EFFECTIVENESS OF THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY COMPETITIVE STRATEGY IN BANKING PERFORMANCE:

A CASE STUDY OF CRDB BANK PLC MOSHI TOWN BRANCH

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A Research Report Submitted to the School of Business for Partial/Fulfillment of Requirements for Award of Masters of Business Administration in Corporate Management of Mzumbe University.

2014/2015

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation/thesis entitled **Effectiveness of the Implementation of Corporate Social Responsibility Competitive Strategy in Banking Performance: A Case Study of CRDB Bank PLC Moshi Town Branch,** in partial/fulfillment of the requirements for award of the degree of Master of Business Administration in Corporate Management of Mzumbe University.

Signature

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Major Supervisor

Signature

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Internal Examiner

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External Examiner

Accepted for the Board of ……

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DECLARATION AND COPYRIGHT

I, Aika Benson Swai, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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Date _____

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I would love to thank almighty God for his endless blessings in my life. For the good health, breath, wealth and sound mind he has granted me that made me capable of undertaking this project. All I can say is Thank you Lord,

My endless blessings and gratitude to my belovered mother who has been my guide, and has toiled day and night just to see me prosper. I love you mama and ask God to give you a life long enough to see the fruits of what you have invested in me.

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And to everyone that in one way or the other facilitated the existence of my work I am really thankful.

DEDICATION

This report is dedicated to my beloved father Mr Benson John Swai who worked day and night to see me grow right. Dad, this is just a fraction of how I have promised myself to make you proud. My mother Mrs Getrude Benson Swai for the sleepless nights she was right by my side as I was drafting my report. My brother, Johnson Benson Swai for his prayers and motivation. This report is to make my family proud. Mom and Dad, this is the outcome of what I have learnt from school. Thank you so much.

LIST OF ABBREVIATIONS

ACA	Agricultural Credit Agency
ATM	Automated Teller Machine
ATE	Association of Tanzanian Employers
BOT	Bank of Tanzania
CBT	Cooperative Bank of Tanganyika
CUT	Cooperative Union of Tanganyika
CSR	Corporate Social Responsibility
DANIDA	Danish International Development Agency
DSE	Dar es Salaam Stock Exchange
EWP	Employee Wellness Program
LBT	Land Bank of Tanganyika
MBA	Maters of Business Administration
NDCA	National Development Credit Agency
POS	Point Of Sales
MU	Mzumbe University
TBL	Tanzania Breweries Limited

ABSTRACT

The business environment has changed due to government policies, technological changes, economic integration, new firms entering the market and so much more making Corporate Social Responsibility among the major competitive weapons used by the organizations to excel. This influenced the researcher to study the effectiveness of the implementation of corporate social responsibility competitive strategy in banking performance specifically, to identify the strategies used by banks in implementing CSR, assess the effectiveness of the implemented CSR competitive strategies in CRDB performance and find out the challenges facing the implementation of CSR as a competitive strategy in CRDB performance.

Due to time constraints and need of detailed information the researcher adopted case study design with the CRDB Moshi town branch being the area of study. Simple random sampling and purposive sampling were the sampling techniques in the identification of few elements under study to represent the entire population.

Both primary and secondary data collection methods were used and the samples of 96 respondents were studied to accomplish the task. Interview was contacted to the branch and line managers and beneficiaries while questionnaires were provided to the rest of the staffs and bank customers.

From the findings, strategies used by the bank in implementing CSR are corporate charitable donations, social development projects, voluntary schemes for staffs, environmental conservation and effectiveness of their implementation was measured against various bank performance indicators.

Generally, according to the findings, implementation of CSR competitive strategy has a positive influence in the performance of banks. Moreover recommendations were made according to what the researcher observed from her study which involved establishment of sound and applicable CSR policies, avoiding projects of self interests especially by the top management, disclosing the budget set aside for CSR by the organization and so much more.

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CHAPTER ONE

BACKGROUND INFORMATION AND PROBLEM SETTING

1.0 Introduction

This Chapter elaborates background and general introduction to the area of the research study. The background covers the basic information on the assessment of effectiveness of corporate social responsibility in banking competitive edge in Tanzania. The chapter also intends to give a snapshot on the background information of the company, background of the problem, statement of the problem, objectives of the research, research questions to be analyzed, significance of the study, limitations and scope of the study.

1.1 Background of CRDB Bank PLC

The history of CRDB dates back to 1947 when the government established the land bank of Tanganyika (LBT) with a capital of TShs. 4million which was later rose to Tsh 6million in 1950.The objects of LBT were firstly to provide long term loans not exceeding 70% of the land value or 0.3 million, with maturity of up to 30 years for financing land acquisition and land development: and secondly, to provide short and medium-term 10 loans with a maturity of up to 5 years for financing the acquisition of agricultural machinery and equipment and other inputs for cultivation, harvesting, processing and marketing of crops and agricultural produce. (www.crdb.com/history, Thursday 9, October 2014)

Following independence and cognizant of shortcoming of the LBT, the government established the Agricultural Credit Agency (ACA) in 1961 to replace the LBT. The ACA was envisaged to serve as the government's instrument for the overall development of agricultural sector. The ACA was to receive a sum of up to Tsh 0.7 million annually from the government to augment its capital funds. The resource availability of the ACA was however constrained from the start, firstly due to

inheriting the assets and liabilities of the LBT and the loan funds whose assets were mostly held in frozen form and were eventually written of and secondly due to the serious loss of almost 50% of deposit liabilities between 1961 and 1962.These resource problems forced the ACA to depend on overdraft from the commercial. (ibid)

Following the difficulties encountered by the ACA, the government made a decision to use the cooperative movement as a channel for distribution of rural agricultural credits. To achieve this the National Development Credit Agency (NDCA) was established in 1964 to replace the ACA and was placed under the nominal control of the Cooperative Union of Tanganyika (CUT).The CUT was by then owning the Cooperative Bank Of Tanganyika (CBT) which had been established in 1962. (www.crdb.com/history, Thursday 9, October 2014)

The problems of declining agriculture eventually stimulated the government to reconsidering the issue of re-establishment of the cooperative Unions, as looking into the issue of the re-establishment of the cooperative movement felt that would smooth the channel of credit distribution to agriculture and the rural sector as well as its recovery would be put in place. This is when Cooperative and Rural Development Bank was formed in (CRDB) on July 1st 1984 with its shares fully owned by the government. (ibid)

The establishment of CRDB Bank PLC

In 1st July 1996 the former Cooperative Rural Development Bank which was wholly government owned was privatized, recapitalized and restructured. The Danish International Development Agency (DANIDA) played a significant role in restructuring the new institution as a part owner of the new bank. CRDB PLC is now a wholly-owned private commercial bank in Tanzania. The bank has grown and prospered over the years to become the most innovative, first choice and trusted bank in the country.(www.crdbbank.com/history, Friday 10,October 2014). As of December 2011 the stock of CRDB Bank Plc is owned by the individuals and institutions attached in the appendix A (ibid)

CRDB Bank offers a compressive range of Corporate, Retail, Business, Treasury, Premier and Microfinance Services through a network of over 118 branches, 335 ATMs,13 mobile branches,984 Point Of Sales (POS) terminals 845 Agents-Service Centre, over 450 Microfinance partner institutions. The Bank also operates through internet, Mobile Banking, Sim Banking services and agent banking services. (ibid).

As of December 2013,CRDB Banks total assets were valued at approximately US$2.154billion (TZS 3.6 trillion).At that time CRDB Bank plc was the second largest commercial bank in Tanzania, by assets behind FBME Bank. It was also the second best capitalized commercial bank, behind National Microfinance Bank. (www.businesstimes.co.tz, Friday 10 October 2014).

CRDB Bank has increased the sense of responsibility towards the community and the environment in which it operates. "CRBD bank is committed to play an active role in promoting a strong and vibrant community because we believe it is both our responsibility, as well as our pleasure to help maximize opportunities for all. Since the establishment of CRDB bank in 1996, we have regularly provided financial and non financial support to a range of local causes. CRDB bank also donates to community initiatives and charitable organizations". (www.crdbbank.com/communityfocus, Thursday 9, October 2014).

"We use our strength to support the community. Education and health form the primary focus of our involvement in communities. We strongly believe that through education and health we will be able to make a positive difference in the community. Youth sports and environmental issues are very important to CRDB bank as well. We also help the community and the country by being the country's largest tax payer thus making the bank to be proud to play a role of continued development of our country, Tanzania". (ibid).

1.2 Background of the problem

CRBD focus has shifted from just profit maximization towards more important issues of business survival and the satisfaction of social needs. There is the necessity to balance current stakeholder and societal needs with those of the future (Hildebrand et al., 2011). Consequently, many companies attempt to understand and meet requirements both their consumers and all stakeholders. According to Lindgreen et al. (2009: 135), CSR must reach out to many different stakeholders; the organization listens and responds to stakeholders that form part of the organization's relationships, networks and interactions.

According to Porter and Kramer (2006), Corporate social responsibility (CSR), a firm's commitment to maximize long-term economic, societal and environmental well being through business practices, policies and resources, is a strategic imperative. (. Most forward-thinking firms across the globe are approaching CSR as not merely their ethical responsibility to society and the environment, but instead a way to achieve their strategic objectives while at the same time bettering the world (Margolis and Walsh, 2003).In line with this emerging perspective, more and more companies are engaging in initiatives that try to improve public health, safety, the environment or community well being through the active participation of key stakeholder groups such as consumers. (Kotler and Lee 2005).

CSR represents firms' resources which favor positive behavior of stakeholders (i.e. donations, assets acquisition, purchase of products and services, loyalty) which not only increase company's market value but also improve its relative competitive position. Luo and Bhattacharya (2006) offered an empirical support to CSR positive contribution to company's market value and they claim that companies which invest in CSR may gain competitive advantage.

