Tanga Cement Company constructed a new dining hall for one of the schools in the Tanga region of Tanzania because there was none previously. Other firms participated in the renovation of student hostels after they had been destroyed by fire or strong winds. 16 firms were found to have participated in construction activities, five of these every year. Table 22 shows the number of firms and occurrences of this activity reported in newspaper articles, with examples.

Table 22. Construction and renovation activity and number of firms involved during 2010-2012 in East Africa

Type of activity	**Construction / Renovation of school buildings**			
	Newspaper articles	No. of firms involved	No. of firms engaged in construction / renovation every year	No. of firms engaged for one or two years
involved	23	16	5	11
Example of activities	Renovation of school buildings after they had been destroyed by a bomb blast Construction of students hostels			

Books and stationery

This category covers activities such as donation of exercise books, pens and pencils to needy primary and secondary schools. Fourteen firms engaged in this activity where by three firms donated books and stationeries every year (during the study period) while 11 firms engaged in one year or two years during the study period (Table 23).

Firms appear to participate in this activity due to insufficient supply of books and stationeries in some schools in the study region. For example the Kenya Commercial Bank donated books and stationery to schools every year, while other firms such as Tanga Cement donated books occasionally.

Table 23. Books and stationery donations and number of firms involved during 2010-2012 in East Africa

Type of activity	**Donation of books and stationery to schools**			
	No. of newspaper articles	No. of firms involved	No. of firms engaged in donation of books / stationery every year	No. of firms engaged for one or two years
involved	17	14	3	11
Example of activities	Donation of textbooks, pens and writing pads to schools			

Furniture and accessories

This activity covers the donation of school tables, chairs, beds and bedding to needy secondary and primary schools in the region. A total of 11 firms were found to engage in this activity, three of them every year while eight firms engaged engage for one or two years (Table 24). It appears that firms participated in this activity due to shortage of furniture in schools. For example, the National Microfinance Bank donated furniture to various schools every year during the study period. Table 24 shows number of newspaper articles indicating donation of furniture and firms that were involved in East Africa.

Table 24. Number of firms involved in donation of furniture during 2010-2012 in East Africa

Type of activity	**Donation of furniture in schools**			
	No. of newspaper articles	No. of firms involved	No. of firms engaged in donation of furniture every year	No. of firms engaged for one or two years
	35	11	3	8
Example of activities	Donation of furniture such as chairs, desks to schools			

Electronics

Electronics in the education activity included donations of computers, printers, laptops and the installation of networks to various school laboratories. Seven firms were found to engage in this activity, although none for the full three years. For example, the Kenya Commercial Bank donated computers to schools and installed networks.

Others

Some educational activities were too few to form a group and were therefore combined under “others”. The activities were grouped into capital and consumable expenditure activities. An activity such as the donation of school buses was regarded as capital expenditure, while the donation of sanitary kits to schools was considered as consumable expenditure. For example, the CRDB Bank donated two buses in 2010 to support student transport in Dar-es-Salaam.

6.5.1.1 A synthesis of firms' engagement in the education category

Among the 541 newspapers articles collected, a total of 147 reported the educational activities of 27 firms. Thus, the average reporting of engagement was 5.4. Table 24 shows the number of firms engaged in the different educational activities, and Figure 9 the proportion of each activity. Majority of firms engaged in scholarship offering 28%, construction or renovation of school buildings 24%, book donation 21%, furniture donation 16% and electronic donation and installation 11% (Figure 9).

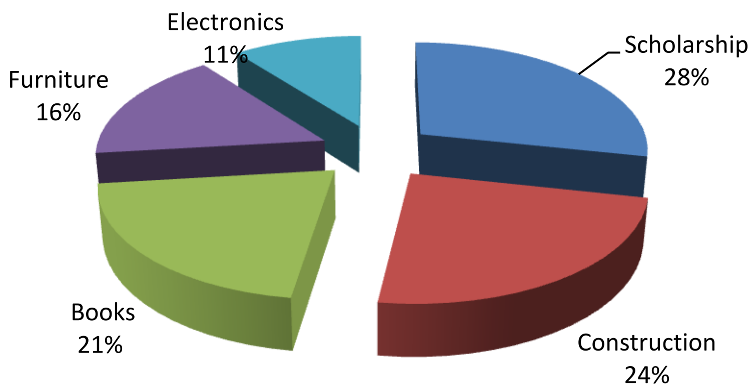

Figure 9. CSR education activity by firms during 2010-2012 in East Africa

Also, in terms of frequency of occurrence in the newspapers, scholarships were the highest (40), followed by furniture donations (35), renovation of buildings (17) and the lowest electronics (5) (Table 25).

Table 25. Education CSR-related activities and number of firms involved during 2010-2012 in East Africa

CSR related activities	Number of firms involved in the activity	Number of newspaper reports
Scholarships	19	40
Furniture donation	11	35
Construction/renovation	16	23
Books/stationery	14	17
Electronics	7	5

Some firms engaged in multiple activities in the education category, and others only in a single activity during the study period. Eight firms engaged in a single activity, 13 firms in 2 or 3 five in 4 or 5 (Table 26).

Table 26. Intensity of activity in education category by firms during 2010-2012 in East Africa

Range of activity by firms	Number of firms involved
Firms with a single activity	8
Firms with 2-3 activities	13
Firms with 4-5 activities	5

Of the eight firms engaging in a single activity in the education category, seven offered scholarships and one was engaged in the construction and renovation of school buildings exclusively. Among the seven firms offering scholarships, only two were mentioned in a newspaper or annual report as offer them every year. Furthermore, in education category the study found five firms had the multiple lasting engagement (ML), eight the lasting engagement (L) and 14 firms the ad hoc (O) engagement types (Table 27). Table 27 shows firms that engaged in education CSR related activities and the level of engagement. Five firms had multiple, eight firms had lasting and fourteen firms had one-off/ad hoc engagements.

Table 27. Intensity of engagement in education activities by firms in East Africa for the period of 2010-2012

Intensity of engagement	**Number of firms**	**Firm name**
Multiple lasting (ML)	5	ARM Cement, Kenya Commercial Bank, National Microfinance Bank, Safaricom, Tanga Cement
Lasting (L)	7	CRDB Bank, Equity Bank, East Africa Portland Cement, East Africa Breweries, Kenya Airways, KenGen, Nation Media,
One-off/ad hoc (O)	15	Access Kenya Group, Cooperative Bank of Kenya, CIC Insurance, Centum Investment, Diamond Trust Bank, Housing Finance , Kenya Power and Lighting, Kenolkobil, Mumias Sugar National Bank of Kenya and NIC Bank, TPS Eastern Africa ,Tanzania Breweries, Unga

Table 28 presents the CSR-related activities and intensity of engagement in the education category. It highlights the occurrence of an activity during the study period. Note that 1, 2 and 3 represent the years 2010, 2011 and 2012 respectively. If a firm has 1, 2 and 3 in more than one column it qualifies as ML; if 1, 2, 3 once it is L, and any other combination is O. Note that the codes explained in this paragraph also apply to the remaining categories in this chapter.

Table 28. Education CSR related activity for local large firms in the East Africa Region for the period of 2010-2012

Firm name	CSR-related activity					Intensity of engagemen
	Offering scholarships	Construction of schools building	Book donation	Furniture donation	Electronics donation	Type
Access Kenya	2		2		3	O
ARM Cement	1	1,2,3	2,3	3	3	ML
Cooperative Bank of Kenya	1,3					O
CIC Insurance		2				O
CRDB Bank		1,2,3		2	3	L
Centum Investment	3		2	3		O
Diamond Trust Bank		2	2			O
Equity Bank	1,2,3					L
East Africa Portland Cement	2,3	1,2		1		L
East Africa Breweries	1,2,3					L
Housing Finance	1					O
Kenya Commercial Bank	1,2	1,2,3	1,2,3	1,2,3	3	ML
Kenya Airways	1	1,3		2		L
KenGen	1,2,3					L
Kenya Power and Lighting		1		1,2		O
Kenolkobil	1,3					O
Longhorn Publishers			1,2			O
Mumias Sugar	2,3	2,3	3			O
National Microfinance Bank	3	1,2	1,3	1,2,3	3	ML
National Bank of Kenya		2	1	1,2		O
NIC Bank	2					O
Nation Media group	1,2,3	1,3	1,3		1	L
Safaricom	1,2,3	1,2,3	1,2,3			ML
TPS Eastern Africa	1	1,2				O
Tanga Cement		1,2,3	2,3	1,2,3	3	ML
Tanzania Breweries		2,3	2	2		O
Unga Group	1		1			O

Table 29 summarises the findings from Table 28 and shows that five firms engaged in awarding scholarships every year, five in construction of school buildings and three firms in donation of books and furniture. The remaining firms engaged for shorter periods.

Table 29. Demonstrate frequency of engagement by activities in education category for East Africa firms for the period of 2010-2012.

Type of activity	No. of firms engaged	Firms with engagement in 1,2,3	Firms with engagement in any combination of two years	Firm with engagement in one year only
Offering scholarships	19	5	5	9
Construction of schools	16	5	7	4
Book donation	14	3	4	7
Furniture	11	3	2	6
Electronics	7	-	-	7

Key: 1, 2 and 3 represents year 2010, 2011 and 2012 respectively indicating year of occurrence of an activity during the study period.

6.5.2 Health

The health theme covers activities such as renovation of hospital buildings, donation of hospital facilities such as dialysis machines, baby-warmer machines, incubators, ultrasound machines and the organisation of medical camps (Table 32). This section describes and synthesises these engagement activities. 24 firms were found to engage in health-related activities. A detached discussion of each activity is presented below.

Health Camps

Free health camps were an activity given priority by some firms. Health camps involved activities such as healthcare and counselling services that included components of wellness, communication and education about basic health check-ups and peer education on HIV/AIDS among others. Related activities grouped under this category include fundraising campaigns for complicated ailments such as heart disease, and blood donation to the national blood bank. 19 firms engaged in health camps, seven of these each year and 12 in one or two years only.

Since health camps were not the primary objective of the firms, the organisation of this activity was largely done through collaboration with local hospitals and other institutions. Various firms donated cash for funding medical camp programmes in various places in the region. Table 30 shows the number of firms involved in this activity and examples of activities as revealed from the content analysis of newspapers.

Table 30. Health camps and number of firms involved during 2010-12 in East Africa

Type of CSR activity	Number of occurrences of the activity	Number of firms involved in the activity	Example of an activity related to health camps
Free health camps	27	19	Firms organised a fundraising campaign every year for funding children with heart disease complications

Construction /renovation

This activity covers construction of water reservoir tanks for supplying clean water to health centres, construction and renovation of hospital buildings, donation of cement and other materials, and donation of cash to support construction projects in health centres. Three firms engaged in this category during the study period. For example, the CRDB Bank supported the health sector in refurbishing a maternity ward destroyed by a bomb blast in Tanzania. Likewise, firms donated money for the construction of health centres to minimise the shortage of such facilities in the study region. Table 31 shows the number of occurrences and firms involved, as revealed by the newspaper survey.

Table 31. Construction of hospital buildings and number of firms involved during 2010-12 in East Africa

Type of CSR activity	Number of occurrences of the activity	Number of firms involved in the activity	Example of the activity
Construction of hospital buildings	11	3	CRDB bank supported health sector in Tanzania by refurbishing maternity ward, which had been destroyed by a bomb blast. A firm donated money in support of construction project in the health centre A firm donated construction materials in support of building maternity ward

Medical equipment donation

This activity included the donation of hospital machines (e.g. dialysis machines, incubators, baby-warmer machines, ultrasound monitors, oxygen concentrators, and refrigerators) to health centres. Six firms were found to engage in this activity (Table 32). However, the results further revealed that one firm, the Kenya Commercial Bank, engaged in this activity every year during the study period, donating equipment such as incubators for premature babies, baby warmers and oxygen concentrators to various health centres in the region. Other firms that were engaged for one or two years were included the National Bank of Kenya and the Tanga Cement Company of Tanzania. For example, in 2010 the National Bank of Kenya donated cellular blankets to a health centre to help fire victims.

Table 32. Medical equipment donated by firms during 2010-2012 in East Africa

Type of CSR activity	Number of newspaper articles on this activity	Number of firms involved	Example of activity
Hospital equipment	12	6	Firms donated dialysis machines, incubators, baby-warmer machines, ultrasound monitors, oxygen concentrators, and refrigerators after learning that there was shortage

Hospital furniture donation

This category represents activities such as the donation of beds and bedding and mosquito nets. Six firms donated furniture to various hospitals, although not every year. For example, the National Microfinance Bank donated beds and bedding twice in Tanzania. Other companies participating in this activity were the National Bank of Kenya, National Microfinance Bank, CRDB Bank, Tanzania Breweries Limited and Kenya Commercial Bank. Table 33 shows the number of firms involved and examples of their engagement activities, as revealed by the content analysis of newspapers.

Table 33. Furniture donated and number of firms involved during 2010-2012 in East Africa

<table>
<tr><th>Type of CSR activity</th><th>Frequency of occurrence of the activity</th><th>Number of firms involved in the activity</th></tr>
<tr><td>Furniture</td><td>13</td><td>6</td></tr>
<tr><td colspan="2">Example of engagement activity</td><td>Firms donated beds and bedding mosquito nets to a maternity ward after learning that there was a shortage.</td></tr>
</table>

6.5.2.1 A synthesis of firms' engagement in the health category

Of the 541 articles gathered, 70 reported health activities, involving 23 firms. The average number of engagements per firm was three. The analysis shows that there are fewer continuous activities in health than in education. Moreover, the dominant activity was free health camps, with 56% of firms' engagement; followed by hospital furniture and equipment donation while the least was construction/renovation of hospital buildings (see Figure 10).

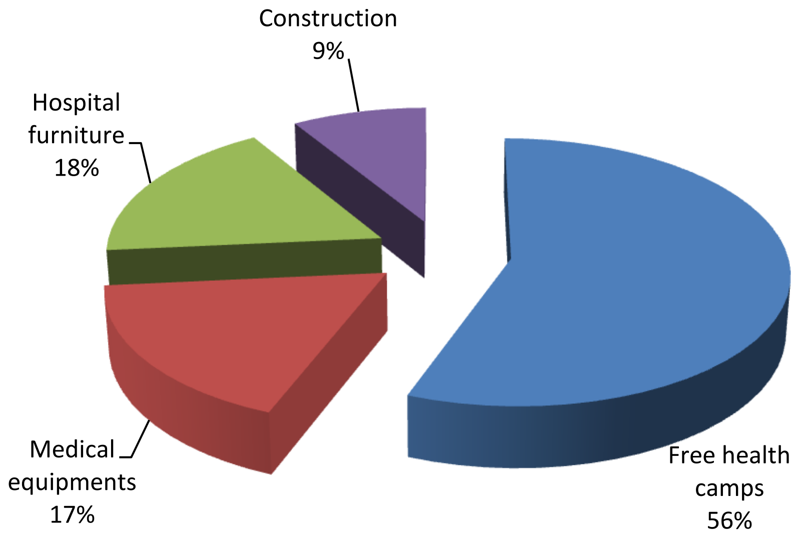

Figure 10. Health-related activities by firms during 2010-2012 in East Africa

The health camps activity received more attention than all the other activities together in this category (Table 34).

Table 34. Activity frequency of occurrence in the newspaper during 2010-2012 in East Africa

Activity under health category	**Number of firms in each activity**	**Frequency of occurrence of the activity**
Free health camps	19	27
Furniture donation	6	13
Medical equipment	6	12
Construction /renovation of hospital buildings	2	11

The analysis further shows that 16 firms engaged in a single activity, six in 2-3 and one firm in 4 activities (Table 35).

Table 35. Depth of activity in health category during 2010-2012 in East Africa

Range of activities	**Number of firms involved**
Firms with 1 activity	16
Firms with 2-3 activity	6
Firms with 4 activity	1

As in the education category, firms with different levels of engagement were found within the health category. In this category one firm was found with multiple lasting (ML) engagement, and six with lasting (L) engagement and 16 firms with one-off/ad hoc engagement (Table 36).

Table 36. Intensity of engagement in health activity by firms in East Africa for the period of 2010-2012

Intensity of engagement	**Number of firms**	**Firm name**
Multiple lasting (ML)	1	Kenya Commercial Bank
Lasting (L)	6	Diamond Trust , East Africa Portland Cement , Kenya Power and lighting, Nation Media Group, Tanzania Tea Packers, Safaricom
Ad hoc/one-off (O)	16	Access Kenya Group, CRDB Bank, CMC Holding, East Africa Breweries, Jubilee Holding Insurance, KenGen, Kenya Airways, Mumias Sugar, National Microfinance Bank, National Bank of Kenya, NIC Bank, Pan African Insurance, TPS Eastern Africa, Tanga Cement, Tanzania Breweries, Uchumi Supermarket

For example, the Kenya Commercial Bank had multiple lasting engagements. The Kenya Commercial Bank foundation organised a medical camp in collaboration with a local hospital, Gertrude's Garden Children's Hospital (GGCH). The initiatives aimed to ensure that 16,000 Kenyans living below the poverty line received free treatment in 2010. As pointed out by the Kenya Commercial Bank's Company Secretary, the initiative was part of the bank's commitment to support sustainable health services for under-privileged communities. Firms that participated in similar types of activity were Safaricom, Nation Media Group, Kenya Commercial Bank, and Diamond Trust, National Microfinance Bank, NIC Bank, Kenya Power and Lighting, Pan African Insurance Company, Uchumi Supermarket and Jubilee Insurance. Table 37 lists firms that were involved in each health activity and shows the activities they prioritised.