Companies that want to achieve a sustainable competitive advantage need to define CSR as a business strategy and to protect the business opportunities and power,

effectively manage internal operational process in order to serve the demands of the external stakeholders and groups that put pressure on the corporation (Porter and Kramer, 2006).

1.3 Statement of the problem

For many years CRDB bank has been engaging in CSR in different areas of socio-economic development. In view of the same, a lot of resources have been committed to facilitate and ensure CSR is implemented the best way to the extent that it brings social and economic development to the society. CSR, on the other hand has been regarded as one of the sources for facilitating social development in different communities. Communities expect a lot from CSR for activating and boosting society's livelihood development, but communities view the implementation of the same has not been at the expected level, communities still demand more from corporations. Hence, bank resources have been committed in CSR activities to facilitate social and economic development but the beneficiaries still claim more from the bank. On the other hand, the bank depends on CSR as one of the strategies for boosting its performance. The situation has put the bank in dilemma about the effectiveness of the strategy on its performance as more of its resources are invested and yet there is a little realization on social and economical development in the community.

The practices mean depleting resources that could be used for other more productive activities while realization of the outcome is very small. The effect of the shrink in both the company's economic development and social development respectively have been the source of problem of economic stagnation at the different levels including the national level.

A number of studies have been conducted such as of El Ghoul, Guedhami, Kwok and Mishra (2011) who found out that firms with stronger CSR have lower costs of equity, lower firm risks and higher overall valuation. Cheng and Serafeim (2011) similarly

show that firms with better CSR have lower overall capital constraints, indirectly leading to more opportunities for investment and higher valuations.

Barnea and Rubin (2010) study the relationship between CSR investment and firm characteristics. They find that insiders are likely to over-invest in CSR initiatives when the personal benefits are high and the personal costs are low; this could be seen as a form of green-washing, or focusing on the style of CSR investment and not the substance. This over-investment is beneficial to the individuals but not to the firms.

Macdonald and Rundle-Thiele (2008) examined a relationship between CSR and customers' satisfaction in the bank. According to the conclusion of their study, customers' satisfaction is more affected by pro-client oriented events than CSR activities. And if the bank decides to develop CSR activities, focus of these activities has to be properly chosen. But most of the studies have focused on impacts of CSR on social development, on companies' reputation, on brand image creation. Results have provided little evidence about the effectiveness of the implementation of CSR as a competitive strategy in the improvement of a company's performance especially in banks. Given this situation, this study seeks to reveal the unfilled gaps of the effectiveness of the implementation of CSR as tool for company's performance improvement in banking.

1.4 Objective of the study

1.4.1 General objective

The general objective of the study is to assess the effectiveness of the implementation of corporate social responsibility competitive strategy in banking performance.

1.4.2 Specific objectives are;

i. To identify the strategies used by the banks in implementing CSR.

ii. To assess the effectiveness of the implementation of CSR competitive strategy in CRDB performance.

iii. Challenges facing implementation of CSR competitive strategy in CRDB performance.

1.5 Research questions

The study research questions include:

i) What are the strategies used by the banks in implementing CSR?
ii) How effective is the implementation of CSR competitive strategy in CRDB performance?
iii) What are the challenges facing the implementation of CSR competitive strategy in CRDB performance?

1.6 Significance of the study

The study findings are intended to benefit the following categories.

i) **To academicians:** This will serve as a reference source on the subject matter under investigation. The research findings will act as a reference for future researches or an additional resource to researchers conducting similar study on how effective the implementation of CSR as a competitive strategy could be in banking industry performance.

ii) **To the organization:** The findings of this study will help the organizations to know the influence of implementing CSR as a competitive strategy. If the activity is worth putting efforts on and if it has any contribution to the organizations performance.

iii) **To decision Makers:** The results of this study may contribute in directing the attention of decision makers on CSR implementation, suggest the best strategies they could choose in their area of operation as well as various ways

they could decide to tackle the challenges faced in implementing CSR as a competitive strategy.

iv) **To policy makers:** The study will help policy makers and development practitioners to leverage the recommendations based on the findings of this study as well as to improve the corporations' perception on CSR.

1.7 Organization of the Study

The study will be organized as follows: in Chapter one background of information to the study, statement of the research problem, research objectives, research questions, scope of the study, its limitations and delimitations and finally the significance of the study are well provided.

Chapter two include Literature Review where by a short introduction on CSR is provided, definition of key terms together with the formulation of conceptual framework guiding the entire study are also discussed. Chapter three provides research methodologies which were used in this study together with the description of the area of the study, research design, and population of the study, the unit of enquiry, sample size, sampling techniques, data collection, data processing and analysis. In Chapter four presentations of research findings will be discussed, and finally Chapter five will provide conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter aims to give a detailed theoretical background laid down by different authors on the overall aspect of corporate social responsibility, its historical development, the dynamics and trends happening in the area problem encountered, it also points out empirical factors concerning the subject matter of this problem.

2.1 Theoretical Literature Review

2.2 Definition of Terms

2.2.1 Corporate Social Responsibility

During the last century, the concept of Corporate Social Responsibility has received a lot of attention and multiple definitions on this subject were developed. While there are many different definitions of CSR provided in literature, most definitions agree, "Corporate Social Responsibility is a responsive obligation to serve society" (Brammer and Millington, 2003).

In this definition, 'obligation' means that organizations have to conduct socially responsible activities; if they do not follow this guideline, negative consequences are likely to emerge.(Ibid).
Nevertheless, each organization should choose its own goals and approaches regarding corporate sustainability, matching the organization's aims and intentions, and aligning with the organization's strategy as an appropriate response to the circumstances in which it operates. (Hill, 2003).

Macmillan. H. & Mahan.T. (2001) stated that corporate social responsibility is the commitment of the business organization towards the community in which it works in

through contributing in many social activities such as fighting poverty, improving health services, fighting pollution, creating work opportunities and solving the problems of housing and transportation and many others.

Scholtens, (2009) assure that corporate social responsibility is the duty of organizations` managements to take decision or to act in a way that elevates the welfare and interests of the society as well as those organizations. It is the company`s activities to hold the responsibilities of the effects of its activities on society and environment to make its activities in accord with the utilities of the society and durable development.

Moreover, (Heslin and Ochoa, 2008, P: 126-p: 127) look at corporate social responsibility as a contract between the organization and society by which the organization is obliged to satisfy the society through realizing its interests. It also obliges the organization to perform lots of social activities such as fighting poverty and pollution, creating work opportunities, solving problems (transportation, housing, health) and other services. So, corporate social responsibility is a commitment by business companies to act ethically, contribute in achieving economic development and improve life circumstances of workers, their families and the whole society.

According to (Abdul Muaal and Rifaii, 2007, P: 118), corporate social responsibility is the company`s commitment towards society by contributing in many social activities and ethical manners related to environmental pollution; fighting poverty, unemployment and inflation; improving health care, creating work opportunities, solving housing and transportation problems and many others. If an organization pursues Corporate Social Responsibility, it has to meet two elements. The organization has to: act as a good corporate citizen, and mitigate any harm that could occur from the organization's value chain activity. Managing these activities is an operational challenge. (ibid).

2.2.2 Historical development of CSR.

The concept of CSR appeared in the 1930's and 1940's, and different authors wrote about this subject. In 1946, businessmen polled by *Fortune* magazine were asked about their social responsibilities (Carroll, 1999).

In the 1950's CSR was referred as a social responsibility (SR). In 1953 Bowen published a book about the social responsibilities of businessmen. This book marks the beginning of the modern period of literature on this subject. According to Carroll, Bowen is the "Father of Corporate Social Responsibility" (1999). Bowen says (Carroll, 1999), "the social responsibility of businessmen refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."

According to Carroll (1999),In the 1960's, Davis introduced the "Iron Law of Responsibility," which suggests that the obligations of businesses are in direct relation to their social power and influence, the obligation consist of more than economic and legal concerns. After the turbulent sixties, new perspectives arose in the seventies; the fact that organizations were expected to address social issues was no longer challenged. Organizations responded to these expectations.(Carroll,1999)
For example, Eilbert and Parket (1973), described related issues as environmental degradation and discrimination. Another example comes from Johnson (Hill, 2004); he explained the need for a new management focus on the multiplicity of societal interests.

Not everybody was sure about how CSR could be interpreted in business context. Friedman (1970) says that only people have responsibilities and since a corporation is an artificial person with what might be considered artificial responsibilities, "businesses as a whole cannot be said to have responsibilities." The social responsibility of business relates to increased profits and not something of social or ecological in nature (Friedman, 1970).

In the 1980s more development began around the identification of CSR. More alternative concepts like corporate social responsiveness, public policy, business ethics, etc, were developed (Hill, 2004). According to Carroll, (1999) scholars tried to explain the corporation's responsibility to make a profit along with its obligation to the larger community.
By the nineties, the research focused on an increasing stream of societal concerns and improvements for a better society (Hill, 2004).

Today, the concept of CSR has been explored and developed throughout the last 60 years and many scholars have suggested different definitions. Scholars today focus more on how, not if a firm should be engaged in social activities (Hill, 2004). Dahlsrud (2008), has looked at CSR using the five dimensions: environmental, social, economic, stakeholder, and voluntariness. The five dimensions refer to the natural environment, the relationship between business and society, socio-economic aspects, stakeholders and actions not prescribed by law, respectively. The definitions listed in the article range from the narrow definition containing one dimension, to the more broad definition containing all of the five dimensions.

Pinney,J and Dahlsrud (2008) defines CSR (using one dimension), as "a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximising its positive impacts" (Dahlsrud 2008). Further, Commission of the European Communities (2001) in Dahlsrud (2008) defines CSR (using all of the five dimensions) as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

CSR is a widespread idea and a leading issue in business. A growing number of companies have embraced CSR already. They consider financial performance as well as social and ecological performance. CSR is also linked to international production networks, which increases the attention on the responsibilities of working conditions

and environmental impacts in developing countries (Jenkins, 2005). In general, the origins of CSR can be traced back to Anglo-Saxon ones, but the meaning of CSR can still differ from person to person. (Blowfield and Frynas, 2005).

2.2.3 Approaches of CSR

Many different academic articles (Van Marrewijk, 2001; Göbbels, 2002; Freeman, 1984;Quazi and O'Brien, 2000) review the rank of the responsibilities of organizations. According to the literature, there are three discernible phases that has influenced the way of thinking of CSR:

1. The Shareholder Approach

This approach is defined by Quazi and O'Brien (2000) as the classical view of CSR. W According to Foley, the shareholder approach of CSR can be interpreted as "only to the extent that it contributes to the aim of business, which is the creation of long-term value for the owners of the business" (van Marrewijk 2003). The only precondition Friedman makes is that they extinguish a totally economic transparent market.

2. Stakeholder approach

The stakeholder approach elaborates that an organization is not only responsible to its shareholders but that it should take stakeholder interests into account. Freeman (1984) is recognized as the founder of this approach. Today, stakeholders have a significant role in the CSR.

3. Societal approach

This approach can be seen as a broader view of CSR. The approach states that organizations are responsible to the society as a whole (van Marrewijk, 2003). After 1990, the definition of CSR gets a new impulse. According to van der Zwart and Tulder (2002), CSR got this new impulse after the survey, "Our Common Future," of the committee Brundlandt in 1987. This committee defined sustainable undertaking as

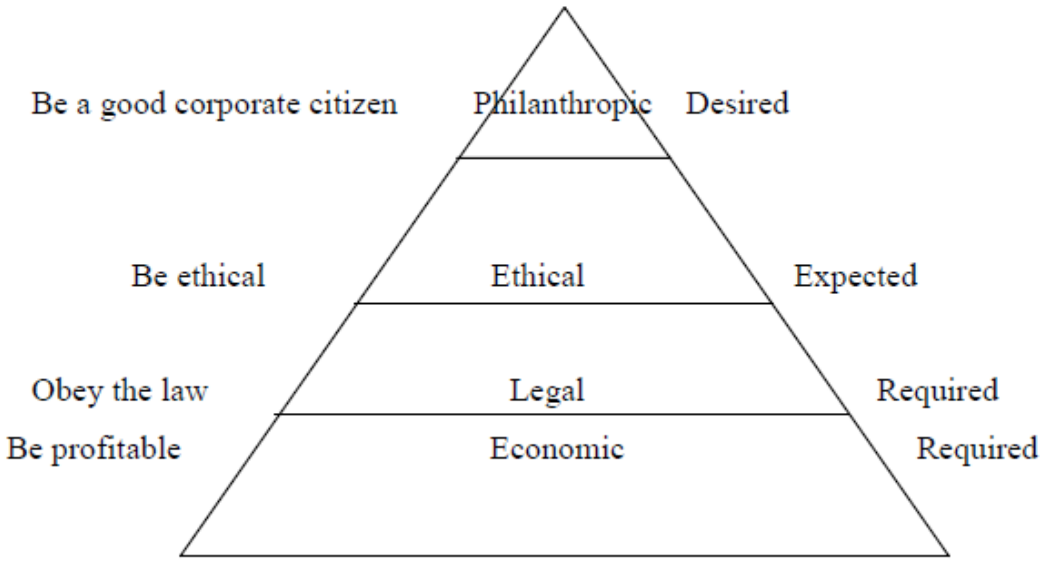
"the development that satisfies the needs of the current generation, without negatively influencing the needs for the future generation." (Brundlandt, 1987).

2.2.4 Strategies used in implementing CSR

2.2.4.1 Responsibilities

Archie B. Carroll's (1991) point of view identifies a four responsibility approach. Carroll (1991) says in order for businesses to touch on their entire range of obligations to society, they must represent the economic, legal, ethical, and discretionary categories of business performance. These categories are not mutually exclusive, not cumulative or additive.

Figure 2.1: Carroll's (1991) Pyramid of Corporate Social Responsibility



Source: Carroll's (1991)

Carroll used a pyramid framework shown as Figure 3 above. His CSR domains may be confusing for some applications. The framework suggests a hierarchy of CSR domains, but the breakdown was not intended by Carroll (Schwartz and Carroll, 2004). The main emphasis in history has been on the economic responsibility that is indicated by the "invisible hand" theory of Adam Smith. Due to the increased responsibilities

assumed by governments and the rise of the state, the legal responsibilities are important. In recent years the ethical and discretionary (philanthropic) responsibilities have increased in significance (Carroll 1991).

Carroll's framework cannot fully capture the overlapping nature of the CSR domains. The failure to acknowledge this is a disadvantage of his framework.

i) Economic Responsibilities

The economic responsibility is most important to a company. Economic responsibility means that business organizations have to produce goods and services for the public. The profit incentive is the primary incentive to stimulate entrepreneurs. Over time, the profit incentive changed into the maximum profit motive, which has been continued over the years (Carroll, 1991). All other business responsibilities build upon the economic responsibility of a company and provide the main reason that organizations take part in most of its activities.

Other examples of business responsibilities that a company might want to improve are: its canteen, keeping its employers satisfied, or adhering to international accounting standards. Two economic components of CSR are maintaining a strong competitive position and maintaining a high level of operating efficiency (Carroll 1991). Although most of the organizations are economically based, few engage only with economic responsibility. For example, adhering to international accounting standards is also a legal responsibility towards society.

ii) Legal Responsibilities

The second responsibility is called the legal responsibility. It is straightforward and stems from the principle that, although organizations contribute to the welfare of society, their actions need to be regulated in order to prevent them from misusing their power. Carroll (1991) sees the legal responsibility as a partial fulfillment of the "social contract" between business and society. Schwartz and Carroll (2003) divide the legal domain to three general sub- categories: (1) compliance, (2) avoidance of civil litigation, and (3) anticipation of the law.

The first category, compliance, can be sub-divided into passive, restrictive, and opportunistic. Passive compliance, or accidental nature, means that the company is doing what they want, and these habits happen to be in compliance with the law. The company sticks to a certain safety standard for a product even if there are no legal requirements for it. (Carroll 1991).

Restrictive compliance means that a company is legally required to do something that the company would not do unless it was obligated to do so. An example of restrictive compliance is company taxes. Opportunistic compliance is the third form of compliance. This compliance means that companies choose a certain country/area where their actions are considered legal because in their home country, the activity is contrary legal guidelines. Companies might move to developing countries because of less stringent employee-welfare, environmental, or consumer-protection legislation. (Ibid)

The second type of legal responsibility refers to avoiding civil litigation. This civil litigation refers to company activities that avoid certain actions because they may turn out to be illegal in the future. For instance, withdrawing a certain product from the market because it is dangerous for little children shows legal responsibility. Because the government could force the organization to withdrawn the product from the market, the company acts on its own to remove the product. Another example of legal responsibility is ceasing non-environmental friendly activities (Schwartz and Carroll, 2003).

The last category is anticipation of the law; this category is a very pro-active strategy.

The legal process can take a very long time, so companies implement legislation standards in anticipation of the law.

iii) Ethical Responsibility

Although the economic and legal categories are more clearly defined than the ethical responsibilities, society has certain expectations of businesses, and the same businesses

depend on society to survive. Since a company's ethical responsibility is defined, in part, by the culture in which it operates, ethical responsibility is considered hard to define because it differs among different societies respective to their cultures and how they expect the businesses to operate so as to look fair, right and just. (Schwartz and Carroll, 2003).

iv) Discretionary Responsibility

The last responsibility explained by Carroll (1979) is discretionary responsibility. These responsibilities are based upon the goodwill of the business, and the definition is even less clear than the definition of ethical responsibility. Philanthropic responsibility is another name used for this responsibility. This responsibility refers to engaging in acts or programs to promote human welfare. The main difference between ethical and philanthropic responsibility is that the latter is not expected either ethically or morally. In other words, the community desires that organizations contribute their money, facilities, and employee time to humanitarian programs or purposes, but they do not regard the organizations as unethical if they do not provide the desired level (Carroll, 1991).

Due to its voluntary nature, Schwartz and Carroll (2003) do not regard discretionary responsibility as a duty or social obligation of a business. Social responsibility should not be considered a responsibility because charity or philanthropy cannot be demanded by society, whereas social responsibility can. The boundaries between responsibility and philanthropy are sometimes vague and hard to define.

Initially, Carroll (1979) included the discretionary responsibility in his approach to CSR. In a later article, that he co-authored with Schwartz, (2004) the fourth responsibility is not addressed. Carroll re-examined his own pyramid when he collaborated with Schwartz and together they made an alternative model with three dimensions. Figure 4 represents Carroll and Schwartz's model. This model considers remarks made regarding the relationships among the layers that make up the pyramid.

2.2.5 Motivation behind CSR

The section above focused on CSR and its relevance to stakeholders' evaluation of a firm's CSR activity. This section will focus on the motivation and drivers for CSR and there will be an outline of arguments for and against CSR.

2.2.5.1 Motivation and Drivers for CSR

Wood (1991) argues that firms can be motivated by the principle of legitimacy, public responsibility and managerial discretion. Managers motivated by legitimacy argue that creating wealth, being ethical and legal can be seen as CSR activities. Managers motivated by public responsibility argue that a firm should engage in CSR activities covering problems the firm has caused. CSR activities decided by the managers are motivated by managerial discretion.

Further, Wood (1991) outlines different processes of corporate social responsiveness, which will be outlined in the section of strategic necessity. It can be said that many consumers, employees, investors, suppliers and other stakeholders choose firms to engage in for many reasons, and one of them is the firm's attitude towards CSR. Amalric and Hauser (2005) list stakeholder expectations as one driver for CSR. A firm may fail to increase its total value if the stakeholders are not taken into account. Further, by being engaged in CSR activities, a firm may better cope with future governmental regulations.