Table 37. Health activities and firms that were involved during 2010-2012 in East Africa

Firm name	**CSR-related activity**				**Intensity of engagement**
	Health camps	Medical equipment	Hospital furniture	Construction of hospital buildings	Type
Access Kenya Group	2,3				O
CRDB Bank			1		O
CMC Holding	2,3				O
Diamond Trust Bank	1,2,3				L
East Africa Breweries	3				O
East Africa Portland	1,2,3				L
Jubilee Holding	2				O
Kenya Commercial	1,2,3	1,2,3	1,2	3	ML
Kenya Power and	1,2,3				L
KenGen	1,2				O
Kenya Airways		1,2			O
Mumias Sugar	2,3		3		O
National Microfinance	2	3	3		O
National Bank of Kenya		2	2		O
NIC Bank	1,2				O
Nation Media group	1,2,3				L
Pan African Insurance	1,2				O
Safari com	1,2,3	1		3	L
TPS Eastern Serena	2				O
Sameer Africa					O

Tanga Cement		3			O
Tanzania Breweries	2,3		2,3	2	O
Tanzania Tea Packers	1,2,3				L
Uchumi Supermarket	2				O

Key: 1, 2 and 3 represents year 2010, 2011 and 2012 respectively, which indicates year of occurrence of an activity during the study period.

Table 38 summarises the findings from Table 37, showing that seven firms engaged in free health camps every year during the study period. Other activities within the category received less attention.

Table 38. Frequency of occurrence of activity in health category for local firms East Africa firms for the period of 2010-2012

	No. of firms engaged	Firms with engagement in years 1,2,3	Firms with engagement in any combination of two years	Firms with engagement in one year
Health camps	19	7	8	4
Medical equipment	6	1	1	4
Hospital furniture	6		2	4
Construction/renovation of hospital buildings	3			3

6.5.3 Environmental conservation

The environmental conservation category included activities related to tree planting and general maintenance of the environment. Environmental maintenance involved activities such as maintenance of public gardens, preservation of community tourism sites, donation of cleaning gear, waste management and cleaning public areas. 22 firms were reported as engaging in environmental conservation during the study period whereby 10 in each of the three years Also, 12 firms were reported to engage only in some years during the study period (Table 39). Tree planting was the favourite activity, adopted by 52% of the firms. Firms engaging in environmental conservation came from different sectors, with a majority from banking. Several partnered with other institutions, NGOs or other companies. The Mau forest is important to Kenyans since it is a significant water catchment area, with many rivers rising here, but it has also been degraded by human disturbance. It was given priority by the majority of firms in Kenya, including the Equity Bank, whose Equity Foundation established a Save the Mau Forest Trust specifically to mobilise people and institutions to conserve the forest. The trust works in partnership other organisations such as the Kenya Wildlife Service and the Green Belt Movement to rehabilitate the forest. Over 50,000 seedlings were planted in 2010 and the aim was to plant 70,000 seedlings by 2014.Safaricom offered KSh155 million (US$ 1,471,087) as a grant toward conserving the Mau forest. The Nation Media Group alone planted more than 50,000 seedlings, and other firms raised money to ensure the planted trees were well taken care of. Other activities that local firms participated in included electrical fence construction around the Nairobi forest to reduce-human wildlife conflicts. Table 39 shows the number of occurrences of environmental conservation activities in newspaper articles and the number of firms involved.

Table 39. Environmental conservation and number of firms involved in that activity in East Africa during 2010-2012

Type of CSR activity	**Number of occurrences**	**Number of firms involved**	**Example of the activity**
Tree replanting	22	22	Re-planting trees every year in an effort to rehabilitate the environment
Environmental maintenance	4	6	Cleaning public gardens

11 of the 22 firms engaged in nature conservation had lasting engagement, planting trees every year during the study period. Table 40 shows the degree of engagement by activity in the environment domain.

Table 40. Environmental CSR-related activities for local firms in the East Africa for the period of 2010-2012

Firm name	**CSR related activity**		**Intensity of engagement**
	Tree planting	Environmental clean up	Type
ARM Cement	2		O
CMC Holding	3		O
Cooperative Bank of Kenya	1,2,3	2	L
CIC Insurance	3		O
Equity Bank	1,2,3		L
East Africa Breweries	1,2,3		L
East Africa Portland	3		O
Housing Finance	1		O
Kenya Commercial Bank	1,2,3	2	L
KenGen	1,3	3	O
Kenolkobil	1		O
Kenya Power and Lighting	1,2,3		L
Kenya Airways	1,2,3		L
Mumias Sugar	2		L
NIC Bank	1,2,3		L
National Bank of Kenya	1,3	3	O
Nation Media Group	1,2,3		L
Safaricom	1,2,3		L
Scan Group	1		O
Tanzania Breweries	2		O
TPS Eastern Africa	1,2,3		L
Unga Group	1	1	O

Key: 1, 2 and 3 represents year 2010, 2011 and 2012 respectively which indicates year of occurrence of an activity during the study period.

6.5.4 Small and Medium-sized Enterprises and Empowerment of Entrepreneurs

This category of activity covered cash donations to support youth development projects, sponsorship of entrepreneurship exhibition events, training in business financial management and leadership skills, for SMEs, and revolving funds for farmers. Seven firms and 14 newspaper article occurrences are shown in Table 41. The major activities in this category were trainings for SMEs, sponsoring rabbit faming and provision of revolving funds for farmers. Some of the projects were long-term, and although they were not frequently mentioned in the newspaper articles the annual reports demonstrated their importance and the large capital investment in them. The Equity Bank and Kenya Commercial Bank, for example, conducted financial literacy training for SMEs. In the implementation of this project, the Equity Foundation partnered the MasterCard Foundation to impart personal and business financial skills to more than one million Kenyans, especially youth, through a project estimated to cost more than KSh1billion (US$9,499,910). The training aimed to build capacity among small-scale entrepreneurs who play a key role in eradicating poverty. By 2012 the programme had trained 57,000 people, and 26,000 had received credits to implement their business plans. Other firms involved their employees in conducting training for various groups in the community on how to manage finances and budgeting. For example, employees of the National Microfinance Bank (NMB) offered financial education to various primary schools in Tanzania.

Table 41. CSR Activities related to empowerment of entrepreneurs and firms during 2010-2012 in East Africa

Type of CSR activity	**Frequency of occurrence of the activity**	**Number of firms involved**	**Example of CSR-related activity**
Training	6	3	Trainings conducted for youth and women on financial literacy and education.
Revolving fund for farmers	2	2	Credit facilities given to farmers
Sponsor rabbit farming	4	2	Sponsor rabbit faming

Further analysis shows that two firms out of the seven that engaged in SMEs CSR-related activities had lasting engagement, with mentoring and training entrepreneurs receiving priority. Table 42 shows the degree of engagement in the SME and empowerment category.

Table 42. SMEs and empowerment of entrepreneurial CSR-related activity for local firms in East Africa for the period of 2010-2012

Firm name	**CSR-related activity**		**Intensity of social engagement**
	Mentorship and training schemes	Financial support	Type
CRDB Bank		2	O
Equity Bank	1,2,3		L
Kenya Commercial	3	2,3	O
Safari com	1,2,3		L
Tanzania Breweries		2,3	O
TPS Eastern Africa		1,2	O
Unga Group		2,3	O

Key : 1, 2 and 3 represents year 2010, 2011 and 2012 respectively which indicates year of occurrence of an activity during the study period.

6.5.5 Community support

Community support covers those CSR-related activities that benefited communities within and outside the firm’s area of operation or vicinity. In this category a firm’s area of operation is divided into two groups: local where firms have centralised facilities and national where there are decentralised facilities. Most of the engagement by manufacturing and agricultural firms focused on the community surrounding the firm’s area of operation. On the other hand, the banking sector was engaged in communities nation-wide. Community support involved capital expenditure activities such as public road rehabilitation and construction of community water bores, wells and pumps. Firms were also reported to engage in non-capital expenditure activities including sponsoring music festivals, donation of T-shirts during traditional festivals, sponsoring religious camps and road safety campaigns. A total of 20 firms engaged in community support activities, three of them in each year (Table 43). For example, Tanzania Breweries Company (TBL) invested in the construction of boreholes, water wells and water points and installed water tanks in villages in Tanzania in a five-year water supply project named No Water No Life that benefited over 100,000 rural Tanzanians. The Tanga Cement Company supported the Tanga Police Force by donating two motorcycles, new tyres for the police cars and renovating staff houses.

Table 43. CSR activities related to community support in East Africa (2010-2012)

Nature of the activity	**Type of CSR activity**	**No. of occurrences of the activity**	**No. of firms involved**	**Duration and size of the activity**
Capital expenditure	Road rehabilitation, construction of water bores, water wells, water drilling pump and sanitary units for communities, and computer donation to the police station	12	4	A five-year water project for communities
Consumable expenditure	Sponsor of music festival, religious camp, road safety campaign donation of T-shirts	17	6	Reported less than 3 times in newspaper articles

The analysis further revealed that three firms had lasting engagement in community support. Table 44 shows the degree of engagement, with the majority on an ad hoc basis.

Table 44. Community support CSR-related activity for local large firms in East Africa for the period of 2010-2012

Firm name	**CSR-related activity**		**Intensity of social engagement**
	Construction of water wells	Sponsor cultural events	Type
Access Kenya Group		3	O
CRDB Bank		1	O
Centum Investment		3	O
CIC Insurance	3		O
Equity Bank		1,2,3	L
East Africa Breweries	1,2		O
KenGen	1,2		O
Kenya Airways		1	O
Kenya Reinsurance		1,2,3	L
Mumias Sugar	2,3	1	O
National Bank of Kenya		2	O
National Microfinance Bank	3	2	O
Precision Airways		2,3	O
Sameer Group		2	O

Scan Group		1	O
TPS Eastern Africa	1,2		O
Tanga Cement	1,2	1	O
Tanzania Breweries	1,2,3		L
Tanzania Cigarette		2	O
Unga Group		3	O

Key : 1, 2 and 3 represents year 2010, 2011 and 2012 respectively which indicates year of occurrence of an activity during the study period.

6.5.6 Sports

This research has revealed that firms participated in sports related activities as part of CSR. Sports activities fell into two major groups, sponsoring national athletes and sponsoring sport in schools. Firms gave priority to sponsoring national events such as athletics, football and rugby (Table 45). Other activities under the sports category included donation to schools of sports gear or uniforms, and balls. In total, 21 firms were engaged in sports activities (Table 45). Four firms engaged in sports related activities every year while seventeen (17) firms engaged either in one or two years during the study period. For example, the National Bank of Kenya sponsored the national marathon every year during the study period. Some firms supported sports teams by giving them cash and insurance when they attended competitions. For example, the Jubilee Insurance Company insured 18,000 marathon runners from over 20 counties in 2010, the insurance covering runners, volunteers and officials against personal accident, all the equipment used during the marathon. Table 45 demonstrates number of occurrences reported in newspaper articles and the firms involved.

Table 45. Type of CSR and firms involved in sports during 2010-12 in East Africa

Type of CSR activity	**Number of occurrences in newspaper articles**	**Number of firms involved**
Sponsorship of marathon and athletes	36	21
Donation of sports equipment to schools	3	1

Table 46 shows the intensity of engagement in sports activity, with five firms engaged in lasting engagement.

Table 46. Sports CSR-related activity for local large firms in East Africa for the period of 2010-2012

Firm name	**CSR-related activity**		**Intensity of engagement**
	Sponsorship	Sports Equipment	Type
Access Kenya Group	2,3		O
Centum Investment	3		O
CIC Insurance	3		O
Cooperative Bank of Kenya	1		O
East Africa Breweries	2		O
East Africa Portland Cement	1		O
Equity Bank	1,2		O
Jubilee Holding Insurance	1,2		O
KenGen	1,3		O
Kenya Airways	1,2,3	2	L
Kenya Commercial Bank	1,3		O
Kenya Power and Lighting	1,3		O
Mumias Sugar	3		O
Nation Media Group	1		O
National Bank of Kenya	1,2,3		L
National Microfinance Bank	3	1,2,3	L
NIC Bank	1,2,3		L
Safaricom	1,2,3		L
TPS Eastern Africa	1,2		O
Tanga Cement	1,2	2	O
Tanzania Breweries	3	2	O

Key: 1, 2 and 3 represent year 2010, 2011, 2012 respectively indicating year of occurrence of an activity during the study period.

6.6 Overall synthesis of CSR activities of local firms in East Africa for the period 2010-2012

This section presents a synthesis of CSR activities of local large firms of East Africa by analysing newspaper articles supplemented by business annual reports for the period of 2010-2012. Different numbers of firms were reported as engaging in CSR by newspapers (26) and by annual reports (37). In other words, not all firms report their social engagement in the newspapers. This implies that fewer firms communicated with stakeholders (through the press) than those communicating with shareholders (via annual reports).

The 11 firms communicating through annual reports but not newspapers were TPS Eastern Africa Serena Hotel, Unga Group, Kenya Re-insurance, Centum Investment, Tanzania Tea Packers Ltd., Cigarette Company, CMC Holding, Sameer, Scan Group, Precision Air and Access Kenya. This section considers the 37 firms. Thus, thirty seven firms were analysed (i.e. 26 and 11 that were reported on the newspaper and annual report respectively) and six thematic areas local firms of East Africa prefer to engage in social responsibility were identified. These thematic areas were education, health, environmental conservation, sports, community support and SMEs empowerment.

6.7 More than half of local firms engaged in education and health domains

The current study found 27 of the 42 local firms (64%) engaging in educational CSR-related activities, with 13 (31%) having a lasting engagement in this category. Among the latter five had multiple lasting activities in education. The continuing activities were scholarships, construction/renovation of school buildings, and furniture and book donations (Table 47.) Health was the second sector given priority by local firms: 23 (55%) out of the 42, of which 11 had lasting and continuous activity. In this case health camps received the highest priority in the health category. Firms in the education category nevertheless had far greater intensity than health or other categories. In this respect five firms had continuity and spread in scholarship and construction/renovation, four had continuity in furniture and two in book donations.

Table 47. Name of firms and activity that had continuity in education category in East Africa for the period 2010-2012

Activity	Number of firms	Name of firms with continuity in education
Scholarships	5	Equity Bank, East Africa Breweries, KenGen, Nation Media Group, Safaricom
Construction/renovation	5	ARM Cement, CRDB Bank, Kenya Commercial Bank, Tanga Cement, Safaricom
Furniture donation	4	Kenya Commercial Bank,National Microfinance Bank, Nation Media Group, Tanga Cement
Book donation	3	Kenya Commercial Bank, Longhorn Publisher, Safaricom

In addition to continuity of activities in education, some also engaged in multiple activities (i.e. depth of activity). The study found five firms engaged in 4-5 activities, three engaged in 2 or 3 activities and eight in a single activity. Likewise in the health category, of the 23 firms seven firms had continuity (i.e. spread) in engagement of this activity. Five firms showed continuity in health camps and one in medical equipment donation. Construction and renovation of hospital buildings, and furniture donation had ad hoc engagement (Table 48).

Table 48. Name of firms and activity that had continuity in health category in East Africa for the period 2010-2012

Activity	Number of firms	Name of firms
Health Camps	7	Diamond Trust , East Africa Portland Cement, Kenya Commercial Bank, Kenya Power and Lighting, Nation Media Group ,Safaricom, Tatepa
Medical equipment	1	Kenya Commercial Bank,

After education and health, environment was given third priority by firms in the region. 22 were found to engage in nature conservation, five of them with lasting continuity in tree planting.

Although tree planting was relatively popular in the region it cannot be compared to the granting of scholarships, which had an even longer-term commitment. Tanaya (2012) similarly found tree planting to be a popular CSR activity in Indonesia. The fact that firms focused on activities that enhance maintenance of the natural environment is an indication of increasing local awareness of the consequences of environmental degradation and climate change and the need to act in a socially responsible manner. Moreover, these firms are experiencing increasing pressure from home governments, civil society organisations and the international community to take responsibility for the impact of their business activities on the environment and society (Moon and Vogel, 2008). Thus, firms find themselves with no option but to engage in conservation of the environment to ensure their legitimacy, credibility and survival in East Africa. These results are supported by another study, which shows that there has been an increase in social commitment by firms towards maintenance of the natural environment in Kenya (Muthuri and Gilbert, 2011). Indeed, issues of environmental protection have received much attention not only from local firms in East Africa but also in other parts of the world. For example, a study of eight local firms and MNEs shows that environmental conservation (through, for example, tree planting and cleaning of public areas) was one of the key areas firms prioritised in their CSR programmes in Lebanon (Jamali and Mirshak, 2007). Likewise in Malawi and Botswana, social responsibility in the area of the environment was recognised by local firms through engaging in social activities such as the provision of financial support for environmental initiatives, minimisation of environmental impact from corporate activities, and the incorporation of environmental performance objectives in their business plans (Lindgreen et al., 2009).