In the same lines, Van Marrewijk (2003) lists several levels on how a corporation can increase the value of the triple bottom line (social, economic and environmental responsibility).

The CSR activity can be compliance driven, profit driven, caring, synergistic, and holistic. *Compliance driven* CSR activity can be seen as a duty to society and the firm will take the costs associated with the activity. *Profit driven* activity may create competitive advantage and the corporation will be motivated to get superior financial performance. A corporation can be driven by the wish for *caring*. This may motivate

the firm to use CSR to balance the triple bottom line and the activity will be performed in order to increase the social welfare. (Amalric and Hauser 2005).

CSR as a *synergistic* ambition level will have sustainable development as motive and social and environmental responsibilities are used to create competitive advantage. The same responsibilities will be used to gain competitive advantage in the *holistic* ambition level, as well as CSR is seen as a corporate culture. (Ibid).

Arguments For and Against Social Responsibility

One of the major scholars within the concept of CSR has in an article listed argument for and against corporate social responsibility. By using the outline in Davis (1973), the arguments for social responsibility will be listed, followed by the arguments against.

According to Davis, (1973, 313-317) arguments for Social Responsibility

a) *Long-run self-interest:* This argument can be associated with profit maximization. CSR activities will often increase firm profit and strengthen the wealth of society. Society expects the firm to accomplish social goods and this will in turn gain the firm.

b) *Public image:* By being engaged in CSR activities a firm can enhance the public image so that the firm can get more customers and better employees.

c) *Viability of business:* Any firm can be seen as an institution in society and it is reasoned that businesses exists to perform valuable services for society. For the businesses to survive, the society's needs have to be met.

d) *Avoidance of government regulation:* Many CSR activities may help the firm to better cope with future government regulations, and even avoid regulations given by the government.

e) *Socio-cultural norms*: The firm will act in congruence with social norms as any other individual. As society moves towards norms of social responsibility, the firm will be guided by these norms.

f) *Stockholder interest*: Often the stockholders will put pressure on the firm to engage in social activities. By taking the stockholder's interest into consideration; the activity will benefit the firm.

g) *Let business try:* Evidence show that many institutions have failed in handling social problems. The business may as an institution be able to handle different social problems.

h) *Business has the resources*: Firms do have resources which could be applied in CSR activities and may better solve social problems than other institutions

i) *Problems can become profit:* Firms engaging in social activities they can handle can increase its profit.

j) *Prevention is better than curing:* If firms do not engage in social responsibility. it may happened that problems increase over the time, and it will be more costly to act later

Arguments against Social Responsibility by Davis, 1973 317-323 were:

a) *Profit maximization*: The most widespread argument against CSR has its origin in classical economy and a firm has one task: namely to create profit. However, Friedman (1970) states that creating profit can be seen as a CSR activity.

b) *Costs of social involvement*: Several CSR activities may be costly and may not return in profit.

c) *Lack of social skills*: Many firms may not have the ability to be engaged in social activities. Other institutions may be more appropriate for the task.
d) *Dilution of business's primary purpose*: Firms may put to many resources into CSR activities and being engaged may lead the firm away from its main purpose and conflicts and costs may arise.
e) *Weakened international balance of payments*: CSR activities may be costly and may not lead to increased performance. The firm's products may be more expensive and the balance of payments may be weakened.
f) *Business has enough power:* Many firms have more power than other institutions and CSR activities may result in more power, which may not be necessary.
g) *Lack of accountability*: The society and the firm will not benefit from activities performed by firms in areas they do not have accountability.
h) *Lack of broad support*: Firms engaging in social activities may not be appreciated by every group in society which may create problems for the firm.

Graafland and van de Ven (2006) list reasons why corporations are more likely to be engaged in CSR activities. First, if they believe that it will pay off in the long run and as long as CSR increases the profit, firms will be engaged. A good reputation will be rewarded by employees and customers. As long as CSR activities increase the value of the brand name, the firm will be motivated to perform CSR activities.

2.3 Competitive edge as a performance measurement scale.

The concept of competitive edge occupied an important position in the fields of strategic management and business economies. According to Wernerfelt (1984), competitive edge represents an important strategic element that helps in grabbing chances and offers a real opportunity for the organization to achieve continual profits

compared to its competitors, for competition is the source which consolidates the company`s post as a means to realize economic profits; privilege in productivity, prices and cost over its competitors and consequently concentration on production.

(Covin, 2000, P: 175) point out that competitive edge is a certain quality or qualities the organization has and which distinguish it from other organizations by ensuring a solid stand against various parts. The real challenge for any organization is not producing or offering products but the ability to continuously fulfill the changing needs and desires of customers.

The role of customers has been growing and it has become difficult now to impose products on them. Therefore, finding competitive edge can bring satisfaction to customers, increase their loyalty and keep the company`s continuity in the market. (ibid)

An organization will have a competitive edge when they are implementing a strategy that creates value and when the strategy is not being implemented by a potential competitor.

An organization has a sustained competitive edge when they are implementing a strategy that is creating value, and when it is not at the same time implemented by any present or potential competitor, *and* when other organizations are not able to copy the advantages of this strategy (Barney 2001).

According to (Wernerfelt, 1984), It does not imply that if a competitive advantage is sustained, this will last forever. It only suggests that it will not be competed out of the market because of the imitative efforts of other organizations. When organizations have their exposal over exactly the same resources, like the same amount of physical, human, and organizational capital all companies could implement and invent the same strategies. The organizations could all reach effective and efficient improvements with regard to the firm. When this is reached, one can speak of sustained competitive advantage.

Competitive edge/advantage is also known as the organization`s ability to establish and apply strategies that place it in a better competitive position than similar organizations of the same business activity (Mustafa, 1996, P: 3).

And according to (Lui, 2003, P: 15) the competitive edge of a company is its peculiarity through the perspective of marketing its products that guarantee its competitive position. This means that competitive advantage is getting an advanced competitive position in the market. (Muhsen and An-Najjar, 2004, P: 52) explain that competitive edge aims at building a system that has a unique or distinguished privilege with which it excels competitors through the company`s products that ensure the highest benefit or value in comparison with the competitor`s products

(Macmillan & Mahan, 2001, P: 81) declare that competitive edge is an excellence factor the company is marked by and kept for a relatively long period because it is hard to match. This period guarantees superiority and benefit to the company through its products. The competitive edge is established as soon as the company employs new and more effective methods than those of its competitors. This comes through providing and promoting new services through learning abilities and market supervision.

(Stevenson, 2007, P: 4) confirms that competitive edge is the distinguished skill, technique or source that enables the organization to produce more values and utility than offered by competitors. This affirms its superiority over those competitors through the perspective of the clients who accept this difference or uniqueness as it realizes more benefits and values to them more than that of other competitors
(Heizer and Render, 2001, P: 36) clarify that competitive advantage is finding a unique privilege that makes the company excel competitors, i.e. makes the company unique and distinguished over other competitors.

(Macmillan and Tampo, 2000, P: 88) assure that competitive edge stems from the organization`s ability to perform better than competitors and gain competitive

superiority in the market. This means the company`s capacity to produce and offer products (commodity or services) to competitors by using its materialistic, human and intellectual sources and this might be related to quality, technicality, ability to reduce cost, marketing competence, seizing chances and acquiring a foothold in market.

Concern is focused in the organization on achieving the competitive edge through the products that realize the needs and desires of customers or the value that customers wish to have from those products. Attention is given to turning those needs into areas or target capabilities which are called competitive dimensions.

The concerned organization selects its competitive dimensions (Jay & Janet: 2002) when offering its products and meeting the demands of the market to realize the competitive edge. From these dimensions are:

i) Reducing cost: This means the organization`s ability to design, manufacture and market its products at the least possible cost compared to its competitors which enable it to realize higher profits. Low cost prepares the chance to sell products in competitive prices. This dimension is based on the least possible amount of production entries in comparison with competitors. This means achieving a reduction in the total costs of any industry. This can be attained through discovery a cheap source of raw material or realizing high scale economies i.e. distributing the fixed cost on a large number of production units, disposing of agents and depending on out lets owned by the organization, using low cost production and sales methods or using the computer to cut down labor force (Kotler& Keller, 2009, P: 56).

ii) Creativity, renovation and innovation: It is the reformation or reactivation of new ideas to produce new issues through which you can solve a problem or apply a new idea. This is connected to technology and affects organizations. Creativity and innovation are basic factors in the management of business and organizations that reflected upon the ascending needs and ambitions as it is neither enough nor satisfactory to perform the work of different organizations

in the traditional methods, for keeping such methods leads to a halt and consequently backing of fast movement forward, or even to failure (Lynch, 2000, P: 502).

2.3.1. Relating CSR and competitive advantage as the performance measuring scale for the performance indicators.

Porter and Kramer (2006) suggest that CSR activities in a firm can lead to opportunity, innovation and competitive advantage, and the firm will gain sufficient advantage when using its resources on social activities. Further, Porter and Kramer (2006) list earlier schools about CSR and the competitive arena.

Moral obligation refers to engagement in activities because it is the "right thing to do". It can further be said that a firm needs to weight one social benefit against another, and at the same time look at the cost associated with the activities.

Sustainability refers to the use of CSR activities to ensure sustainable development, and the consideration of the triple bottom line. Acting in congruence with the triple bottom line may lead to competitive advantage. *License to operate* considers explicit and tacit permission from different stakeholders. Lastly, *reputation* refers to the firms' engagement in CSR activities in order to strengthen the company's image and brand towards stakeholders. .

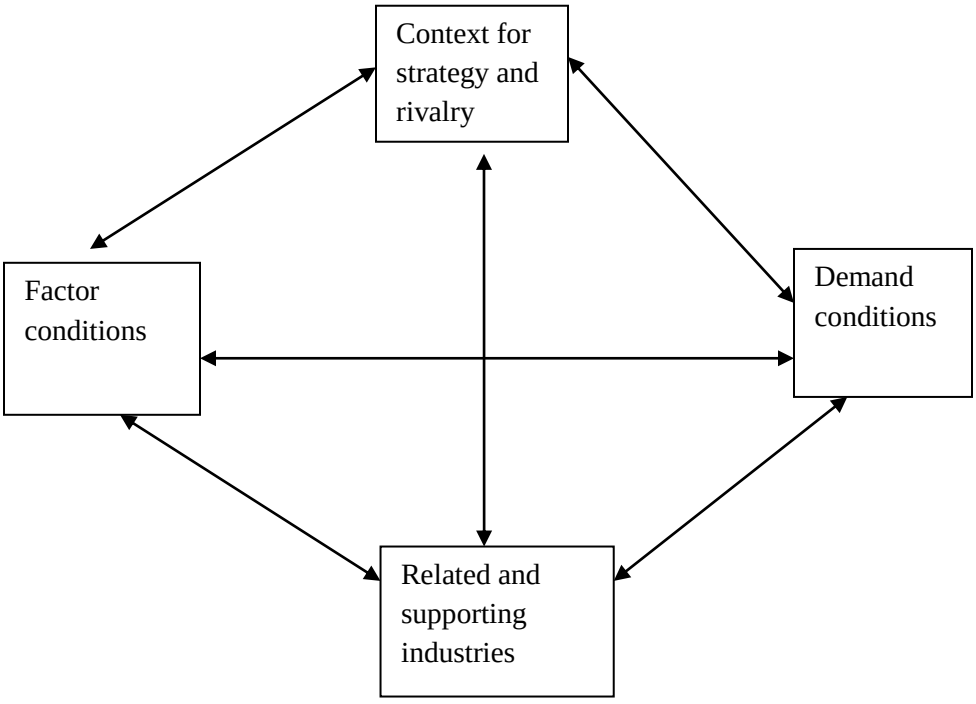
Further in their article, as a development of the earlier schools, Porter and Kramer (2006) suggest a framework where social issues may be integrated in the firm's operations, in order for the firm to gain competitive advantage. The framework consists of *Generic social issues* which refer to social issues important for the society and less importance for the firm.

Activities in the *Value chain* will in many cases have a direct impact on society, and being able to improve its activities based on social issues may lead to competitive

advantage. *Social dimensions of competitive context* are factors in the external environment that will have a direct impact on the firm's competitive context.

The four social dimensions of competitive context are divided into factor conditions, demand conditions, context for strategy and rivalry, and related and supporting industries (Porter and Kramer 2002; Porter and Kramer 2006). By analyzing the four dimensions, the firm may be able to know how to use its CSR activities in order to increase its competitive advantage.

Figure 2.2: The four elements of competitive context.



Source: Porter and Kramer, 2002

2.4 Challenges facing the implementation of CSR competitive strategy

Asmus,P (2003) suggested that one of the challenges of implementing CSR strategies originate from isolating the workforce. First limiting factor is the CEO's not being able to create and follow great strategies hence making a mistake of isolating their own

workforce. Information should be idealized by passing each management level resulting to good strategy being based on questionable data and ideals. Not so many CEO's spend time with staff at all levels and most importantly listen without passing judgment.

Eilbert and Parket, (2001) examines the challenges facing the organization's decision to pursue CSR. The researcher found that in developing economies, the government's inability to provide adequate infrastructures, social services and other necessities makes it even more difficult for the organizations to decide what projects to should engage in so as to improve the welfare of the people in the society.

Wright,P and Ferris,S.P (1997) suggested that determining who is to benefit from the CSR project is a challenge. Even after knowing what CSR strategy to engage in, whom exactly is the project going to benefit becomes a problem. More focus is given to the beneficiaries who have a connection to the company or those who once are benefited the society can easily recognize the company behind.

According to Mugisa,J (2011), balancing profit maximization and at the same time implementing CSR is really difficult. The main goal of an organization is maintaining its value and maximizing profit thus expenses are minimized to the highest level possible so as to maximize profit.CSR being an expense to the corporation as well as a necessity for the community it serves balancing the two is a huge challenge.

Griffin,J,J and Mahon J,F (1997),considered the amount of funds to be set aside for the CSR activities as a challenge. They said that, since CSR is voluntary, companies have no fixed amount to put in to these activities. In fact they tend to set aside the funds they wish to. Different projects can have different levels of funds set aside and there is no one to question the reason why hence giving loops for fraud.

2.5 Empirical literature

Shen and Chang (2009) show that firms with strong CSR environments do not perform worse, and generally perform better, than firms with weak CSR environments across a variety of financial metrics.

El Ghoul, Guedhami, Kwok and Mishra (2011) find that firms with stronger CSR have lower costs of equity, lower firm risk, and higher overall valuation. Cheng and Serafeim (2011) similarly show that firms with better CSR have lower overall capital constraints, indirectly leading to more opportunities for investment and higher valuations.

Scholtens (2009) surveys CSR at more than 30 financial institutions from 2000-2005. He finds that CSR improved at these banks during this period. Further, he shows that CSR is getting more important at banks, as they take on new CSR-focused perspectives, such as becoming involved in micro-lending, financing sustainable development and performing environmental risk analyses before lending. This suggests that not only are banks engaged in diverse CSR activities, but that CSR issues are becoming more ingrained into the cultures of financial institutions

Other CSR studies have focused on more specific questions. Barnea and Rubin (2010) study the relationship between CSR investment and firm characteristics. They find that insiders are likely to over-invest in CSR initiatives when the personal benefits are high and the personal costs are low; this could be seen as a form of green-washing, or focusing on the style of CSR investment and not the substance. This over-investment is beneficial to the individuals but not to the firms.

Barnea and Rubin (2010) show that managers are likely to over-invest in CSR activities when the private benefits outweigh the private costs. They find that increasing expenditures on CSR may enhance their individual reputations as good citizens, but there are diminishing marginal returns to CSR such that additional expenditures decrease firm value. Due to too many assumptions and conclusions on

CSR activities and the firms performance and value the researcher is curious to find out how effective is CSR implementation as a competitive strategy

2.6 Conceptual framework

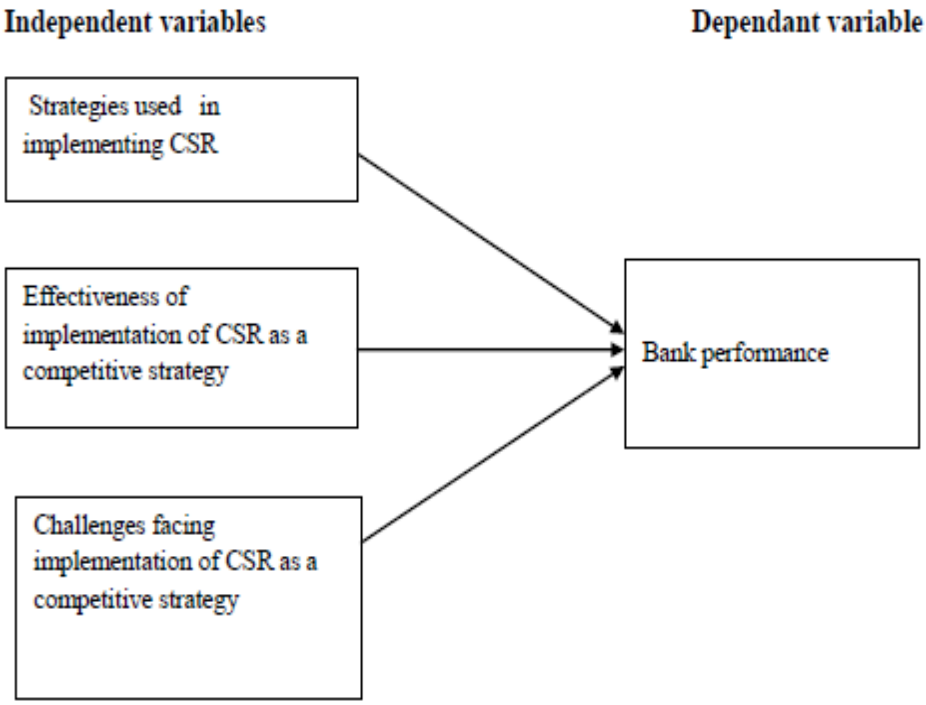
A conceptual framework is an assemblage set of research concepts variables together with their logical relationships often represented in the form of diagrams, charts, graphs, pictographs, flow-charts or mathematical equations.(Ndunguru,2007)

Conceptual framework is more encompassing and sets a boundary of a studied phenomenon and therefore provides a firm base for developing simple and specific conceptual models that are subject to empirical testing. (Ibid).

It presents the relationship between the independent variables and dependent variables. In this study, CSR strategies used by banks, implementation of these strategies and Challenges facing the implementation of the strategies are the independent variables while bank performance is the dependant variable. (Huberman 1994)

The researcher will find out what CSR strategies are mostly used by the banks, how effective are the implemented strategies' outputs (reaction from the public, profits, reputation, goodwill etc) and if implementation of these strategies has any contribution to the banks' performance.

2.6.1 Conceptual framework



According to Bolton (2013), there is a positive relationship between CSR strategies and the bank performance which is highly reflected on brand recognition and profit margins. Okoth (2012) suggested that CSR strategies improves financial performance of all commercial banks irrespective of their size. These CSR tools once used usually have positive influence to the banks attributes like profit and market share.

Burke and Logsdon (1996) proposed that CSR implementation is more effective on social development activities and charitable donations such as educating poor bright children, setting up health facility were there is none, building roads and wells than collecting garbage and garden maintaining. Implementation of CRS strategies that affect most of the society has higher effect to both the community and the organization than those that favor a few individuals (Burke and Logsdon 1996).