Again, a comparative study of CSR practices in Asia revealed that the environment, together with education and community support, were at the forefront of social responsiveness for both local firms and MNEs (Khan and Beddewela, 2008).

Social engagement in sports was the fourth priority in the CSR domain hierarchy. As in many other parts of the world, the citizens of East Africa enjoy different sports ranging from athletics to football. In particular, Kenya is known not only in the region but also in international competition for athletics. On a regular basis the national athletics team represents Kenya at the Olympic Games and world athletics championships. Therefore, it seems that firms find sport a good strategy for CSR practices. This suggests that firms in Kenya are socio-culturally constructed and their social actions and behaviours reflect the society in which they operate (Amaeshi et al., 2006). Thus, we found 21 local firms engaging in sports activities, although only five with lasting and continuous engagement. In this case, sponsorship of marathons and athletes was given priority over other activities in the sports domain. In Nigeria, too, sport was reported as one of the areas on which both local firms and MNEs focused for their CSR activities (Amaeshi et al., 2006, Ojo, 2009). Listed firms in Bangladesh were also engage in sport as part of CSR activity (Sobhani et al., 2009), while Finnish companies' sponsorship of sports activities are viewed as an important marketing strategy (Panapanaan et al., 2003).

In community support, 20 firms were engaged in CSR activities, with three firms supporting lasting and continuous activities. Activities included in-kind and cash donations, public road rehabilitation, construction of water holes and wells, humanitarian interventions and disaster relief. The social responsiveness of firms in support of communities reflects local needs and priorities by communities in the areas in which firms operate. Interestingly, water was the predominant community support activity in the region.

Only 44% and 55% of the rural populations of Tanzania and Kenya have access to improved water sources (World Bank 2012) and the regions expect both firms and government to help address the problem. Indeed, local firms did engage in community interventions by actively addressing the negative impacts of major disasters such as floods and famine, donating medicines, food and clothing. Such community interventions by local firms have also been reported in Indonesia (Tanaya, 2012), and by local firms and MNEs in Sri Lanka (Khan and Beddewela, 2008). Firms were also involved in giving humanitarian aid including foodstuffs, clothing and sanitary materials to disadvantaged and marginalised members of communities in East Africa, as also shown by local companies and MNEs in Lebanon (Jamali and Mirshak, 2007). A study by Khan and Beddewela (2008) found education, environment and community support key CSR issues for multinational firms in Sri Lanka.

Similarly to previous findings, the current study found firms empowering SMEs, although only seven in number. SME empowerment-related activities included setting up and developing revolving funds, training and education in business and financial skills, vocational training, and sponsorship of entrepreneurs' exhibitions. It is important to note that SMEs are key players in eradicating poverty and promoting community development in most developing economies including reducing the unemployment rate in the region, especially encouraging young people and women to become self-employed through establishment of SMEs. Across the globe it is well known that access to finance catalyses self-employment, business development and revives the economy. In East Africa, lack of access to finance is partly due to lack of mortgage facilities and financial illiteracy, inhibiting self-help enterprise development. Because firms form part of society, and society expects them to meet social needs and expectations (Ite, 2004, Amaeshi et al., 2006) it would be unthinkable for these firms not to lead the way in this regard. Thus, they are compelled to embark on the establishment of micro-credit schemes and financial literacy and education programmes that promote self-employment and foster the development of small and medium businesses in host communities. Similar findings were reported in Nigeria, where MNEs (e.g. Shell and

BP) run small business initiatives including training and micro-credit programmes to support community development (Frynas, 2005, Amaeshi et al., 2006).In the mining sector of South Africa it is reported that Palabora Mining Company (a MNE) focuses on free business development schemes including the establishment of small cooperatives, training for women in product development for the tourist industry, and bookkeeping services for the local communities where mining takes place (Eweje, 2006).

Further differences in engagement were revealed across categories whereas 31 out of the 42 firms were reported to engage in multiple themes and six in a single category. 12 firms engaged in 5-6 categories, other twelve in 3-4and 13 in 1-2 themes (Table 49) Nine firms that engage in the education category also engage in other thematic areas. Table 49 summarises multiple engagement by category, while Table 50 shows firms' overall engagement by thematic areas.

Table 49. Range of engagement of local firms by thematic area in East Africa Region during 2010-2012

	Range of thematic area by firms		
	5-6	**3-4**	**1-2**
Number of firms	12	12	13
Example of firms	Equity Bank, East Africa Breweries, Kenya Commercial Bank, KenGen, Kenya Airways, Tanzania Breweries, National Bank of Kenya, Mumias Sugar, TPS Eastern Africa, Safaricom	Access Kenya Group, Centum Investment, CIC Cooperative Bank of Kenya, CRDB Bank, Insurance, National Media Group, Tanga Cement, Kenya Power and Lighting, and NIC Bank, East Africa Portland Cement, National Microfinance Bank, Unga Group	ARM Cement, Diamond Trust Bank, CMC Holding, Kenya Reinsurance, Longhorn Publishers, Housing Finance, Kenolkobil Jubilee Insurance, Pan Africa Insurance Holding , Precision Airways, Sameer Africa, Scan Group, Tanzania Tea Packers, Tanzania Cigarette Company, Uchumi Supermarket

Table 50. Engagement by thematic area for local large firms in East Africa for the period of 2010-2012

Firm Name	**Intensity of engagement by thematic category**					
	Education	Health	Environment	Sports	Community support	SMEs empowerment
Access Kenya Group	O	O		O	O	
ARM Cement	ML		O			
Centum Investment	O			O	O	
CIC Insurance	O		O	O	O	
City Trust Bank						
CMC Holding		O	O			
Cooperative Bank of Kenya	O		L	O		
CRDB Bank	L	O			O	O
DCB Bank						
Diamond Trust Bank	O	L				
Eaagads						
East Africa Breweries	L	O	L	O	O	
East Africa Portland Cement	L	L	O	O		
Equity Bank	L		L	O	L	L
Housing Finance	O		O			
Jubilee Holdings Insurance		O		O		
KenGen	L	O	O	O	O	
KenolKobil	O		O			
Kenya Airways	L	O	L	L	O	
Kenya Commercial Bank	ML	ML	L	O		O
Kenya Power and Lighting	O	L	L	O		
Kenya Reinsurance					L	
Longhorn Publisher	O					
Mumias Sugar	O	O	O	O	L	
Nation Media Group	L	L	L	O		
National Bank of Kenya	O	O	O	L	O	
National Microfinance Bank	ML	O		L	O	
NIC Bank	O	O	L	L		
Pan Africa Insurance		O				
Precision Airways					O	
Reavipingo Plantation						
Safaricom	ML	L	L	L		L
Sameer Africa		O			O	

Sasini Tea Company						
Scan Group			O		O	
Tanga Cement	ML	O		O	O	
Tanzania Tea Packers		L				
Tanzania Breweries	O	O	O	O	O	O
Tanzania Cigarette					O	
TPS Eastern Africa	O	O	L	O	O	O
Uchumi Supermarket		O				
Unga Group	O		O		O	O

Table 50 shows the intensity of engagement by thematic area. It demonstrates the nature of activity by firms. The majority of firms had lasting engagement (L) while a few had multiple lasting (ML) and many had one-off/ad hoc (O) engagement in activity. Following discussion of the activities and main domains in which local firms of East Africa engage, the final section of this chapter summarises the social engagement activities as revealed by newspaper and annual reports content analysis.

Table 51. Summary of CSR activities of local large firms in East Africa for the period 2010-2012 (n= 42)

CSR themes	**CSR related activity**	**Example of lasting activity (L)**	**Firms with lasting activity**	**Firms with multiple lasting activity (ML)**	**Example of ad hoc/activity**	**Firms with ad hoc /one off activity (O)**	**Total number of firm**
Education	Offer scholarships Construction/ renovation of school building,	Scholarship, Construction/ renovation Books donation and furniture	7	5	Renovation, donation of furniture and electronics	15	27
Health	Construction /renovation of hospital buildings Hospital equipment, and furniture donation	Health camps Medical equipment donation	6	1	Construction and renovation, donation of furniture	17	24
Environment	Tree planting, Environment	Tree replanting	11	Nil	Environment al clean up	11	22
Sport	Sponsorship Sports equipment	Sponsorship	5	Nil	Sports equipment	16	21
Community support	Construction of water wells, Sponsor ship culture events	Construction of water wells	3	Nil	Sponsorship culture events and others	17	20
SMEs empowermen t of entrepreneur	Revolving fund Trainings, Sponsor exhibition	Revolving fund Trainings	2	Nil	Sponsor Exhibition	5	7

Table 51 demonstrates CSR thematic areas and example of CSR related activity firms of East Africa region prefer to engage. The table also highlighted the nature of engagement reflecting whether the activity is lasting/ one off or multiple lasting. The table shows that there is a significant number of lasting activity firms of East Africa engage and few firms have multiple lasting activity.

6.8 Chapter conclusion

The current chapter has demonstrated the CSR-related activities of local large firms (i.e. the activity dimension) as indicated by the media survey, complemented by the survey of annual reports. The aim of the current chapter was to answer the questions "Do local large firms in East Africa engage socially?" and "What activities do they engage in?". Six thematic areas were given priority in CSR by local firms, with a diverse pattern of engagement in social activities. A social engagement hierarchy was found and compared with previous studies in other parts of the world. Some activities, such as education and health, were given greater priority, while activities with SMEs and empowerment of entrepreneurs were the least important. Previous studies found similar thematic areas for CSR, but with differences in their relative importance.

For example, (Tanaya, 2012) in Indonesia activities related to book donations, tree replanting, revolving funds for SMEs and disastrous relief were similar to East Africa, but activities such as labour law, standards and community support were higher on the agenda. The research found firms engaged in multiple thematic areas and social activities, and in lasting projects which offered continuity to the community. Similar findings were reported for firms in Nigeria and Indonesia (Eweje, 2006, Tanaya, 2012). Thus, returning to the question posed at the beginning of this chapter, it is now possible to state that local firms in East Africa engage in CSR activities similar to those elsewhere in the world, although the relative importance of each activity differs from country to country. This result support the notion that CSR practices are context dependent (Matten and Moon, 2008), meaning that CSR is socio-culturally embedded. The next chapter presents profiles of the firms’ social engagement.

Chapter 7: Profile of the Social Engagement of Local Large Firms in East Africa

7.1 Introduction

This chapter is a continuation of previous empirical chapters, five and six. It synthesises the findings and discusses the profiles of firms' social engagement and relates these profiles to previous findings by other authors. The current chapter is of particular significance because it demonstrates the strength and balance of engagement types, which was not possible in previous studies. The synthesis and discussion are therefore built around the relative strength of engagement in the different domains of social engagement (i.e. education, health, environment, sports, community support and SMEs empowerment). This allows comparison between firms' individual engagement types. It also facilitates a revised theoretical framework that characterises different levels of social engagement and organisation. The next chapter (i.e. chapter eight) presents the global view of the findings while precisely demonstrating contribution of this study to the body of knowledge.

The chapter is organised as follows. Section 7.2 recapitulates the major results used to construct profiles of firms' social engagement and defines relevant key concepts. Section 7.3 highlights key characteristics that enable classification of the firms into different profiles of engagement. Section 7.4 describes these profiles and relates them to the empirical findings and theoretical framework while section 7.5 concludes the chapter.

7.2 Recapitulation of the major results and definitions of key terms used in this chapter

To recap, the current research explored three dimensions: communication, organisation and activity, which characterise firms' social engagement. This research found a total of

37 (88%) of the 42 local large firms engaging in CSR-related issues (chapter 6). The current chapter focuses only on the 37 firms and the five ones that don't engage. This study found that 15 of the 37 (41%) have [14] dedicated organisational features to manage their CSR issues. Similar observations were made by previous studies (e.g. Ite, 2004, Frynas, 2005, Eweje, 2006), but mainly on MNEs operating in developing countries, as local firms were reported to have none of these features (e.g. Jamali and Mirshak, 2007). Moreover, as part of organisation features, a total of 28 local firms (76%) involved their employees in CSR implementation and of these 23 (82% of engaging firms) were involved in CSR programme delivery. In the case of planning, designing and evaluation of CSR activities only five firms (18%) engaged their employees, a marginal proportion. On the other hand, 14 firms (38%) did not state in their annual reports that they involved employees in executing social responsibility. Furthermore, this study found four forms of partnership: firms collaborated with other firms (Firm to firm partnership) or firms partnered with Non-Governmental Organisations (Firm to NGOs partnership), or firm's partnered with community (Firm to community) and firms partnered with public bodies and government (Firm to public). The most common form of partnership was with NGOs, as represented by 13 firms in the region. The CSR domains that attracted most collaboration were community support and environmental conservation, in which the majority of local firms partnered NGOs in community development projects such as water and environmental conservation. Firms also collaborated with other firms and NGOs in the education sector to offer scholarships to local schools and universities. The other domain that received attention through partnerships was health, where firms partnered NGOs for free health camps and campaigns for HIV/AIDS awareness and counselling.

[14] A dedicated organisation feature refers to a dedicated budget and a foundation/department to handle CSR issues (see Chapter five for detailed information)

CSR communication was the second key feature used in this study to characterise firms' social engagement. The combination in an annual report of a special section on CSR issues and CSR activities being referred to chairman or directors' statements demonstrates that CSR is considered important. This study therefore analysed the communication discourse through annual reports and found that 34 out of 37 (92%) firms communicated CSR issues to stakeholders. Subsequently, the labels lasting (L), multiple lasting (ML), one-off/ ad hoc (O) were used to indicate the intensity of social engagement. Thus, an activity was considered lasting if it was repeatedly mentioned in the newspapers and annual reports in every year of the study period, but ad hoc if mentioned three times or less; multiple lasting engagements refers to more than one activity that is repeatedly mentioned in the newspapers and annual reports in every year. These three levels of activity i.e. lasting, one-off/ ad hoc and multiple lasting are important as they show continuation of the engagement. Embeddedness of CSR was measured in this study by the intensity of activities engaged in, that is the continuity/spread and depth of the activity. Depth entails how many activities the firm conducted in a year. Following this discussion of the key results and concepts, the next section further characterises firms by sector, size and internationalisation to produce profiles of their social engagement.

7.3 Characteristics of firms studied in relation to sector, size and internationalisation

The large listed firms in this study cover different sectors and have different sizes and internationalisation patterns. They have an average of between 500 and 1,800 employees, and the majority of them have embedded CSR, meaning that CSR is part of their daily life. Based on the annual reports, a total of eight sectors were found to be engaged in social issues. Of the 12 firms in the finance and investment sector, 10 firms were found to engage in CSR activities. All of the six local firms listed in the commercial and services sector engaged in social responsibility, as did the six listed firms in the manufacturing sector. In the construction sector, four firms were listed and all engaged in CSR similarly to insurance. In energy and petroleum sector, a total of three firms were listed and were all found to engage in social responsibility. In the agriculture sector only three local firms were listed, and none engaged in social responsibility.

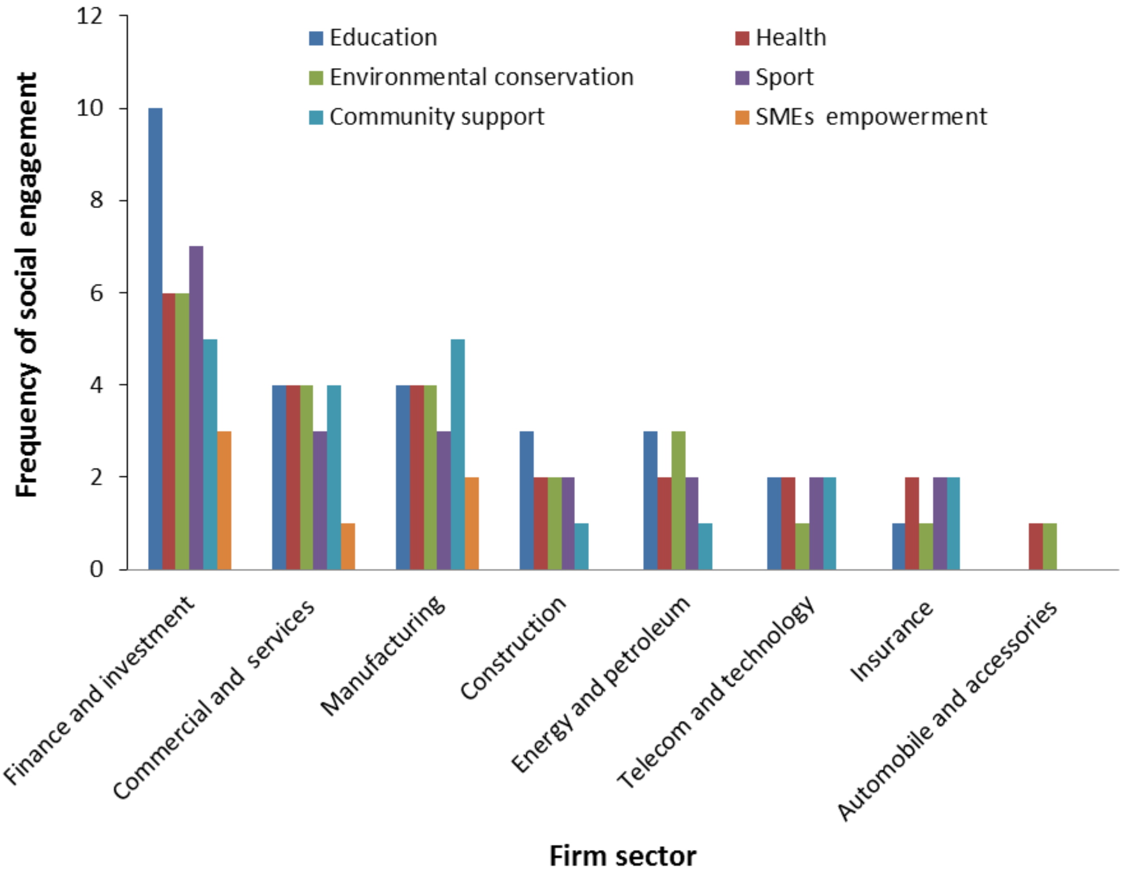

Figure 11. Sector representation of CSR by category of engagement in East Africa for the firms studied via newspaper and annual report sources during the period 2010-2012

Two firms were listed in the telecommunication sector and both reported engaging in social responsibility in the region, as did the two listed firms in the automobile sector (Figure 11 and Table 52).