Mclloy (2008) brought up the need of risk management in banking industries and pointed out the problem facing presently are systematic risks induced by market

participants who put self interest into their priority. As a result he proposed the following regulatory reforms to fulfill the dimensions of CSR; " Human Rights", "The Environment", "Fair Operating Practices" and "Consumer issues" preventing banks from selling all the issues in products, increasing transparency, performance and conducting risk against pro-cyclical situation.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the basis for the methodology adopted by the researcher in achieving the set objectives. The overall approach to the research process that is the research design, sample selection and sample size, type of data and data collection procedures, data measurement and data analysis and proposed analysis tables are addressed in this research.

3.1 Research design

Research design is an important conceptual structure in any scientific inquiry. It constitutes the blue print for the collection, measurement, and analysis of data. It aids the scientist in the allocation of these limited resources by posing crucial choices: In fact the research design is the conceptual structure within which research is conducted, it involve blue print for the collection, measurement and analysis of data (Kothari, 2003).

(Kombo and Tromp, 2006:70) define a research design as the structure of the research. It is the "glue" that holds all of the elements in a research project together. There are a number of types of research design. These include descriptive, experimental, case study, action research, quasi-experimental design or explanatory, but to name few.

The research design used in this study is a case study from which data was generated to describe how effective could CSR result to banks performance.

The strength of case study method is highlighted as its ability to deal with a full of variety of evidence, documents, art-facts, interviews and observations beyond what might be available in a conventional survey study. Another reason for choosing a case

study as a method of enquiry is that it shows the critical proof of a vital theory (Yin, 2003).

As the research strategy, the case study is used in many situations to our knowledge of individual, group, organizational, social, political, and related phenomenon.

3.2 Area of the study

This study was conducted at CRDB bank plc, Moshi town, Kilimanjaro region. The selection of the bank based on fact that it is among the successful commercial banks in the nation yet highly involved in CSR. Thus the researcher was curious to know if CSR is among the banks' competitive strategy and how effective has it contributed to CRDB performance.

3.3 Study population

The population target consisted of some CRDB bank staffs of Moshi town branch, who provided details of various CSR activities the bank undertakes and how effective they thought the strategies are. Together with the beneficiaries of different CSR activities facilitated by the bank who provided details of how they perceived the bank after enjoying CSR benefits as well as few people from the general public who have not directly benefited from the bank but were aware of how the bank is committed to the community development and got influenced by the banks' actions.

3.4 Sample size and sampling techniques

Since it is commonly difficult and time consuming to deal with the whole population to conduct the study effectively, a selected sample of respondents was used by the researcher. The researcher used a sample of 96 respondents, for the study and needed to examine the bank staffs, beneficiaries as well as some representatives from the general public who hear about the bank’s CSR activities thus making a need to have a

large sample size. Again, this was made through various professional ways to ensure the least level of subjectivity and biasness.

3.4.1 Sampling techniques

Since it was difficult for the researcher to study all the individuals in the organization and in the public, the researcher was forced to use a sample to represent the entire population. In order to facilitate sampling, purposive and random samplings techniques was employed. Random sampling method applied in order to avoid biasness while purposive sampling was done because it suits the purpose of the study.

3.4.1.1 Simple random sampling

Simple random sampling was used to select employees involved in the study. The researcher used the method because it gave equal chances of employees being selected and at the same time reduced biasness in identification of elements under study from large population (Mlyuka, 2011). The sampling frame used in this study was the register of company employees which beared the list of all employees at the Moshi town branch.

3.4.1.2 Purposive sampling

According to Mlyuka (2011), this is the type of sampling in which the researcher selects samples based on a certain purpose. This involves selection of cases which the researcher judge as the most appropriate ones for that particular study.

This technique of sample selection was used to select available managers and other staffs that the researcher thought would have information about various CSR activities done by the bank as well as the beneficiaries and the few people from the population that seemed to have idea on the banks' CSR.

3.4.2 Sample size

In sampling analysis, the most important question is what should be the size of the sample or how large or small should be. When the sample is too small it may not serve to achieve the objective and if is too large it may increase cost and result to wasteful of resources. The sample size for the study was calculated according to the formula recommended by Burns and Bush (2003) which is as below.

$n= S^2Z^2/e^2$

Where;

n = the sample size

z = standard error associated with the chosen level of confidence (1.96)

s = degree of variability (50% = 0.5)

e = probability of error of (0.1).

$$n= \frac{(0.5)^2 \times (1.96)^2}{(0.1)^2} = \frac{0.25 \times 3.8416}{0.01}$$

$$n = \frac{0.9604}{0.01}$$

n =96

Thus the study involved the sample of 96 respondents as the result of Burns and Bush (2003) formula.

3.5 Methods of data collection

In this study, the researcher used both primary and secondary data for the purpose of generating information necessary to achieve the study objectives. For primary data, interviews and observation were used as instruments of data collection. However,

documentary review helped the researcher to get secondary data. In view of this, journals, papers, books, magazines, reports and the internet were used to generate secondary data.

3.5.1 Primary Data

Primary data is a type of raw facts obtained directly from fields as first-hand sources by means of surveys, observation or experimentation (Kothari, 2004). In this context, the researcher obtained primary data from respondents through the following methods.

3.5.1.1 Interview method

According to Creswell (2003) an interview is a conversation between two or more people where the interviewer asks questions to elicit facts or statements from the interviewee. In interviews, the researcher conducts interviews with respondents either face to face or through the use of telecommunication devices like telephones. Interactions that involve face to face questioning are referred to face to face interviews while asking questions through telephone interaction is known as telephone interview (Ghuri, 2002).

In this study the researcher used face to face interview to collect data from customers, beneficiaries and staff. The reasons for engaging in face to face interview is that customers are always busy with tight schedules, thus asking them to fill in questionnaire would consume their time of even become reluctant to respond to the questions. The second reason is in connection to the purpose of interview which is to develop understanding the respondent has in mind in relation to the phenomenon under the study. “People are interviewed to find out from them those things they cannot be observed” (Patton, 1987). Third, interviews result into thick descriptions of the subject being studied that help to make decisions on transferability of study results (Merriam, 2002).

3.5.1.2 Observation

According to Marshall and Rossman (1989) observation is a "the systematic description of events, behaviours, and artefacts in the social setting chosen for study". It is thus, the process of learning through exposure to or involvement in the day-to-day or routine activities of participants in the researcher setting. The researcher used observation technique to collect data about behaviours of the people with regard to peoples' acts, such as answering customers' questions, languages used by service providers when talking to customers and handling customer complaints in the due course of service provision.

This technique was used to generate data from observable social responsibilities undertaken by the bank to the society and how the public responds to these actions. Through observation the researcher proved if the banks really perform these CSR activities. Moreover, the bank's reputation and perception from the community was captured through observation so as to avoid biasness that could have happened by trying to get the information from the banks employees.

3.5.2 Secondary Data Collection Method

According to Kothari (2004) secondary data refer to the data previously collected and analyzed by someone else for use other than the current phenomenon under study. In this study the researcher used documentary review as technique for generating secondary data. Hence, various documents in the organization such as files, circulars, policies, reports, pamphlets, journals, periodicals, newspaper and CRBD bank web reports was reviewed, in order to extract as much as possible relevant information regarding the effectiveness of CSR..

3.6 Data processing and analysis

According to Phillips (1971:205), on receipt of collected data, attention is turned to data analysis. Strauss & Corbin, (1994) qualitative research studies involve a continuous interplay between data collection and data analysis. In this study the researcher organized data in tables of frequencies, presented information in graphs and charts, and analysed the data based on comparison responses processed and depicted in frequency of percentages. Thus qualitative research analysis was used.

3.7 Validity and reliability of the research

According to Saunders *et al* (2007) study findings can only take credibility from its validity and reliability. Moreover (Patton 1999) insists that the credibility of research relates to validity and reliability issues. In order to reduce the risk of getting wrong answers, the researcher needed to pay attention to validity and reliability (Saunders & Thornhill, 2003).

3.7.1 Validity

Validity is concerned with generating information ascertain that whether the findings are really about what they appear to be about or not (Saunders et al. 2003). Yin (2003) further defines validity as the extent to which data collection methods accurately measure what they were intended to measure.

Neuman (2006), He gives four points on the verification and trustworthiness of a research project:

a) Ecological validity: how the researcher's data represent the response of Respondents and the extent to which the researcher serve to distract respondents.
b) Natural validity: this is concerned with in-depth account of a logical procedure.

c) Member validation: this is concerned with confirmation of researcher's report by the elements studied.
d) Competent insider performer: it is all about researcher's participation as an element of the study.

In this view, the validity of this study was rooted in the close alignment of the research questions, frame of reference and the design and purpose of the questions administered

3.7.2 Reliability

According to Saunders et al. (2003) reliability refers to the degree to which data collection methods yields consistent results/findings, the same/similar results can be observable should different researchers employ the instruments in their studies. According (Neuman, 2006), reliability is about demonstrating that the operations of a study such as data collection procedure can be repeated with the same results.

In order to ensure reliability in this study, the researcher conducted all interviews within the environments that were conducive and supportive to ensure accurate data collection and used the same type of questions to different respondents in relation to objectives to be achieved.

3.8 Ethical Issues Consideration

As in other aspects of business, all parties in research should exhibit ethical behavior. According to Crano and Berdie (1975:60), ethics are norms or standards of behavior that guide moral choices about our behavior and our relationships with others. The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities. In the course of data collection, the researcher adhered to the following ethical standards. The data was revealed to no one other than intended user. The identification of the respondents was kept anonymous, and finally freedom the reserve personal information was considered to the highest respect.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND FINDINGS

4.1 Introduction

This chapter describes the nature of respondents that were used in the study and their contributions to the findings, strategies used by banks in implementing CSR, effectiveness of the implementation of CSR competitive strategy in CRBD performance and the challenges facing the implementation of CSR.

4.2 Characteristics of Respondents

4.2.1 Sex of Respondents

The study revealed the sex distribution that was included in it. This is to know which gender contributed more on the research findings, reflect fairness undertaken by the researcher as a result of abiding by the sampling techniques and to avoid biasness on collecting more information from one sex type.

According to the findings, the percentage of men that were involved in the study was 48% and that of women that participated in the study was 52%.Making the women the majority that participated in the research. The sex distribution can be illustrated by the table below;

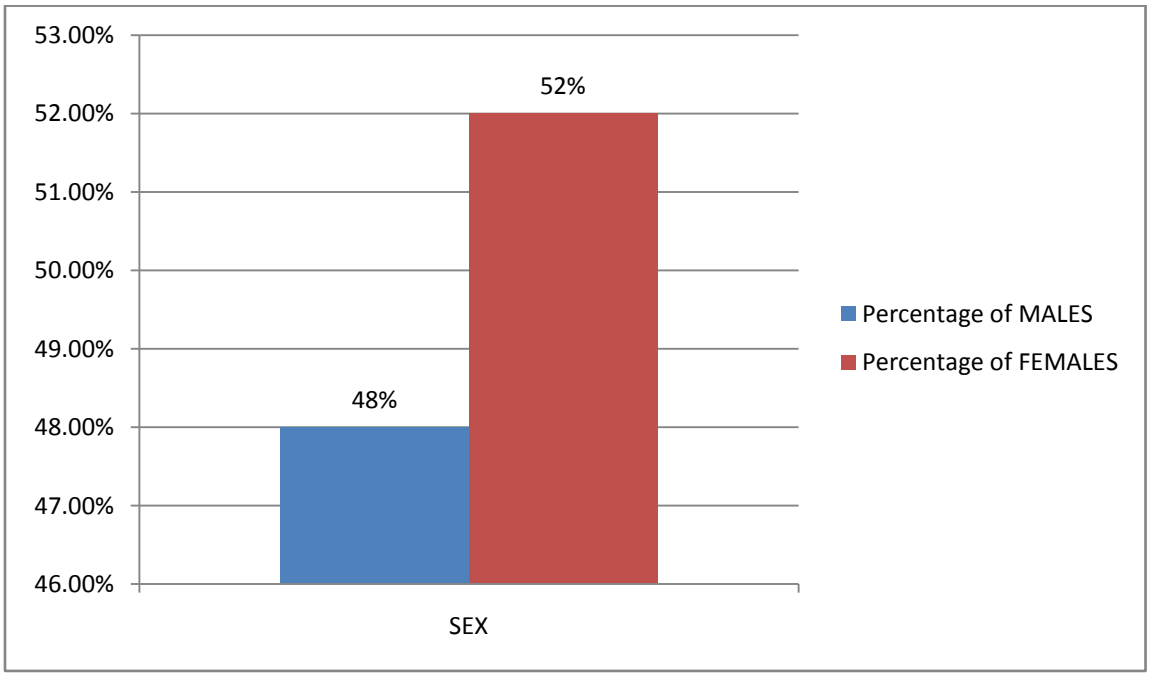
Table 4.1: Sex of respondents

SEX	Frequency	Percentage
Male	46	48
Female	50	52
Total	**96**	**100**

Source: study findings (2015).

The above information is shown using a bar graph as indicated in the figure 4.1 below;

Figure 4.1: Sex of respondents



Source; Study findings (2015)

4.2.2 Age

The information of the respondents' age was accessed to find out what age group influenced the findings of the effectiveness of CSR competitive strategy in banking industry performance. What age group mostly gave out more views and ideas? Etc. The study found out that 31.3% of the respondents were aged between 18-30 years old, 33.3% were aged between 31-40 years, 19.8% were between 41-50 years and 15.6% were 51years of age and above. Therefore the study was mostly participated by respondents of the age group 31-40 years followed by that of 18-30 years.

The age results are displayed in the Table 4.2 below;

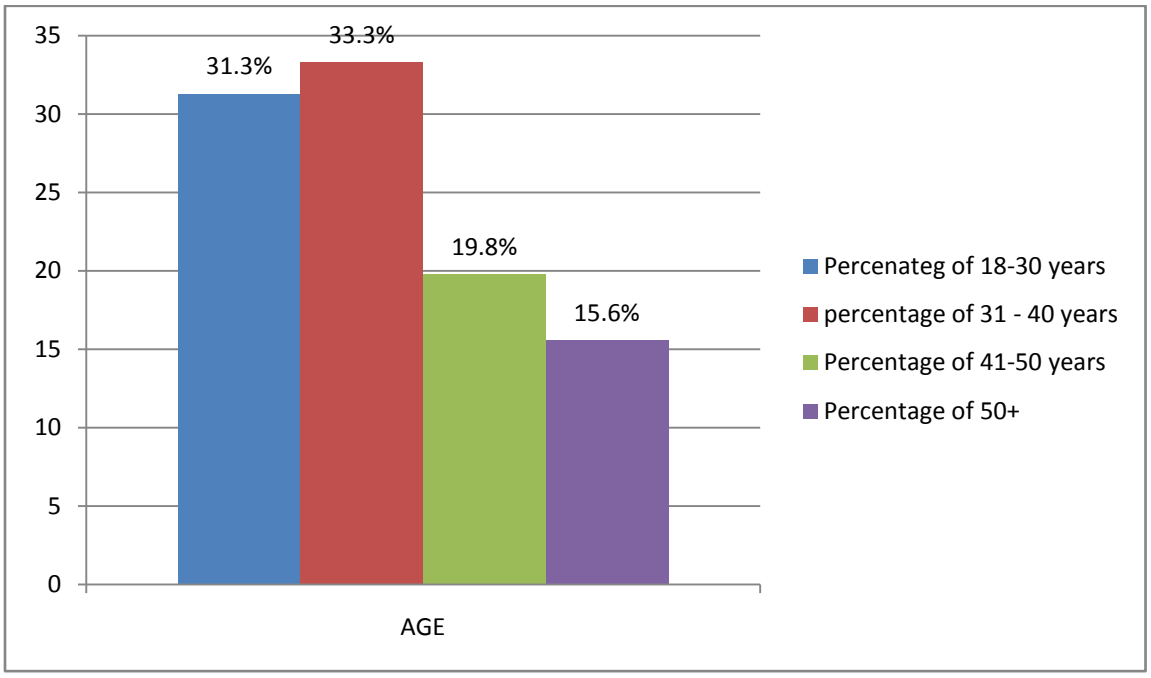
Table 4.2: Age

Age	Frequency	Percent
18-30	30	31.3
31-40	32	33.3
41-50	19	19.8
51 and above	15	15.6
Total	**96**	**100**

Source: study finding (2015)

The same information is shown using a bar graph as indicated in figure 4.2 below;

Figure 4.2: Age groups distribution



Source; Study Findings (2015)

4.2.3 Education of Respondents

Education level being an important aspect in determining the findings, the researcher was interested in knowing the distribution of respondents according to their education level on order to reveal the level of knowledge and understanding on the matter of

study and quality of the information produced from the respondents. The study reveals that 36.5% of the respondents had university degree, followed by 29.2% who were the respondents with certificate and diploma, 24% who had their secondary education certificate and 10.4% who were the respondents with only primary education.

This reveals that, respondents with University degrees (36.5%) largely participated in the study followed by those with Certificate and Diploma (29.1%).The table 4.3 below reveals the distribution of respondents' education level.

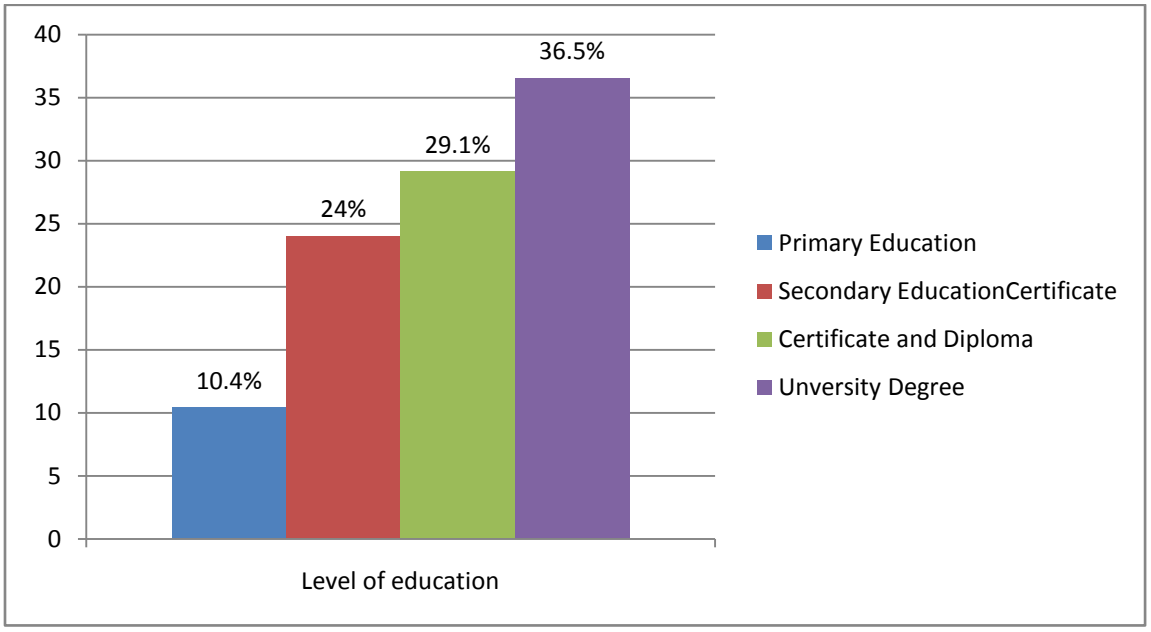
Table 4.3: Level of education

Level of Education	Frequency	Percent
Primary Education	10	10.4
Secondary Education Certificate	23	24
Certificate and Diploma	28	29.1
University Degree	35	36.5
Total	**96**	**100**

Source: Study Findings (2015)

The same information is shown using a bar graph as indicated in Figure 4.3 below

Figure 4.3: Level of Education



Source: study finding (2015)

4.2.4 Level of stakeholder included in the study

The information on the distribution of stakeholders involved in the study was an area of interest for the researcher. It was necessary to know which stakeholder contributed in the findings of the study and their perception on the effectiveness of CSR in banks performance. The study reveals that 62.5% of the stakeholders were the customers, 31.3% were the employees while 6.2% of the stakeholders were the top managers.