Table 52. List of sectors and representation of social engagement in East Africa for the period of 2010-2012

Sectors	**Total number of firms studied under each sector**	**No. of firms found to engage**	**No. of firms that were found not to**
Finance and investment	12	10	2
Commercial and services	6	6	-
Construction	4	4	-
Manufacturing	6	6	-
Insurance	4	4	-
Telecommunication	2	2	-
Energy and petroleum	3	3	-
Automobile and accessories	2	2	-
Agriculture	3	-	3
Total number of firms	**42**	**37**	**5**

Table 52 and figure 11 demonstrate that all sectors apart from agriculture were seen to engage in social issues, according to the newspaper and annual reports sampled, with a fairly even representation of economic sectors. This result implies that CSR is embedded in East African firms, although in different ways. Five firms in total do not engage in social responsibility, a small proportion compared with the 37 firms in the region that do. However, the fact that three of these five are in the agriculture sector requires in-depth analysis to understand why. Accordingly, a characterisation scheme is developed and applied to understand the patterns of engagement along certain dimensions, to make sense in more detail than in previous studies of the intricacies and nuances of CSR engagement.

7.4 Types of firms' social engagement for local firms in East Africa

This study focused on three types of social engagement namely; proactive, reactive and episodic. The current study could not operationalise the notion of philanthropy. It's very hard to find philanthropy group with the current approach used in this study because philanthropy in the northern world is linked with having initiatives aside the main activity of the firm and is organised by external bodies such as NGOs or foundations. A good example is the Bill and Melinda Gates Foundation, which enhances healthcare and reduces extreme poverty through charitable donations all over the world. In East Africa, episodic engagement was more common. In this chapter each group is explained and connected to empirical literature and the central thesis of this study. In building profiles of social engagement various criteria were used. The central criterion was the nature of the engagement, which can be lasting or multiple lasting. So, proactive firms are those that are organised and have at least one lasting engagement. Reactive firms are those which have lasting or multiple engagements but are not organised for the execution of CSR. On the other hand, episodic firms have one-off engagements, implying no sequential or regular engagements in the same or different activities. In both Kenya and Tanzania, episodic engagement was more common.

7.4.1 Social engagement of proactive firms

This study found firms engaging in social issues as demonstrated by different types of social engagements. Previous empirical studies also found firms engaging in diverse CSR domains, for example Amaeshi et al. (2006) who studied four local firms in the context of Nigeria and South Africa, investigating CSR practices in the telecommunication, finance, manufacturing, and oil and gas sectors. Similarly, Ofori and Hinson (2007) in their study on the CSR perceptions of leading firms in Ghana found that the local firms engaged socially. Khan and Beddewela (2008) found similar results in two local companies and two MNEs in Sri Lanka. These findings, however, could not explain the intensity of CSR engagement within firms, but only social activities in developing countries as part of social responsibility. The results for firms in East Africa may be explained by the fact that there is increasing pressure from international organisations for responsible business in the region. As a result of this pressure, local firms are pushing themselves in social engagement to compete better in the global market.

Engaging proactively in social issues is one of the characteristic of local firms in East Africa, and it is especially interesting that proactive firms tend to focus their engagement on various social issues. The majority of these firms focus not on a single activity but on multiple and continuous activities. For instance, the Chairman of the Kenya Commercial Bank stated in his annual speech;

> ‘‘We have continued to utilize our financial resources to invest in the countries and communities where we operate. We believe that companies are only sustainable and successfully over the long term if they create value additions not just for their shareholders but also for the communities in which they operate’’ (KCBA201114).

This study found that proactive firms engage more in activities such as education and health. This includes but not limited to offering scholarships to secondary schools and university students and free medical camps for health check-ups. These findings concur with those of other authors (Ite, 2004, Chapple and Moon, 2005) who argue that education and health are often seen as manifestations of CSR practices in developing economies. In East Africa, education and health are given high priority by firms because firstly, although they are generally known to be basic needs of human beings, the present school and health infrastructure does not meet the heightened demand of the increased population. Nevertheless, there has been an increase in school enrolment at all levels of education (primary, secondary and university) and a concomitant increase in the demand for a health infrastructure in East Africa (MacGregor, 2008). Secondly, although to a large extent governments support education and health in the region, they have limited capacity to provide adequately for their citizens. Thirdly, firms in this region are increasingly aware that maintaining a healthy business can only be achieved in a healthy and educated society (Muthuri and Gilbert, 2011). Thus, firms find this a great opportunity to intervene and fill in the void by directing their financial and human resources to the emerging social needs of stakeholders, including consumers, employees and local communities. Consequently, this may enhance their corporate identity and public reputation (Brammer and Pavelin, 2006b, Chong, 2009). Our results are supported by several writers (Balasubramanian et al., 2005, Raman, 2006), (Muthuri and Gilbert, 2011), who reported that education and health were given the highest emphasis in India and Kenya. Moreover, over the years indigenous firms in Nigeria have been actively involved in supporting community needs, particularly education and health (Phillips, 2006, Amaeshi et al., 2006), while a review of seven countries revealed that education was the issue most prioritised community by companies in Asia (Chapple and Moon, 2005).

Proactive firms are better organised in terms of CSR execution than reactive or episodic firms, with strong CSR communication discourse and structures (e.g. foundations) for planning, organising, implementing and monitoring social activities on their behalf. This study, too, found that proactive firms have foundations or departments for the execution of CSR, which can be internal or external. An internal department is a specific department dedicated to CSR, or any department within the firm that handles issues of social responsibility, while an external department is semi-autonomous, outside the firm with its own board of directors and management team for CSR issues. A good example of an external department in the context of East Africa is a foundation, which is the body responsible for planning, organising, implementing and monitoring all the social activities on behalf of the firm. The most likely reason for some firms to have specific departments for CSR, whether internal or external, within their organizational framework is to allow efficient delivery of and optimise the impact and scaling up of social services and interventions in the region. The presence of foundations within firms' organisational processes for CSR has also been reported in local firms in Nigeria (Phillips, 2006) and Asia (Khan and Beddewela, 2008). These foundations report directly to the board of directors of their parent firms and are particularly important for the management of CSR activities and processes, including the approval of CSR project proposals, setting annual budgets and reporting on behalf of the companies (Phillips, 2006, Khan and Beddewela, 2008). Moreover, proactive firms set aside a budget for CSR issues, and budget allocation is an important indicator of social responsibility commitment, highlighting the embeddedness of CSR in a firm. The results show that the budget allocated for CSR was frequently allocated as a percentage of the company's net profit, usually 1% but occasionally as much as 2%. Similarly, Jamali and Mirshak (2007) reported that CSR budgetary allocations depended on the net profits of firms and the discretion of managers in Lebanon. However, this study could not establish clearly the role played by managers in budgetary allocation.

Proactive firms mobilise their staff and involve them in the delivery of CSR and the evaluation of social performance. In this study it was clear that employees were engaged in organising and delivering social responsibility efforts. Such an organisational arrangement has also been reported elsewhere (for example see Maclagan, 1999, Frynas, 2005, Jamali and Mirshak, 2007, Chong, 2009), and the probable explanations for the participation of employees in CSR initiatives can be internally or externally driven. Externally, it may be an expression of closeness of firms to the local communities, society, NGOs and government, consequently displaying a positive corporate identity to these external actors (Frynas, 2005, Chong, 2009). The internal driver of involvement of employees may be that the employees themselves are motivated to feel positive about their company, viewing it as a development force and resulting in an increase in morale and job satisfaction and enhanced commitment to the organisation (Frynas, 2005, Chong, 2009). It is also suggested that the participation of employees leads to more socially responsible organisational conduct (Maclagan, 1999).

In East Africa proactive firms partner other institutions in delivering CSR. For example, some firms donated funds to NGOs because they have the facilities and professional human resources to do the job well. Thus, in the current study five major forms of partnership were in evidence, the studied firms collaborating among themselves, or with NGOs, government, private bodies and local communities to plan, organise, execute and monitor social responsibility issues. These kinds of interaction among various stakeholders or between business and non-business partners have been found to shape the nature, orientation and focus of CSR in Africa (Egels, 2005, Phillips, 2006). Often, partnerships in this setting are aimed at building stronger social capital, identifying stakeholders' needs and designing projects that suit the needs of these stakeholders (Muthuri and Gilbert, 2011). Of the studied firms one third were found to engage in different forms of partnership. Indeed, there were partnerships among the local firms themselves, and a plausible explanation could be that pooling their resources encourages synergy and has a greater impact on the communities and the reputation of the responsible firms. Civil society organisations have been instrumental in the institutionalisation of CSR practices and processes in both the public and private sectors (Muthuri and Gilbert, 2011). A likely explanation for collaboration between local firms and NGOs could be to build strong community relations, reshape the focus of business and minimise or avoid conflicts in the region (Jamali and Mirshak, 2007, Kolk and

Lenfant, 2013). It could also be that firms collaborate with NGOs to minimise their direct involvement in social projects and channel their resources directly into other actors, giving them opportunity to concentrate on the core business function; this was also observed in Lebanon (Jamali and Mirshak, 2007). It is well known that most NGOs have extensive local knowledge, experience and expertise on the ground, and can be used as entry points for local firms' social investment and development in the community. This proposition is supported by Freeman and Liedtka (1991) who emphasise that firms should not venture into CSR as they do not have the required expertise. It was also found in this study that local firms partnered with the government in implementing social responsibility initiatives. These findings are partly in line with those of a study on MNEs, CSR and partnerships, which reported that such collaborations facilitate building effective institutions and foster ownership (Ite, 2007, Abramov, 2010). Collaboration between firms and local communities has been attributed to forging societal acceptance and creation of a conducive environment for business operations in Africa (Kolk and Lenfant, 2013).

These characteristics of proactive firms concur with the social life circle theory stages of social development. The theory identifies three development stages: policy development, learning stage and commitment stage. The current study argues that proactive firms are at the stage of commitment, where awareness of social issues is high and the organisation's response to social issues is integrated into ongoing business decisions.

Communication of CSR through companies' annual reports is a sign of strong social engagement in East Africa. A dedicated CSR section in the annual report for CSR issues and chairman or directors' statements which communicate social engagement to the stakeholders is a sign of strong engagement, suggesting that CSR is embedded in the firm's policy. In this case proactive firms were found to have strong CSR communication discourse. These findings are supported by a comparative study of local firms and MNEs in Asia, looking at perception, implementation and reporting of CSR practices (Khan and Beddewela, 2008). The same study found that some firms systematically reported their social responsiveness activities, while others from both groups did not communicate in this way (Khan and Beddewela, 2008). The pattern of CSR communication seems to be dominant across almost all the sectors studied in East Africa. Only a few firms did not communicate their CSR practices, which suggest that issues of corporate responsibility are not a priority. These findings, however, are contrary to the results reported in Lebanon whereby local and multinational firms never communicated their CSR activities to external stakeholders and there was no systematic social reporting (Jamali and Mirshak, 2007). Instead, these firms communicated issues of CSR to internal stakeholders, particularly employees, an organisational behaviour with a positive effect on the morale and motivation of the employees (Jamali and Mirshak, 2007, Chong, 2009). Accordingly, social reporting seems to be embedded within a large number of indigenous firms and to form part of their policy in East Africa. Below is an example of CSR practices of a proactive firm as found in empirical data. KCB bank is taken to exemplify social engagement of proactive firms in the region. The bank under KCB foundation set aside 1% out of the annual profit as budget each year for social engagement. The budget varies with profit for the year. For example in 2010 the budget was KShs 70m ($ 683,623), in 2011 was KShs 157m ($1.5m) and in 2012 was KShs 151 m ($ 1.4 m) respectively. Moreover, the bank has set aside specific days dedicated to CSR activities for the community, officially named community days or community weeks. The bank involves their employees in delivery, undertaking feasibility assessments, monitoring, and evaluation of CSR projects. For example this study found KCB staff selects their own project to deliver to community additionally, staff give their skills, money and time for CSR issues. KCB staff provides mentorship and social support to students under the initiative education programme. Also, staff participates in the national Clean Day (environment day). KCB partnered with Nation media Group Company to sponsor reading competition in schools. Also the bank partners with other firms to offer scholarships to secondary and university students particularly to needy, bright students. The bank has a multiple lasting engagement in education health and environment domains. The bank engages in lasting activities such as contraction of school building, books and furniture donation every year during the study period. Table 53 present the characteristics of proactive firms in terms of intensity of engagement, by activity and category. It also demonstrates that proactive firms have multiple engagements that are continuous in nature, and the engagement is well structured.

Table 53. Proactive local firms by intensity and structure of engagement in East Africa for the period 2010-2012

Firm name	**Intensity of engagement by category**	**Presence of budget and or foundation**
ARM Cement	1(ML) 1(O)	Budget
CRDB Bank	1 (L) 3(O)	Budget
Cooperative Bank of Kenya	1(L) 2(O)	Foundation
East Africa Breweries	2(L) 3(O)	Budget and foundation
Equity Bank	4(L) 1(O)	Budget and foundation
Kenya Airways	3(L) 2(O)	Budget
Kenya Commercial Bank	2(ML) 1(L) 2(O)	Budget and foundation
Kenya Re insurance	1(L)	Budget
National Media Group	3(L) 1(1)	Budget and foundation
National Micro finance Bank	1(ML) 1(L) 2(O)	Budget
SafariCom	1(ML) 4(L)	Budget and foundation
Tanga Cement	1(ML) 3(O)	Budget
Kenya Power and Lighting	2(L) 2(O)	Budget

Key: ML refers to multiple lasting activities; L refers to lasting while O refers to ad hoc engagement. The number 1, 2, 3 and 4 represents frequency of occurrence.

Table 54 shows further characteristics of the 13 proactive firms in respect to the sector they belong to, their size in terms of number of employees, and the scope of their operations whether local or international. The proactive firms are large, with an average of 1,800 employees, and the majority have expanded their operations by participating in international markets in different countries within Africa. For example, the Kenya Commercial Bank, Equity Bank and Cooperative Bank of Kenya have internationalised their business to other countries within Africa such as Tanzania, Uganda, Rwanda and Burundi. They tend to operate in the sectors of finance and investment, commerce and services, and manufacturing.

Table 54. Characteristics of local East African proactive firms by sector, size and scope of operation for the period 2010-2012

<table>
<tr><th>Firm name</th><th>Firm sector</th><th>Firm size (no. of employees)</th><th>Scope of operation</th><th>No. of firms</th><th>Nature of social engagement</th></tr>
<tr><td>CRDB Bank, Cooperative Bank of Kenya Equity Bank, Kenya Commercial Bank, National Microfinance Bank</td><td>Finance and investment</td><td>1900</td><td>International</td><td>5</td><td rowspan="8">-Dedicated foundation /department and budget for CSR issues
-stable CSR communication discourse
- Lasting and multiple lasting activities
-Continuous engagement

- Engage employees

Partnership in delivering CSR (external delivery)</td></tr>
<tr><td>Kenya Airways, Nation, Media Group</td><td>Commercial and services</td><td>1800</td><td>International</td><td>2</td></tr>
<tr><td>Kenya Reinsurance</td><td>Insurance</td><td>500</td><td>No subsidiary</td><td>1</td></tr>
<tr><td>Safaricom company</td><td>Telecom and Technology</td><td>885</td><td>No subsidiary</td><td>1</td></tr>
<tr><td>Tanga Cement, A RM Cement</td><td>Construction</td><td>1889</td><td>No subsidiary</td><td>2</td></tr>
<tr><td>East African Breweries</td><td>Manufacturin g</td><td>1300</td><td>International</td><td>1</td></tr>
<tr><td>Kenya Power and Lighting</td><td>Energy and petroleum</td><td>3000</td><td>No subsidiaries</td><td>1</td></tr>
<tr><td colspan="4">Total number of firms</td><td>13</td></tr>
</table>

Table 55 shows further the link in domain of engagement in the proactive type of social engagement. Table 56 and 57 further demonstrate the nature of the activities related to education and health.

Table 55. Proactive firms domain of social engagement for the period 2010-2012

Domain of engagement	**Number of lasting engagement**	**Number of one off / Ad hoc engagement**
Education	10	3
Health	3	10
Environment	8	5
Sports	3	10
Community support	2	11
SMEs empowerment	2	11

Table 56. Social activities in education by proactive local firms in East Africa for the period 2010-2012

Activity type	**Number of lasting engagement by activity**	**Number of one off / Ad hoc engagement by activity**
Offer scholarships	5	4
Construction of school buildings	5	3
Donation of books	2	4
Donation of furniture	3	4
Electronics donation		5

Table 57. Social activities in health by proactive local firms in East Africa for the period 2010-2012

Activity type	**Number of lasting engagement by activity**	**Number of one off / Ad hoc engagement by activity**
Health camps	4	2
Medical equipment	1	5
Hospital furniture		3
Construction of hospital buildings		2

7.4.2 Social engagement of reactive firms

After the proactive firms are the reactive group. These firms engage in relatively many social activities in more than one thematic area, but have few lasting and many multiple, sequential and one-off engagements.

In line with stakeholder theory, reactive firms deal with both primary and secondary stakeholders and recognise legitimacy, similarly to proactive firms. However, in respect to their position in the social life circle theory, the current study argues that they are at the learning stage where social engagement is less stable and there is inconsistent CSR communication discourse within their annual reports. In most cases the top management do not discuss CSR in dedicated sections of the annual reports. Unlike proactive firms there are no defined structures to implement social issues, with the exception of four firms which have a structure but their engagement is ad hoc (Table 57). This finding is supported by a study on eight active local and multinational firms in Lebanon, which had no dedicated internal or external departments for social engagement. Instead, the majority of these firms used existing internal departments such as marketing and public relations, together with management to organise social responsibility activities and programmes (Jamali and Mirshak, 2007). In the same study it was reported that some marketing departments had overall responsibility for CSR issues, following guidelines provided by top management (Jamali and Mirshak, 2007). Muthuri and Gilbert (2011) reported that some firms had dedicated CSR departments while others delegated social response issues to other departments, particularly human resource and public relations in Kenya. However, firms that delegated management of social issues to other departments responded to social needs and expectations in an ad-hoc manner, suggesting that CSR was only a strategy to mitigate risks and promote the firm's reputation (Muthuri and Gilbert, 2011). Nevertheless, this study could not clearly establish a corporate linkage between the absence of dedicated departments and motives for CSR, although some of the driving forces might be those mentioned by Muthuri and Gilbert (2011).

As in proactive firms, reactive firms involve their employees specifically in the delivery of CSR, even though the employees are less involved in the evaluation of social performance. Most of these firms have no branches and concentrate on the communities close to their business. Reactive firms come from a combination of sectors such as finance and investment, insurance, manufacturing, and energy and petroleum. They have more ad hoc engagement and few lasting engagements. Also, few have a dedicated budget or foundation, but those firms with structure that have ad hoc engagement in activities are categorised in the reactive group. Table 58 summarises characteristics of reactive firms.

Table 58. Characteristics of reactive firms by intensity and structure of engagement in East Africa for the period 2010-2012

Firm names	**Intensity of engagement by category**	**Foundation / budget**
Access Kenya Group	4 (O)	No
Centum Investment	3 (O)	No
CIC insurance	4 (O)	Foundation
Diamond Trust Bank	1(O) 1(L)	No
East Africa Portland	2(L) 2(O)	No
Housing Finance	2(O)	Foundation
KenGen	1(L) 4(O)	No
Mumias Sugar	4 (O) 1(L)	No
National Bank of Kenya	4 (O) 1(L)	No
NIC	2(O) 2(L)	No
Tanzania Tea Packers	1(L)	No
Tanzania Breweries Limited	6(O)	Budget
TPS Eastern Africa	5(O)1 (L)	No
Tanzania Cigarettes Company	1(O)	Budget
Unga Group	4(O)	No

Key: L refers to lasting while O refers to ad hoc engagement. The number 1, 2, 3, 4, 6 represent frequency of occurrence.

Further findings revealed that reactive firms, like proactive firms, are spread over various sectors such as finance and investment, telecommunications and technology, insurance, commercial and services, construction, manufacturing, and energy and petroleum. Few have internationalised their business (Table 59). For detailed information about firms' sectors, size, ownership and history see annex 9.

Table 59. Characteristics of reactive firms by sector and scope of operation in East Africa for the period 2010-2012

Firm name	**Firm sector**	**Scope of operation**	**No. of firms**	**Nature of social engagement**
NIC Bank, Centum Investment, Diamond Bank, Housing Finance National Bank of Kenya	Finance and Investment	No subsidiaries	5	-Multiple themes lasting social engagement -No department/foundation no budget mentioned for CSR issues -Engagement with primary stakeholders - Partnership in delivering CSR (external delivery)
Access Kenya Group	Telecom and technology	No subsidiaries	1	
CIC Insurance	Insurance	No subsidiaries	1	
TPS Eastern Africa	Commercial and services	International	1	
East Africa Portland Cement	Construction	International	1	
Unga Limited, Mumias Sugar, Tanzania Tea Packers, Tanzania Breweries, Tanzania Cigarette	Manufacturing	No subsidiary	5	
KenGen	Energy and petroleum	No subsidiary	1	
Total number of firms			**15**	

Table 60 shows further the link in domain of engagement in the proactive type of social engagement. Table 61 and 62 further demonstrate the nature of the activity related to education and health.

Table 60. Reactive firms domain of social engagement for the period 2010-2012

Domain of engagement	**Number of lasting engagement by domain**	**Number of one off / Ad hoc engagement by domain**
Education	2	11
Health	3	7
Environment	2	8
Sports	2	8
Community support	1	9
SMEs empowerment		3

Table 61. Social activities in education by reactive local firms in East Africa for the period 2010-2012

Activity type	Number of lasting engagement by activity	Number of one off engagement by activity
Offer scholarships	1	8
Construction of school buildings		6
Donation of books		6
Donation of furniture		3
Electronics donation		1

Table 62. Social activities in health by reactive local firms in East Africa for the period 2010-2012

Activity type	Number of lasting engagement	Number of one off / Ad hoc engagement
Health camps	3	4
Medical equipment		1
Hospital furniture		2
Construction of hospital buildings		1

The current study selected Unga Group Limited among other reactive firms to exemplify reactive firms' social engagement. Unga Group Limited deals with the manufacture and marketing of a broad range of human nutrition, animal nutrition and animal health products. This engagement in social issues is also implicated in the annual speech of the Chairperson of the company who said;

> ‘‘In line with our belief that as you sow, so shall you reap, we are committed to CSR principles by working with needy and vulnerable groups in various income generating projects to improve their livelihoods’’ (UNGA, 201208).

However, the firm engages in four CSR thematic areas i.e. education, environment, community support and SMEs empowerment. This research found the firm engaging in offering scholarship, book donation, tree planting during environmental day's sports and financial support to SMEs. Most of the time the nature of the engagement is ad hoc and in a sequential order. Moreover, the firm engages its employees in the delivery of CSR for example planting trees. However, it has not been mentioned anywhere on the annual report or newspaper that the firm has a budget or foundation to deal with social issues. As a whole, the firm has inconsistency CSR communication discourse within the annual report.

7.4.3 Social engagement of episodic firms

As it was pointed out in chapter 7 the current study could not see philanthropic but instead episodic firms were manifested in the East Africa. Firms in this group give less importance to legitimacy issues, and as a result engagement in CSR is rare, with any activities operationalised through in-kind donations. The engagement is not very stable and is not rooted in the daily operations of the business.

These firms clearly lack organisational features such as departments or budgets set aside for CSR. In line with the social issue theory, they are assumed to be at phase one where social policy remains in the heads of top management, with little or no implementation. The reasons may be that the expectations of society are not seen as a priority, that managers are not motivated to deal with social issues or that they have little positive incentive to implement the company’s social policy. The CSR process is an ad hoc engagement, usually visible only during special events such as national disasters, environment days or religious festivals. The purpose of any engagement could be to mitigate risk and promote the firm’s reputation. Overall, the firms in the episodic category have weak social engagement in East Africa. Table 63 presents the characteristics of episodic firms according to intensity of activity and organisation of social issues.

Table 63. Intensity and structure of engagement of episodic local firms in East Africa for the period 2010-2012

Firm names	**Intensity of engagement by category**	**Foundation /Budget**
CMC holding	2(O)	No
Jubilee Insurance	2(O)	No
Kenolkobil	2(O)	No
Longhorn Publisher	1(O)	No
Pan African Insurance	1(O)	No
Precision Airways	1(O)	No
Sameer Africa	2(O	No
Scan Group	2(O	No
Uchumi Supermarket	1(O)	No

Key: O refers to one-off/ad hoc engagement. Number 1 and 2 represents frequency of occurrence.

Like both proactive and reactive firms, a few of the episodic firms have internationalised their markets; they also belong to a variety of sectors, such as commerce and services, insurance, manufacturing, automobile and accessories, energy and petroleum (Table 64).

Table 64. Characteristics of firms in the episodic group of local firms in East Africa for the period 2010-2012

Firm name(s)	**Firm sector**	**Scope of operation**	**No. of firms**	**Nature of social engagement**
Longhorn Publisher Uchumi Supermarket Precision Airways, Scan Group	Commercial and services	Internationalise except Precision air ways	4	-Engagement happens once in a while - No continuation of activity -Absence of department/foundation Absence of budget for CSR issues -No involvement of primary/secondary stakeholders -Absence of partnership in delivering CSR (external delivery)
Jubilee Insurance, Pan African Insurance	Insurance	Internationalise	2	
CMC Holding, Sameer Africa	Automobile and Accessories	Internationalise	2	
Kenolkobil	Energy and petroleum	No subsidiaries	1	
Total number of firms			**9**	

So far the previous section has focused on describing profiles of firms social engagement and the next section links the profiles with firms sectors and activities to demonstrate the sectorial representation by type and key activities.

7.5 Relationship between type of firm social engagement and firm engagement sectors

Table 65 links the three types of social engagement to the eight business sector. The number and spread of proactive and reactive firms is greater than for the episodic and passive firms. The finance and investment sector includes many reactive and proactive firms, while the manufacturing sector had a majority of reactive but few proactive firms. The commercial and services sector had more episodic firms, and the remaining sectors, such as insurance and construction, few of any type (Table 65).

Table 65. Sector representation by type of social engagement of local firms in East Africa for the period 2010-2012

Firm sector	**Type and number of firms engaged**		
	Proactive	**Reactive**	**Episodic**
Finance and investment	5	5	
Commercial and services	2	1	4
Insurance	1	1	2
Telecom and Technology	1	1	
Construction	2	1	
Manufacturing	1	5	
Energy and petroleum	1	1	1
Automobile and Accessories			2
Total number of firms	13	15	9

Tables 66 and 67 link the activities and types of firms' social engagement. Proactive and reactive firms engage in similar activities, for example both offering scholarships to students and sponsoring health camps. However, what differentiates the two groups is the nature of their engagement. Most proactive firms had continuous activities, while reactive firms had one-off engagement, usually sequential, and episodic firms engaged only occasionally in social activities.

Table 66. Examples of social activities by proactive local firms in East Africa for the period 2010-2012

Nature and examples of engagement activity	
Continuous activity	**Ad hoc activity**
Health camps Offer scholarships Construction /renovation of school buildings Donation of books and furniture	Sponsor sports and SMEs trainings Donation of food to orphanage Tree planting

Table 67. Examples of social activities by reactive and episodic local firms in East Africa for the period 2010-2012

Type of engagement	**Type of the activity**	**Nature of the engagement activity**
Reactive	Renovation of maternity ward destroyed by fire Donation of school buses Offer scholarship to students Sponsor health camps Donation of fertilizers materials to farmers Tree planting	Ad hoc in a sequential order
Episodic	Sponsor sports and cultural events Tree planting Donation of food to orphanage centres Donation of furniture to hospitals	Once in a while

Following presentation of the profiles of firms' social engagement, the next section links the types of engagement to the three theories, legitimacy, stakeholder and social issue, and three dimensions, communication, organisation and activity that were used to develop the framework for this study. The major result in this case is that proactive firms have complete engagement, i.e. they embrace all three theories.

Eweje (2006) asserts that firms need legitimacy to maintain a sustainable relationship with the local communities in which they operate. In the current study, firms were found to have different ways of maintaining legitimacy, some maintaining their legitimacy proactively and others in a more reactive or episodic manner. For instance, proactive firms engage more and in a more sustainable way than the other types. This finding implies that they recognise the importance of legitimacy; Dowling and Pfeffer (1975) assert that a legitimate firm is “just and worthy of support” (p.123). The current study found firms engaging with secondary stakeholder in different ways, implying different power exerted by different stakeholders. Thus, firms were found to involve employees and communities in planning, evaluating and executing social programmes. This result implies that firms identify and respond to stakeholder powers (Narsi 1997). The social issue life cycle theory supports the current study, which found high commitment by firms to social issues. This is with regard to education, health and other social welfare in general; proactive firms, for example, had multiple continuous activities and had established foundations and budgets dedicated to social investment. These findings are similar to what Eweje (2006) found in Nigeria where an MNE company, Shell, was committed to CSR to the point of employing experts on social issues to implement company policy.

Having discussed and linked the three theories, Table 68 provides a summary of the characteristics of social engagement for local firms in East Africa. It demonstrates that proactive firms (35%) have fully embedded the three theories and communicate and organise well their CSR endeavours, and have lasting and sustainable social activities.

Reactive (41%) and episodic (24%) firms have not completely embedded the three theories, although CSR communication discourse is fairly stable and activity is more or less in ad hoc manner.

Table 68. Revised typology of social engagement of local firms in East Africa for the period 2010-2012 (n=37)

Relevant theories	**Proactive (35%)**	**Reactive (41%)**	**Episodic (24%)**
Legitimacy	Firms keep more emphasis on social issues for stability and survival of the business.	Firms recognize legitimacy issues for stability and survival of the business	Legitimacy issue is given less importance
Stakeholders theory	Priority is given to primary and secondary stakeholder Engage employees in the planning organising and delivery of CSR Collaborate with other institutions in the execution of CSR	Deal with primary and secondary stakeholders Sometimes engage employees in the delivery of CSR Also occasional collaborate with other institution in execution of CSR	Priority to primary stakeholder Occasional engage employees in the delivery of CSR and
Social issue theory	Firms have a defined structure for planning, organising and execution of CSR Firms have strong CSR communication discourse within the firms Have strong commitment to social issues Have continuous activities	Firms are less organised, no defined structure to implement social issues hence they only react to external pressure Have inconsistence CSR communication discourse within firms Less emphasis on social issues and most of the time social engagement is on ad hoc manner Have ad hoc activity in a sequential order	Lack organizational features such as department / budget dedicated for social issues Regular engagement inform of in kind donation Absence of CSR communication discourse within firms Have once in a while engagement

As pointed out above, proactive firms embrace the three theories, legitimacy, stakeholder and social issue life circle, and are thus highly legitimised. They are well organised in social engagement and CSR communication discourse is well-established within the firm. They are committed to social issues and give priority to secondary stakeholders when it comes to social issues. On the other hand, reactive firms have a only a reasonable CSR communication discourse within the firm, are less well organised in CSR and less likely to involve secondary stakeholders. Moreover, these firms engage in CSR activity in ad hoc manner. Unlike proactive and reactive firms, episodic firms are not organised, neither do they communicate about CSR in their annual report. Also they engage only occasionally in CSR activities.

7.6 Chapter conclusion

This chapter presented profiles of firms' social engagement and revised the theoretical framework developed in chapter three. Three types of social engagement were developed and applied: proactive firms engage in multiple activities and their engagement is lasting. They are organised in implementing CSR with foundations and budget for CSR issues. These firms involve their employees and collaborate with other institutions. Reactive firms are nearly the same as proactive firms with slightly less degree of engagement but big difference is that they are poorly organised. The episodic kind of firms only engaged occasionally in social issues. Additionally, episodic don't have foundation and budget allocated do deal with social issues neither do they involve employees and other institutions in CSR implementations. The philanthropic type which was built from the practice of the Northern firms was deemed inappropriate in the context of East Africa; because the way it is defined in the North is that they give money to foundations which do activities that are completely disconnected from the core activities of the firm. Contrary to the Southern firms the external foundation is connected to the core strategy of the organisation. In America, for example, giving is operationalised by having a separate philanthropic foundation, e.g. the AT and T Company's foundation (Smith, 1994). The major result is that there is a fair representation of engagement across all the industry sectors studied. All the firms, with the exception of the agricultural sector, engaged in CSR, and predominantly those in the finance and investment sector. This finding implies that firms with branches all over the country have a tendency to engage more and to have stable engagement. These firms also have international exposure and therefore a wider scope of operation and contacts. A likely reason for this sector to engage more in social issues might be the nature of the business. On the other hand, firms in the manufacturing, construction, energy and petroleum sectors do not have branches all over the country like the proactive firms do, and instead the majority of their operations are limited to one area and are of a more reactive and episodic nature. This observation suggests that firms that operate in one place and are not engaged directly in distribution have a tendency not to engage socially in places where they do not operate. Firms with subsidiaries or branches throughout the country tend to engage more in the region as a whole.

Chapter 8: Reflections of the findings

8.1 Introduction

The current chapter presents the reflections of the findings in relation to previous studies in the literature. The chapter aims at addressing four main points: it presents the remarkable social engagement of local firms; it shows the intensity of engagement of local firms in both Kenya and Tanzania; it depicts multi-stakeholder alignment in CSR in Kenya and Tanzania; it gives an account of the reflections of the contexts and CSR practices on firms of Kenya and Tanzania; and lastly, it provides concluding remarks.

8.2. Significant social engagement of local firms in Kenya and Tanzania

Previous studies have found that local firms engage in social responsibility (see for example Jamali and Mirshark, 2007, Ojo, 2009, Muthuri and Gilbert, 2011). Moreover, previous studies have also found MNEs engaging in various CSR initiatives including scholarships offering, construction of classrooms and paying teachers to work in local community schools among others (see for example Ite, 2004, Fryans, 2005, Eweje, 2007 and Ojo, 2009). However, social engagements by local firms found in the current study are considerably high. Nevertheless, the researcher could not come across any literature that has ever reported such engagements. This research found that 88% (37 firms) of local firms engage in diverse CSR-related activities both in Kenya and Tanzania.

More specifically, the study found a significant engagement in education (73%), health (64%) and environmental sectors (59%). Half of the sampled firms were engaged in offering scholarship to secondary and university students, as well as construction and renovation of school facilities. In health sector, free medical camps for health check-ups received a significant attention (56%). In general, significant engagement in education and health imply that education and health services are basic needs to human beings even though the present schools and health infrastructure do not meet the heightened demand of the increased population (Muthuri and Gilbert, 2011). As such, to a large extent respective governments have limited capacity to support education and health in these countries.

8.3 The intensity of engagement of local firms

This study used three different dimensions to measure the intensity of engagement of local firms both in Kenya and Tanzania. These are: communication, organisation and activity dimensions. The three dimensions are important because they generally demonstrate how CSR is expressed by local firms (communication dimension), the institutionalisation of CSR discourse within the firms (organisation dimension) and the dynamic of engagement activities (activity dimension). Moreover, most of the previous studies in the business and society do not clearly capture the intensity of social engagement of firms. Most of these studies take a snapshot in time; they don't look at CSR behaviour over a spread of several years and are less systematic in studying social engagement of firms. Consequently, the discussion and findings of these studies are hard to compare across firms and countries but mainly focuses on the types of CSR practices (Carroll, 1979; 1991 and 1998), the relationship between CSR and financial performance (Waddock and Graves, 1997, Mac Williams and Siegel, 2000), and CSR concept (Garriga and Melle 2004, Dahlsrud, 2008). Meanwhile, we lack a systematic way of looking at intensity of engagement in communication, organisation and activities which this research adds to the body of knowledge.

For the first time this study has been able to empirically develop tools and use the tools to measure intensity of social engagement. Different concepts to measure social engagement of firms using intensity concept were introduced in a systematic way such as lasting (L), multiple lasting (ML), one-off/ ad hoc (O). Thus, an activity was considered lasting if it was repeatedly mentioned in the newspapers and annual reports in every year of the study period, but ad hoc if mentioned three times or less. On the other hand, multiple lasting engagements refer to more than one activity that is repeatedly mentioned in the newspapers and annual reports in every year. These three levels of activity are important as they demonstrate continuity in social engagement. Also, these concepts could be applied to studying CSR by firms in other countries.

In the communication dimension, it was found that 78% of firms communicate their CSR activities to the stakeholders in the annual reports. These firms were found to constantly communicating their CSR activities to their stakeholders while others had ad hoc way of communicating their social issues to the stakeholders.

Hence, the three used dimensions of communication, organisation and intensity of engagement were useful in analysing the firms' social engagement. That is, firms that have lasting multiple engagement activity and consistency communication discourse (proactive), firms with ad hoc engagement and inconsistence communicate discourse (reactive) and firms that engage once in a while with no CSR communication discourse (episodic).

8.4 Exceptional multi-stakeholder alignment in CSR in Kenya and Tanzania

This study revealed the "exceptional" degree of integration between local firms and the foundations in involving their employees and other institutions in CSR. In most cases, every local firm has a foundation to handle social engagement issues that are directly linked to that firm. Foundations in this case are the major source of activities that remain attached to the firms as well as enabling these firms to manage social engagement while engaging employees and other institutions such as NGOs. As part of organisation it was amazing to find more than half of firms in the study sample mobilising their employees (internal resources) in social engagement and collaborate with other institutions in the organisation of CSR activities. Indeed, 60% of firms mobilises external resources in a form of partnership to compensate its limited skills and resources. This mobilisation of external resources suggests an exceptional relationship between business firms and other governance actors such as NGOs and the government in CSR engagement (Tanaya, 2012). This engagement is different from the MNEs in Global North where the foundations are essentially separate from the firms in engaging in CSR issues. That is, when firms engage, they do so directly with the community but when they don't engage directly they tend to establish foundations separately from the business to handle philanthropic activities (see for example Smith, 1994). So in other words, there is apparently no multi-stakeholder alignment in CSR for the MNEs in the Global North.

8.5 A potential link between significant engagement of local firms and their contextual framework

The amount and intensity of social engagement witnessed in this research could potentially be linked to the institutional contexts in which these firms are embedded (Mattern and Moon, 2005). Campbell (2007) argues that basic economic factors such as the general financial condition of the firm, health of the economy and the level of competition shape CSR practices of firms. Section 4.2 of this study highlights some of the contextual issues of the two countries including social economic, political, environment and culture factors that are possibly contributing in the social engagement of local firms. As pointed out in Section 4.2, it may be rooted from the national values and principles of governance within these countries such as human dignity, equity, social justice, equality and human rights among others (Cheruiyot et al., 2016, Fulgence, 2016). Cultural context is an important factor in defining CSR in any country according to Muthuri and Gilbert (2011). So, CSR in the study region may have its roots partly in the cultural context. This study found firms giving donations to the poor or the disadvantaged in society in particular during special religious festival such as Christmas and Easter.

Moreover, both countries have a diversity of ethnic group (see chapter 4.2.3). However, it is not evident in this study whether ethnic diversity makes a difference in social engagement and this might need further research. Also, in both Kenya and Tanzania, there is weak institutional framework for provision of social goods to the people hence; firms intervene to bridge this gap (Muthuri and Gilbert, 2011). As such, firms often get involved in the provision of social services and other infrastructure such as schools, hospitals and housing.

To exemplify further on how institutional context affects CSR practices the current study compares the two countries' context and a recent study in developing economies by Tanaya (2012). Tanaya analysed CSR heterogeneity the case of Indonesian Palm oil. In Indonesia the core debate on CSR is on agriculture in particular palm oil plantations. Palm oil is a significant commodity to the economy of Indonesia because the country is the biggest producer and supplier of palm oil in the world since 2006 (Tanaya 2012). However, palm oil plantation in Indonesia has faced criticism and controversies by a range of governance actors such as NGOs for its negative impact on the environment and community that has contributed to a large extent in shaping the CSR practices (Tanaya 2012). Tanaya's findings are contrary to Tanzania and Kenya as CSR in the two countries is not influenced by agriculture sector although agriculture is a dominant sector in both countries. The less contribution of agriculture sector in social issues may relate to subsistence farming that Kenya and Tanzania have compared to the modern farming in Indonesia. In this study however, it is the service sector that is the majority share (in Kenya at least) to national GDP as this study found that non-agricultural sectors are making more contribution to the economy.

In additional to the national context, it appears that firms' contextual structures are also influencing the level of social engagement of these firms. These differences may be explained in terms of size, managerial risk tolerance and type of industry (Campbell, 2007). Margolis et al. (2001) suggest that firms whose financial performance is weak are less likely to engage in social responsible corporate behaviour compared to firms whose financial performance is strong. In this study comparatively high economic growth rates for Kenya and Tanzania may have promoted firms to engage. Despite equal representation in engagement in economic sector (see Table 51), this study found that firms with wider coverage in operation (i.e. branches all over the country) especially banks and other commercial and services sector engage more than automobile, accessories, energy and petroleum which do not have branches all over the country and majority of their operations are limited to firm operations area. However, further research is needed to explore more on this aspect.

8.6 Chapter conclusion

The current chapter aimed to reflect the findings of the current research specifically to highlight the major contributions of this research to knowledge. The study found a significant social engagement of local firms both in Kenya and Tanzania that is not present in the literature of business and society. This significant engagement is reflected in the way firms integrate foundations and other institutions such as NGOs and involving the firm's own staff in social engagement issues. This finding is contrary to how firms engage in CSR in Global North. The chapter therefore concludes that the magnitude of engagement and the way firms organise themselves in CSR implementation may be associated with institutional context in which these firms are embedded. The next chapter presents overall conclusions, implications and future research.

Chapter 9: Overall Conclusions, Implications and Future Research

9.1 Introduction

The objective of this chapter is to summarise key findings that emerged from the research, highlight the contribution to knowledge, present limitations of the study and discuss potential implications of this research for managers. It also makes recommendations for future research. In attempting to understand CSR practices of local large firms in East Africa, the study posed two main questions: 1) *Do local large firms of East Africa engage socially*? 2) *Do local large firms of East Africa engage in the same way as each other*? 2a) *What types of activity do firms socially engage in*? 2b) *What is the level or intensity of engagement of their activities*? 2c) *How is CSR organised within these firms*?

The chapter is organised as follows: section 9.2 presents key research findings; section 9.3 presents the research contribution to knowledge while section 9.4 presents the implications of the findings. Finally, section 9.5 discusses the limitations of this research and identifies potential avenues for future work.

9.2 Key research findings

The major conclusion of this study is that local firms engage in CSR in the ways anticipated by the theories. This implies that southern local firms listed on the stock exchange are faced with the same obligations as MNEs when engaging in social issues. The results further show that there is no significant difference in social engagement between economic sectors of the studied countries. The only exception is in firms in the agriculture sector, which were found not to engage at all in social issues. This is contrary to other findings such as those of Tanaya (2012), who found the agriculture sector (specifically the palm oil industry) engaging actively in social issues in Indonesia. There has been a lot of debate about social engagement in this industry in

Asian countries, which contradicts what has been learned about the agriculture sector in East Africa. This may partly be because the current research concentrated on listed firms, thus overshadowing agriculture. As in other parts of the world, indigenous East African firms engage in social practices differently in different domains. The study found that local firms engage in education, health, environment, sports, community support and SMEs empowerment. However, there are different levels of engagement, and different forms of CSR. The former difference lies in the way social engagement is rooted in the discourse of the firm: thus, three profiles of social engagement, proactive, reactive and episodic, were distinguished. There has been a debate in the North about on philanthropy engagement that philanthropy is often associated with firms having external institutions separate from their main activities to deal with social issues. A good example is the Bill and Melinda Gates Foundation, which enhances healthcare and reduces extreme poverty through philanthropic activities all over the world. In East Africa, philanthropic engagement was not so obvious; instead, episodic firms were found. These firms engage from time to time, probably because they recognise that they are part of society and feel obliged to respond to society’s needs. However, episodic firms are not organised for these engagement activities, which occur only sporadically. On the other hand, for proactive firms CSR is rooted in the discourse and they are well organised internally. These firms have multiple lasting engagements implying that are more socially engaged. Furthermore, reactive firms with un-rooted CSR perform engagement activities in a more ad hoc manner, often in sequential one-off events. Further findings show collaboration in CSR between firms and other institutions, in organising, executing and delivering of social activities to beneficiaries. This finding suggests that awareness of CSR is increasing and that CSR is a participatory agenda in which employees, community and NGOs are involved.

9.3 Contribution to knowledge

First, this research examines a particular issue (CSR) in a new setting (local firms in East Africa). Existing studies from developing economies have focused on MNEs rather than on local large firms. As such, the current study fills this gap in the body of knowledge.

Second, most studies on CSR use a single method, with interviews or company surveys (see for example Muthuri and Gilbert, 2011, Jamali and Mirshak, 2007). The current study, however, used standardised public data (newspapers and annual reports for a three-year period) to systematically analyse and characterise firms' social practices. It is empirically known that use of a combination of different sources of information leads to reliable results (Thurmond, 2001). Therefore, this research used factual data obtained from a mixture of published documents to generate new information on CSR in East Africa. The same methodological framework can be replicated in different contexts to characterise the social engagement of firms.

Third, this study linked three elements, namely stakeholders, legitimacy and social issue life-circle theories, with communication, organisation and activity dimensions to develop a theoretical framework to characterise the CSR practices of firms. As such, the framework adds to theory by showing the importance of accounting and considering secondary stakeholders in social engagement studies. This means that the same theoretical framework can be applied elsewhere in studying the social practices of firms.

9.4 Study implications

This study has a number of policy and practical managerial implications. First, the findings of this research have demonstrated the importance of using standardised public sources (newspapers and annual reports) to learn the CSR practices of local firms. This implies that in order to better characterise social engagement of firms, researchers may employ similar methodological approaches even in different contexts. The study has revealed that a significant number of local firms engage in diverse social activities, which is a good indicator of the importance firms give to CSR. This further suggests that nowadays firms in the region are to a large extent aware of CSR. As such, in order to improve social performance policy makers at government level may need to introduce and encourage polices (such as tax credit incentive) that motivate firms to respond to social concerns or issues. Moreover, if possible governments should make CSR mandatory for all business dealings, suggesting that the law may push business to prompt CSR practices as part of their business policy. In Indonesia, for example, the government made CSR mandatory in 2007 for all businesses dealing with natural resources. Perhaps making CSR an obligation might increase encourage firms and other governance actors to practise more sustainable CSR in the region.

For managers, the study suggests that firms should not focus solely on their investors, but should consider other stakeholders such as the community which can contribute to growth and influence business conduct. Furthermore, this thesis shows that firms mobilise external resources to implement CSR practices in the form of different partnerships, i.e. between business and NGO, or firm to firm. This mobilisation implies a change in the relationship between business and the rest of the actors in CSR, reflecting a new perception of social engagement by firms. This transformation may in the long term lead to changes in business organisation, in particular CSR becoming an integral part of the firm's management. These findings imply that CSR should be seen as a continuous engagement process between business and stakeholders through planning, implementation, control and evaluation, and should involve a wide range of participants. Additionally, CSR should be a participatory exercise and not a top-down approach.

9.5 Study limitations and avenues for future research

This section presents limitations that the reader should be aware of when interpreting the findings and contributions of this research. The study focuses on local large firms listed on the stock exchange of two countries, Kenya and Tanzania, for a period of three years (2010-12). Due to limited time and resources, this research could not focus on data prior to the year 2010 but limited to three years (2010-2012). As such the study suggests longitudinal analysis which would cover a wider range of time and support a dynamic perspective on CSR in East Africa.

Since the current study analyses is static and provide measures that produced a new theoretical model of three types (proactive, reactive and episodic), it could not rigorously comment of dynamics of social engagement as originally promised. Hence, this research suggests further analytical models such as a "learning progression model" to test the variations of the CSR practices within the East Africa African region that would provide a clear understanding of the progress of CSR practises in the region. This research suggests a "comparative case study analysis" of local firms and MNEs operating in the region to reveal a "success story" of these firms as a way of improving performance and engagement of these local firms in CSR. This can be done through the content analysis of newspaper articles and annual reports. Furthermore, as part of organisation of CSR, the current study found a number of local firms partnering with NGOs and government in organising and execution of CSR related activities. Hence, a further research may be needed to investigate how different actors and their networking influence CSR practices in both Kenya and Tanzania.

It should also be noted that the current study records what is happening in both Kenya and Tanzania in relation to CSR, and does not aim at conducting an impact assessment of social engagement of local firms. It could, therefore, be important to conduct the impact assessment study on the beneficiaries of social engagements to understand how various efforts (by different firms) impact on local communities and bring a significant difference in local people's lives.

Since the current study is not a comparative analysis of the two countries, it could also be worth comparing their CSR practices of firms in future. Furthermore, the sample in this thesis is limited to listed firms in Kenya and Tanzania, and it would be interesting to have insights into the social engagement of unlisted local large firms.

The current study explored CSR of secondary stakeholders (i.e. community and society in this study) and did not cover other stakeholders such as customers and employees. However, it did use employees' involvement as a marker of social engagement. Also, the current study used CSR communication discourse within firms as a marker, although it did not intend to measure CSR reporting itself, so future study can address this CSR disclosure in local firms. In line with this, it is worth noting that budget was used here as an indicator of structured social engagement, although there was insufficient information about investments as few firms speaks about their budgets to the media. Thus, future research can address the relationship between the budget allocated for CSR and firms' profit.

Since this research provides empirical insights into CSR practices for local large firms in Kenya and Tanzania, it would be interesting to have similar insights in a similar context, particularly in other East African countries lacking CSR research into indigenous firms. It is therefore proposed that future research should apply the proposition, methods and analytical framework designed in this study to other national contexts. By doing this it will allow the models derived from this study to be tested and refined through investigation of social practices in other developing countries. This would examine the replicability of the research design in similar settings elsewhere, in order to gain insight into the reliability, practicality and robustness of the design.

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ANNEXES

Annex 1. Summary of case studies examined in the literature review

Source of information	Nature of the organisation	Method used	No of firms/ sectors	Sector or type of company	Study country	Variables examined				
						Foundation/department	Budget allocation	Engagement with employees	Partnership with other institutions	CSR activities
Ibrahim (2002)	N/A	Interviews with managers	4	Banking, telecomms, manufacturing, construction	Malaysia	N/A	N/A	N/A	N/A	Contribution to educational institution, culture, loans for low-income housing, contribution to crime prevention, ensuring product safety to consumers, etc
Ite (2004)	MNEs	N/A	1	Shell-Niger Delta oil and gas industry	Nigeria	N/A	Yearly budget allocation	N/A	NGOs	Water and sanitation, healthcare, education, agriculture, micro-credit and business development, infrastructure development
Fryans (2005)	MNEs	N/A	1	Shell-Niger Delta oil and gas industry	Nigeria	N/A	N/A	N/A	NGOs	Community development projects

Eweje (2006)	MNEs	Interviews with senior managers, government officials and local community	2	Oil (Shell) in Nigeria; Mining industry(Anglo-American)in South Africa	Nigeria and South Africa	Special CSR departments and foundations in both companies	N/A	Delivery of CSR	NGOs	Education initiatives, small business development, social welfare initiatives. Education initiatives given priority
Amaeshi (2006)	Local firms	Telephone interviews - and e-mails to 41 personnel	4	Oil and gas, telecomms, finance, manufacturing	Nigeria	N/A	N/A	N/A	N/A	Education including training and skills development, health issues, infrastructure development, sport, arts and culture. Education (85%) and health (62%) received priority
Jamali (2007) Jamali & Mirshak (2007)	4 MNEs and 4 local firms	Interviews with managers	8	Two banks, one each of insurance company, hotel, manufacturing company, beverage company, food processor, IT company	Lebanon	None of the companies had a dedicated CSR official or office. CSR is managed through an ad hoc committee comprising public relations management representatives and marketing officers	Yearly budget allocation at the discretion of the owner or marketing manager	N/A	NGOs	IT and development, education and learning, arts and culture, sports and music, supply-chain development, charitable and in-kind donations

Ojo (2008)	MNEs and local organisations	Questionnaires, surveys of websites, interviews with senior managers	27 (8)	Oil and gas, food, beverage and tobacco, banking telecomms, construction conglomerates. hurches and charitable organisations (non-profit)	Nigeria	5 firms with foundations	CSR budget set aside	N/A	NGOs, government	Education, provision of basic infrastructure, protection of environment, occupational health and safety, manpower development and capacity building, football and sports, etc.
Muthuri & Gilbert (2011)	19 MNEs and 51 local firms	E-mail survey and company websites	70 (6)	Wholesale and retail, technology, agriculture, transport, environment, finance, media, manufacturing	Kenya	Some companies had a dedicated CSR department; others delegated to different departmental managers	N/A	In the delivery of CSR	Community-based organisations, NGOs, hospitals	Education, health and environmental issues were prioritised by the majority of companies
Hadfield (2012)	N/A	Interviews with 31managers	Not mentioned	Banking	India	Has a foundation	N/A	Engaged	NGOs	Education initiatives such as scholarships; healthcare and agriculture initiatives

Annex 2. CSR communication dimension in firms' annual reports for 2010-2012 in East Africa

Name of firm	Dedicated Section					Chairmen's statement/Directors report mentions CSR				
	2010	2011	2012	Every year (Y/N)	At least one year (Y/N)	2010	2011	2012	Every year (Y/N)	At least one year (Y/N)
Kenya Commercial Bank	✓	✓	✓	Y		2	2	2	Y	
National Microfinance Bank	✓	×	✓		Y	1	1	1	Y	
Safaricom	✓	✓	✓	Y		1	1	×		Y
Tanzania Breweries Limited	×	×	×	N		1	×	2	N	Y
Nation Media Group	✓	✓	✓	Y		2	2	2	Y	
Equity Bank	✓	✓	✓	Y		×	×	×	N	
CRDB Bank	×	×	×	N		×	×	2	N	Y
National Bank Kenya	×	×	×	N		×	×	×	N	
Tanga Cement	×	✓	✓		Y	×	1	1		Y
East Africa Breweries Limited	✓	✓	✓	Y		×	×	1		Y
Kenya Power and Lighting	✓	×	✓		Y	×	1	×		Y
Jubilee Holdings Insurance	×	×	✓		Y	1	1	1	Y	
Mumias Sugar	×	×	✓		Y	1	1	1	Y	
NIC Bank	✓	✓	✓	Y		1	1	1	Y	
Cooperative Bank of Kenya	✓	✓	✓	Y		1	1	1	Y	
Kenya Airways	×	×	×	N		1	1	1	Y	
Kenya Electricity Generating Company	✓	✓	✓	Y		×	×	1		Y
EAPCC	✓	✓	✓	Y		1	2	2	Y	

Uchumi Supermarket	×	×	×	N		×	×	×	N	
Athi River Mining	✓	✓	✓	Y		×	1	×		Y
Diamond Trust Bank	✓	✓	✓	Y		×	×	×	N	
Housing Finance	×	×	×	N		×	1	2		Y
KenolKobil	✓	✓	✓	Y		×	×	×	N	
Kenya Reinsurance	✓	✓	✓	Y		1	2	1	Y	
Tanzania Cigarrate Company	×	×	×	N		×	1	×		Y
Twiga Cement	×	×	×	N		1	2	2	Y	
Centum Investment	×	✓	✓		Y	×	×	×	N	
CIC insurance	×	✓	✓	N	Y	×	×	×	N	
CMC Motor Company	✓	×	×	N	Y	1	×	×		Y
Pan Africa Insurance	✓	✓	×	N	Y	×	×	1	N	Y
Sameer Africa	×	×	×	N		×	×	×	N	
TPS Eastern Africa	✓	✓	✓	Y		1	1	2	Y	
Unga Group	✓	✓	✓	Y		2	1	1	Y	
Dar-es-Salaam Community Bank	×	×	×	N		×	×	×	N	
Rea Vipingo Plantation	×	×	×	N		×	×	×	N	
Scan Group	×	×	×	N		1	×	×		Y
Access Kenya	×	✓	×	N	Y	×	1	×	N	Y
Eaagads	×	×	×	N		×	×	×	N	
City Trust	×	×	×	N		×	×	×	N	
Longhorn Publishers	×	×	×	N		×	×	×	N	
Precision Airways	×	×	×	N		×	×	1	N	Y
Tanzania Tea Packers	×	×	×	N		2	2	2	Y	

Annex 3. Firms CSR organisation dimensions for the period 2010-2012 according to the annual report

Name of firm	Specific department/foundation	Budget allocation	%	Involvement of employees	Partnership with institutions	Official days for CSR	Page coverage on CSR
Kenya Commercial Bank	Yes	Yes	1%	Yes	Yes	Yes	2
National Microfinance Bank	N/A	Yes	1%	Yes	Yes	N/A	2
Safaricom	Yes	N/A		Yes	Yes	N/A	3
Tanzania Breweries	N/A	Yes		Yes	Yes	N/A	0.5
Nation Media Group	N/A	Yes		Yes	Yes	Yes	2
Equity Bank	Yes	N/A		Yes	Yes	N/A	3
CRDB Bank	N/A	N/A	1%	Yes	N/A	N/A	0.5
National Bank Kenya	N/A	N/A		Yes	Yes	N/A	1
Tanga Cement	N/A	Yes	1%	Yes	Yes	N/A	1
East Africa Breweries	Yes	Yes		Yes	Yes	N/A	2
Kenya Power and Lighting	N/A	Yes	1%	Yes	Yes	N/A	2
Jubilee Holdings Insurance	N/A	N/A		Yes	Yes	N/A	0.5
Mumias Sugar	N/A	N/A		Yes	Yes	N/A	2
NIC Bank	N/A	N/A		Yes	Yes	N/A	2
Cooperative Bank of Kenya	Yes	N/A		Yes	Yes	N/A	2
Kenya Airways	N/A	Yes		NO	N/A	N/A	2
KenGen	N/A	N/A		N/A	N/A	N/A	2
East Africa Portland Cement	N/A	N/A		Yes	Yes	N/A	2
Uchumi Supermarket	N/A	N/A		N/A	N/A	N/A	nil
ARM Cement	Yes	Yes	2%	Yes	Yes	N/A	1

Diamond Trust Bank	N/A	N/A		Yes	Yes	N/A	1
Housing Finance	Yes	N/A		N/A	N/A	N/A	0.5
KenolKobil	N/A	N/A		N/A	N/A	N/A	1
Kenya Reinsurance	N/A	Yes	1%	Yes	Yes	N/A	2
Tanzania Cigarette Company	N/A	Yes	1%	N/A	N/A	N/A	0.5
Twiga Cement	N/A	N/A		Yes	Yes	N/A	0.5
Centum Investment	N/A	N/A		Yes	Yes	N/A	1
CIC insurance	Yes	N/A		Yes	Yes	N/A	0.5
CMC Holdings	N/A	N/A		Yes	Yes	N/A	0.5
Pan Africa Insurance	N/A	N/A		Yes	Yes	N/A	2
Sameer Africa	N/A	N/A		Yes	Yes	N/A	0.5
TPS Eastern Africa	N/A	N/A		Yes	Yes	N/A	3
Unga Group	N/A	N/A		Yes	Yes	N/A	2
Dar-es-Salaam Commercial Bank	N/A	N/A		N/A	N/A	N/A	nil
Reavipinga Plantation	N/A	N/A		N/A	N/A	N/A	1
Scan Group	N/A	N/A		N/A	N/A	N/A	1
Acess Kenya Group	N/A	N/A		Yes	Yes	N/A	2
Eaagads	N/A	N/A		N/A	N/A	N/A	nil
City Trust	N/A	N/A		N/A	N/A	N/A	1
Longhorn Publishers	N/A	N/A		N/A	N/A	N/A	nil
Precision Airways	N/A	N/A		N/A	N/A	N/A	nil
Tanzania Tea Packers	N/A	N/A		N/A	N/A	N/A	1

Annex 4. Examples of forms of partnership by firms in CSR activities for the period 2010-2012

Partnership type	Focus area	Nature of partnership	Firms involved
Firm-Firm	Education	Scholarships to secondary and university students. Particularly to needy, bright students. Example: Nation Media Group partnered with Palmhouse Foundation to offer scholarships.	Kenya Commercial Bank, Nation Media Group, Equity Bank
		Firms partnered to sponsor reading competition in schools. Equity Group Foundation and the MasterCard Foundation partnered to offer free financial education and entrepreneurship programme to train young people and women.	Kenya Commercial Bank, Nation Media Group, Equity Bank
Firm-NGO		The bank partnered Junior Achievement Kenya in inspiring young Kenyans both in and out of school to realise their entrepreneurship potential and gain skills for the workplace.	NIC Bank
		Company partnered with Aiesec, the world's largest student-run organisation, focused on providing a platform for youth leadership development through scholarships and training.	Pan African Insurance
	Community water project	Firms partnered with NGO (Kenya Red Cross and Action Aid) to initiate water project for the community.	Kenya Commercial Bank and Safaricom
		EABL foundation partnered with NGOs donated money for water and sanitation programme	East Africa Breweries Limited
	Preserve and promote natural heritage	Firms partnered with organisations and community group to promote natural heritage (arts, music and culture) in the community.	Safaricom
	Environmental conservation	Firm supports and works closely with the Friends of Serengeti, an NGO responsible for environmental conservation in the Serengeti National Park.	Tanga Cement
		Firms partnered with Rhino Ark Charitable trust to conserve the forest and fencing Mount Kenya.	Safaricom, Nation Media Group
		The firm partnered with the government and Kenyan communities in environmental conservation, particularly tree planting. The company also partnered with Action Aid in a programme to plant and supply tree seedlings in Kenya Forest Service conservancy areas.	Kenya Power and Lighting

Firm-Firm and Firm-NGO		Bank partnered with East Africa Wildlife Society, Kenya Forests Working Group, Nature Kenya and United Nations Environmental Programme in a partnership for environmental conservation.	NIC Bank
		Equity Bank partnered with Save the Mau Trust together with East African Breweries Ltd, Nation Media Group, Kenya Wildlife Service and the Green Belt Movement. The Trust set out to sensitise communities to the need to conserve the Mau as well as spearhead a campaign that involves Kenyans in rehabilitating the Mau ecosystem.	Equity Bank, East African Breweries Ltd, Nation Media Group, Kenya Wildlife Service and the Green Belt Movement.
	Health	In collaboration with ABCT Tanga region, Tanga Cement Company organised and conducted a five-day HIV/AIDS campaign, involving voluntary counselling and testing.	Tanga Cement
		Bank partnered health institutions in organising medical camps to sensitise the general public on health matters and treat various illnesses.	National Bank of Kenya
		Jubilee Insurance partnered with Blood Link in blood donation initiatives.	Jubilee Insurance
		The firm partnered with AMREF and Aga Khan Hospital to provide medical care such as screening and treatment of diseases, family planning services, cervical cancer screening, immunisation of children and expectant mothers. Also partnered with Kenya Society for the Blind (KSB) to create awareness of people with visual impairment.	Nation Media Group
	Humanitarian aid	KPLC partnered Action Aid to support a feeding programme at Hara Primary School	Kenya Power and Lighting
		The company partnered the Association for the Physically Disabled of Kenya and supports the organisation financially.	Kenya Reinsurance

Annex 5. Combined communication and organisation dimensions of firms in relation to CSR for the period 2010-2012 in East Africa

Name of Firm	CSR Dimensions		
	Communication	Organisation	Combined
Kenya Commercial Bank	1	A	1A
Nation Media Group	1	A	1A
NIC Bank	1	B	1B
Cooperative Bank of Kenya	1	A	1A
East Africa Portland Cement	1	B	1B
Kenya Re-insurance	1	A	1A
TPS Eastern Africa	1	B	1B
Unga Group	1	B	1B
National Microfinance Bank	2	A	2A
Safaricom	2	A	2A
Tanga Cement	2	A	2A
East Africa Breweries	2	A	2A
Kenya Power and Lighting	2	A	2A
Jubilee Insurance	2	B	2B
Mumias Sugar	2	B	2B
Kenya Electricity Generating Company	2	C	2C
ARM Cement	2	A	2A
CMC Motors	2	B	2B
Pan African Insurance	2	B	2B
Access Kenya Group	2	B	2B
Tanzania Breweries Limited	3	A	3A
Equity Bank	3	A	3A
CRDB Bank	3	B	3B
Kenya Airways	3	A	3A
Diamond Trust Bank	3	B	3B
Housing Finance	3	A	3A
Kenolkobil	3	C	3C
Tanzania Cigarette Company	3	A	3A
Twiga Cement	3	B	3B
Centum Investment	3	B	3B
CIC Insurance	3	A	3A
Scan Group	3	C	3C
Precision Airways	3	C	3C
Tanzania Tea Packers	3	C	3C
Uchumi Supermarket	3	C	3C
National Bank Kenya	4	B	4B
Sameer Africa	4	B	4B
DCB Bank	4	C	4C
Rea Vipinga Plantation	4	C	4C
Eaagads	4	C	4C
City Trust	4	C	4C
Longhorn Publisher	4	C	4C

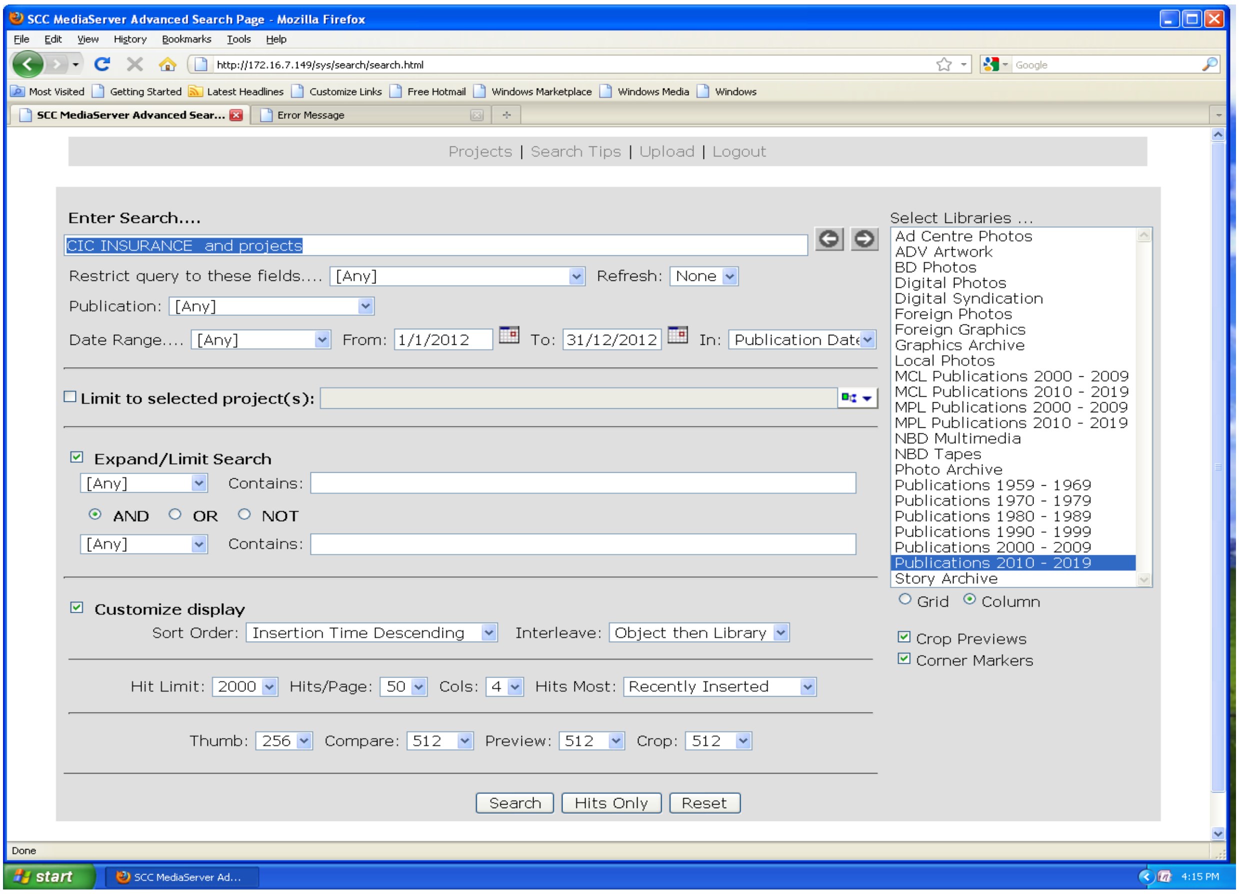
Key 1: Both chairman/directors and dedicated section mentioned CSR in all three years, 2: Both chairman/directors and dedicated section mentioned CSR in at least one year, 3: Either dedicated section or chairman/directors mentioned CSR in at least one year, 4: Neither chairman/directors nor dedicated section mentioned CSR.

A: dedicated organisation features, B: employees and/or partnership, C neither A nor B.

Annex 6. Groups of firms after crossing communication and organisation dimensions

Group	Combined groups	Number of firms	Characteristics of the group
1	1A, 2A,3A	16	Chairman/Directors and dedicated section mention CSR in all three years, and have dedicated organisation features
2	1B, 2B, 3B	13	Chairman/Directors and dedicated section mention CSR in at least one year, and partners / employees involved
3	4B, 2C, 3C	8	No organisation features but either dedicated section or Chairman/Directors mention CSR in at least one year
4	None	5	Neither organisation nor communication features evident

Annex 7. Screenshot of search screen for the e-archive at the Nation Media Company database in Kenya



Annex 8. Characteristics of all the firms studied, 2010-2012, as captured from company websites and annual reports

Sector of activity	Name of firm	Country	Headquarters	Estimated number of employees	History, ownership and turnover
Finance and Investment	CRDB Bank	Tanzania	Dar-es-salaam	1500	Initially formed as a Cooperative Rural Development Bank and wholly owned by the government. Thereafter privatised and restructured by Danish International Development Agency (DIDA) who currently own 21.5% of total shares. Individual investors own 60.9% and other institutions 39.91%, respectively. The firm has the turnover of US$ 33.7 million (2011)
	Cooperative Bank of Kenya	Kenya	Nairobi	2450	A large commercial financial institution established in 1965. Initially established as a Cooperative Bank. Listed on Nairobi stock market and owned by local individual investors and institutions. The total revenue is estimated to be KSh 5.36 billion (US$ 62,616,866.86) (2011)
	City Trust Bank	Kenya	Nairobi	Not available	Not available
	Centum-Investment	Kenya	Nairobi	90	Centum Investment was founded in 1954 as a government parastatal. It is a Kenya-based investment company listed on Nairobi stock exchange and cross-listed on Uganda stock exchange. The Government of Kenya owns the majority of shares; remaining shares by individuals and other institutions. Total revenue is estimated to be KSh 7.9 billion (US$ 77,549,007) (2011)
	Dar-es-Salaam Community Bank	Tanzania	Dar-es-Salaam	217	A privately owned bank incorporated in 2001. Private individuals and corporation own 58.33% and the remaining percentage is owned by other institutions. Revenue after tax is estimated to be US$ 2.27million
	Diamond Trust Bank	Kenya	Nairobi	1000	A public company with branches in Tanzania, Kenya, Uganda, Rwanda and Burundi. The bank is listed on the Nairobi stock exchange and is owned by institutions and individuals. The total turnover is about KSh 2.99 billion (US$ 34,925,021.29) (2011)
	Equity Bank	Kenya	Nairobi	5200	Incorporated in 1984 as an equity building society and later transformed into a commercial bank. Equity Bank has subsidiaries in Tanzania, Uganda, Rwanda and South Sudan. The shares are listed on the Nairobi stock market and Uganda

					security exchange. The turnover is estimated to be KSh 7.55 billion (US$ 8, 820, 0987.49) (2010)
	Housing Finance	Kenya	Nairobi	Not available	Housing Finance is a mortgage finance provider listed on the Nairobi stock exchange. The company was formed in 1965 and the majority shareholder is the public (60%). The remaining shares are owned by institutions including the Kenyan Government
	National Micro-finance Bank	Tanzania	Dar-es-Salaam	2610	Following the break-up of the old National Bank of Commerce in 1997, the National Micro-finance Bank (NMB) was formed, wholly owned by the government. In 2005, NMB was privatised with 34.9% owned by Rabobank of the Netherlands, government 30%, private investors 21% and 14.1% owned by other institutions. The firm total revenue is estimated to be US$ 46.5m (2011)
	National Bank of Kenya	Kenya	Nairobi	1099	The National Bank of Kenya was established in 1968 and was wholly owned by the Kenyan government. However, today 22.50% of all shares are owned by the government and the remaining shares individuals and other institutions. The total turnover in 2011 was KSh 1.55 billion (US$ 18,107,482.37)
	NIC Bank	Kenya	Nairobi	>596	The bank initially was a joint venture of Standard Bank Ltd and a mercantile company in the United Kingdom. In 1971 NIC became a public company listed on the Nairobi stock market. The majority of shares are owned by individuals and institutions via the stock market. The total revenue is estimated to be KSh 79 billion (US$ 922, 897739.31) (2011)
	Kenya Commercial Bank	Kenya	Nairobi	500-5000	Initially started as National Bank of India; merged in 1958 with Grindlays Bank to form the National and Grindlay Bank. In 1970, the Kenya Government acquired full control and changed the name to Kenya Commercial Bank. In 1997 Kenya Commercial (Tanzania) Limited was incorporated. The bank has extended its operations to Uganda, Rwanda and Burundi.
Manufacturing	East African Breweries	Tanzania& Kenya	Nairobi	1188	EABL is a large East African brewery company, founded in 1922.It owns Kenyan, Ugandan and Tanzanian breweries. The largest shareholder is Diageo plc (a British multi-alcoholic beverages company). EABL manufactures, markets and sell drinks, glass containers, malt and barley. It produces beer, spirits and non-alcoholic beverages. The revenue after tax is estimated at US$ 545.84m (2011)
	Tanzania Breweries	Tanzania	Dar-es- Salaam	1400	Tanzania Breweries Limited is a Tanzanian-based publicly traded company incorporated in 1994. SABMiller plc owns the majority of shares. It manufactures, sells and distributes clear beer, alcoholic fruit beverages and non-alcoholic

					beverages The total revenue is TSh 800,948 m equivalent to US$503.050 m (2012)
	Tanzania Cigarette Company	Tanzania	Dar-es- Salaam	600	Tanzania Cigarette Company deals with manufacturing, marketing and sale of cigarette and tobacco products. Japan Tobacco International is the major shareholder owning 75% and the remaining portion is owned by local investors. Turnover: not available.
	Mumias Sugar Company	Kenya	Nairobi	1689	Mumias Sugar Company is a manufacturer and seller of sugar in Kenya. The company was found in 1971. The company is listed on the Nairobi stock exchange. The Government of Kenya owns 20% and the remaining shares are owned by other institutions and individuals
	Unga Group	Kenya	Nairobi	N/A	Unga Group Limited was founded in 1908. The company engages with the manufacture and marketing of a broad range of human nutrition, animal nutrition and animal health products. Estimated turnover KSh 331,621,000 (USD 324,988.58)
Construction	ARM Cement	Kenya	Nairobi	5000	ARM was established in 1974 as a mineral extracting and processing company. It is a public company listed on the Nairobi stock market. The company deals with the manufacturing and sale of fertilizer as well as products such as cement, and the processing of industrial minerals and chemicals. The company's operations are divided into six operating divisions including cement and concrete products, oil gas extraction, fertilizer manufacture. The annual turnover is KSh 8,267,411,000(US$ 9,697,854,000) (2011)
	East Africa Portland Cement	Kenya	Nairobi	Not available	East Africa Portland cement was founded in 1933; it engages in selling and manufacturing cement. The Government of Kenya owns shares but the majority are owned by other institutions and individuals.
	Tanga Cement	Tanzania	Dar-es-Salaam	>311	Tanga Cement was founded in 1980, initially associated with the Government of Denmark and in 1989 as a state company of the Tanzanian government. The government privatised the company in 2007 and it is currently owned primarily by members of the public and Holcim Mauritius. The total revenue is estimated to be Tsh161,435,718,000 (US$ 101313,109.362)
	Tanzania Portland Cement	Tanzania	Dar-es-Salaam	>356	The company was established in 1959. Initiallyit was owned by Cement Holdings AG of Switzerland. The government nationalised it in 1973 andin 2005 reprivatised it. The company engages in manufacture, sale and distribution of construction cement. The majority of shares are owned by Scancem International

					(69.3%), and 30.7 % by individuals and institutions via the Dar-es-Salaam stock market.
Insurance	Jubilee Insurance	Kenya	Nairobi	500	An insurance company founded in 1937.It has subsidiaries in Burundi, Mauritius, Tanzania and Uganda. It is owned by private individuals and institutions. The largest shares are owned by individuals via the East African stock exchanges (47.75%) and the remainderby other institutions. Revenue after tax is US$ 23.3m (2011)
	Pan African Insurance	Kenya	Nairobi	Not available	An insurance company founded in 1946. The company is listed on the Nairobi stock market. Profit before tax is KSh 833m (US$ 815,3870.48) (2012)
	CIC Insurance Group	Kenya	Nairobi	Not available	An insurance company founded in 1968. The company is listed on the Nairobi stock market. Profit for the year is KSh 19,816,000) (US$ 193,970) (2011)
	Kenya Re-insurance	Kenya	Nairobi	>115	The Kenya Re-insurance Company was established in 1971. It provides re-insurance services to more than 265 companies spread over 62 countries in Africa, the Middle East and Asia. Profit for the year after tax KSh 2,801,892,000 (US$ 193,970.) (2012)
Telecommunication and technology	Safaricom	Kenya	Nairobi	3000	Safaricom is a mobile network operator. It was founded in 1997 as a wholly owned subsidiary of Telkom Kenya. Vodafone Group plc owns 40% of the total shares and the remaining 60% is traded on the Nairobi stock exchange .Safaricom has an estimated revenue of KSh 12,627,607,000 (US$ 123,606,088).
	Access Kenya Group	Kenya	Nairobi	>270	Access Kenya is an Internet provider located in Kenya. It is privately owned formed in 1995 to provide information and communications technology for corporate clients in Kenya
Commerce and services	Precision Airways	Tanzania	Dar-es-Salaam	657	Precision Air was established in 1991 by a private investor named Michael Shirima who owns 42.23% of the total shares. Other shareholders wereKenya Airways (41.3%) and other investors (15.86%).Turnover is TSh 113,606m (US$ 71.2962) (2011)
	Kenya Airways	Kenya	Nairobi	5000	Kenya Airways was formed in 1977 after the dissolution of East Africa Airways. Itwas wholly owned by the government until 1996 when it was privatised. It is now public-private owned and the largest shareholder is the government and the rest of shares are held by private owners. The revenue is KSh 107, 897million (US$ 126,092) (2011)
	Nation Media Group	Kenya	Nairobi	966	Nation Media Group is a private owned media company founded in 1959. It is engaged in publication, printing and distribution of newspapers and magazines,

					radio and television broadcasting, as well as provision of electronic media and Internet in Kenya and through its subsidiaries in Tanzania and Uganda. The company distributes various international brands such as the Economist, Times, Newsweek and Fortune magazines. Total turnover is KSh 11,245,800,000 (US$13142,253,026) (2011)
	TPS Eastern Africa(Serena)	Kenya	Nairobi	2251	TPS Eastern Africa Ltd is a Kenya-based company that owns and operates 32 resorts, safari lodges and hotels. The company has subsidiaries in Uganda, Tanzania and Mozambique and in Asia (Pakistan, Afghanistan and Tajikistan).It was formed in the 1970s. Themajority of shares are owned by foreign investors (53.61%), local institutions 35.54% and local individuals 10.85%.Total turnover is KSh 5,465,975,000 (USS 63,872,825.77) (2011)
	Scan Group	Kenya	Nairobi	1000	Scan Group Ltd engages in developing communication strategies, creating advertising, planning and buying media, as well as providing market consultancy and advice to clients. The company was founded in 1996 and operates in Kenya, Uganda and Tanzania Majority shares are owned by foreign investors (58.90%), East African individuals (27.26%) and East African institutions (13.84%). The total turnover is US$ 43.1 million(2011)
	Longhorn Publishers	Kenya	Nairobi	Not available	Founded in 1965. The company publishes and sells books. It has branches Burundi, Uganda and Tanzania
	Uchumi Supermarket	Kenya	Nairobi	1000	Uchumi Supermarket was founded in 1975 as a public limited liability company. It was owned by three Kenyan parastatal companies, namely Industrial Commercial and Development Corporation, Kenya Wine Agencies Ltd and Kenya National Trading Association. It has a subsidiary in Uganda and is on the way to opening a branch in Tanzania. The Government of Kenya is the largest shareholder with 13.40% and the other remaining shares are for individuals and institutions. Total turnover after tax isKSh 273,977,000 (US$ 416,675,180)
Automobile and accessories	CMC Motors	Kenya	Nairobi	700	CMC Holdings Limited is a Kenya-based company engaged in the sale and servicing of motor vehicles, tractors, associated spare parts and accessories, and specialised engineering equipment. The principal activity of the company is investment in subsidiaries and property, and hire purchase financing. It is organised into three main business segments. Total revenue is KSh 11,872,142 m (US$ 138733.81m)
	Sameer Africa	Nairobi	Kenya	500 +	The company was established in 1969 by the Firestone Tyre and Rubber

					Company of the USA, in collaboration with the Government of Kenya, to produce tyres for the East Africa market. The company deals with the manufacturing, importation and sale of tyres and related product and services within Kenya and in Tanzania, Rwanda and Burundi. Total revenue was KSh96,948,000 (US$ 949,029) (2011)
Agriculture	Rea Vipingo Plantations	Kenya	Nairobi	3000	The company is the largest sisal fibre producer in Africa and is listed on the Nairobi stock exchange. It owns and operates a flourishing sisal business whose activities include cultivation, manufacturing, spinning and export of sisal fibre and sisal products. It operates sisal plantations in Kenya and Tanzania. Total revenue KSh 2,303,484 (US$ 27,022.71) (2011)
	Eaagads	Kenya	Nairobi	Not available	Eaagads is a producer and seller of coffee in Kenya. The company was incorporated in 1946 and it is listed on the Nairobi stock market
	Sasini Tea & Coffee	Kenya	Nairobi	5614	Sasini is a producer of coffee and tea products. The company was founded in 1952. Revenue after tax is KSh 391,233 (US$ 3,829,803) (2011)
Energy and Petroleum	Kenolkobil	Kenya	Nairobi	450	An oil and gas company founded in 1959. The company has subsidiaries in Burundi, Ethiopia, Mozambique, Tanzania, Uganda and Rwanda. Revenue after tax is US$ 74,347,000 (2012)
	Kenya Power and Lighting	Kenya	Nairobi	7015	The company is engaged in the transmission and distribution of electricity in Kenya. It was founded in 1922 and is 50.1% owned by the government. Total revenue after tax KSh 4,617,116,000 (US$ 45,197,225) (2012)
	Kenya Electricity Generating Company	Kenya	Nairobi	1829	The company is engaged in the transmission and distribution of electricity in Kenya. It was founded in 1954 and is 70% owned by the government. Revenue after tax KSh 2,822,600,000 (US$ (27,630,600) (2012)