The study was largely participated by the customers followed by the bank employees as presented in the table 4.4 below;

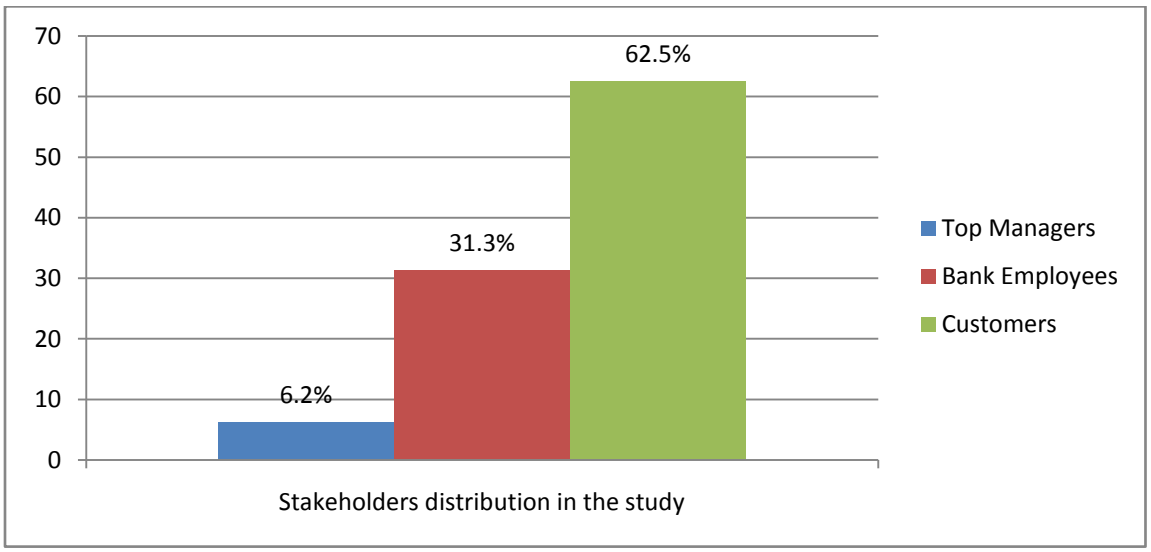
Table 4.4: Distribution of stakeholders

Stakeholder	Frequency	Percent
Top Managers	6	6.2
Bank Employees	30	31.3
Customers	60	62.5
Total	**96**	**100**

Source: Study Findings

The same information is shown using a bar graph as indicated in Figure 4.4 below

Figure 4.4: Stakeholder distributions;



Source: Study Findings

4.3 Strategies used by banks in implementing CSR

The researcher was interested to know different strategies used by banks in implementing CSR. To make this happen, an open ended question was introduced to the respondents as "What are the CSR strategies implemented by banks in various societies?" Due to the type of question addressed to the respondents (open ended), different responses and examples were provided forcing the researcher to group these responses in to six categories as follows;

- ***Corporate charitable donations*** all the responses that talked about donating money (including security or business ownership interest), goods or services to an organization and deduct the market value of this contribution on your income tax return were grouped in this category. In addition to cash these donations could also included cars, clothing, collection of valuable items, artwork, securities etc

- ***Social development projects*** the responses that included projects that kept people in the society at the centre of development were grouped in this category. These projects included the building of roads, hospitals, wells, dispensaries, schools etc. all those projects hat benefit the society in general.

- ***Voluntary Schemes for staffs*** the responses that included the employee benefits that are provided by the banks apart from the basic salary such as housing (employer provided or employer paid), transport allowance, medical insurance, funding for education, health and safety benefits, loans, retirements benefits, vocations, disability benefits to staffs, stationeries, lunch allowances and so much more were grouped in this category.

- ***Philanthropic giving*** the responses that focused on the contribution to improve human welfare were included in this category. They include education and trainings to the community i.e. instead of giving fish to the hungry

man(charitable donations),teach him how to fish by himself (***philanthropic giving***)

- ***Conserving the environment*** the responses that talked about going green, agriculture, tourism, and the banks devoting their resources and time in promoting environmental conservation and awareness were grouped in this category. Most of the responses provided were facilitating tree planting campaigns, sponsoring environment awareness campaigns.etc

Therefore from the above explanation, table 4.6 below shows the frequency of how many respondents mentioned each category and the percentage of each CSR strategy commonly used by the against the rest.

Table 4.5: Strategies used by banks in Implementation of CSR

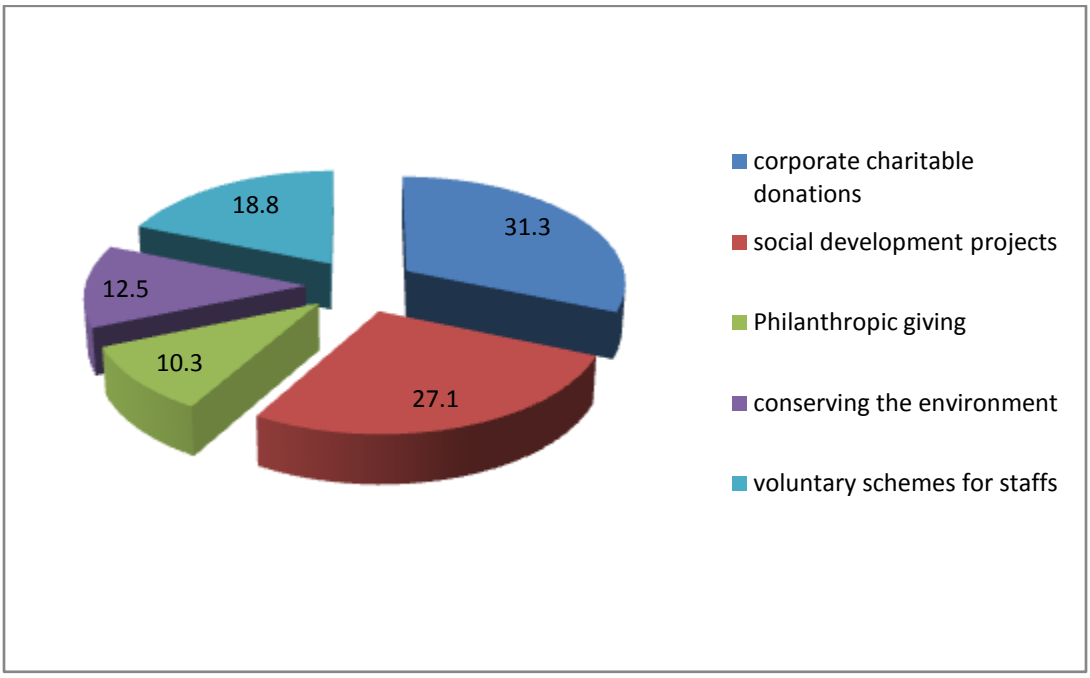
Responses	**Number of respondents**	**Percentage**
Corporate charitable donations	30	31.3
Social Development projects	26	27.1
Philanthropic giving	10	10.3
Conserving the environment	12	12.5
Voluntary schemes for staffs	18	18.8
Total	**96**	**100**

Source: Study findings (2015)

From the findings, 31.3% of the respondents said that corporate charitable donations are the strategies used by banks in implementing CSR, while 27.1% of the respondents mentioned social development projects as the strategy used in CSR implementation, followed by voluntary schemes for staffs which had 18.8% of the responses, Conserving the environment which had 12.5% of the responses and finally Philanthropic giving which took 10.3% of the responses.

The above information is shown using a pie chart in Figure 4.5 below;

Figure 4.5: Bank strategies for CSR implementation



Source: Study findings (2015)

4.4 Effectiveness of the implementation of CSR as a tool for competitive advantage.

Despite knowing the most common strategies used by the banks in implementing CSR, the researcher was curious to know how effective the implemented strategies are in influencing the bank's performance. Several aspects were chosen as the indicators of performance such as market share, increase in the number of employees, shares sold at the DSE market, brand recognition, customer retention and new clients joining the bank.

In making this happen, the researcher established questions as to what extent the respondents thought the implementation of each CSR strategy had an influence to the performance indicators. The results were as follows:

4.4.1 Market share

Table 4.6: Extent of CSR implementation on CRDB's market share performance

Increase in market share	No of respondents	High	Percent	Low	Percent
Social development projects	96	62	64.6	32	35.4
Charitable donations	96	65	67.7	31	32.3
Voluntary schemes for staffs	96	40	41.7	50	58.3
Environmental conservation	96	51	53.1	45	46.9
Philanthropic giving	96	44	45.8	52	54.2
Average percent			**54.6**		**45.5**

Source: Study Findings (2015).

- **Social development projects:** Out of 96 respondents, 64.6% perceived that the implementation of social development projects has highly influenced the increase in the banks market share while 35.4% said that its implementation has low influence.

- **Charitable donations:** 67.7% of the respondents perceived that the implementation of charitable donations has highly influenced the increase in market share and the rest 32.3% claimed that implementation of charitable donations has low influence to the increase in market share.

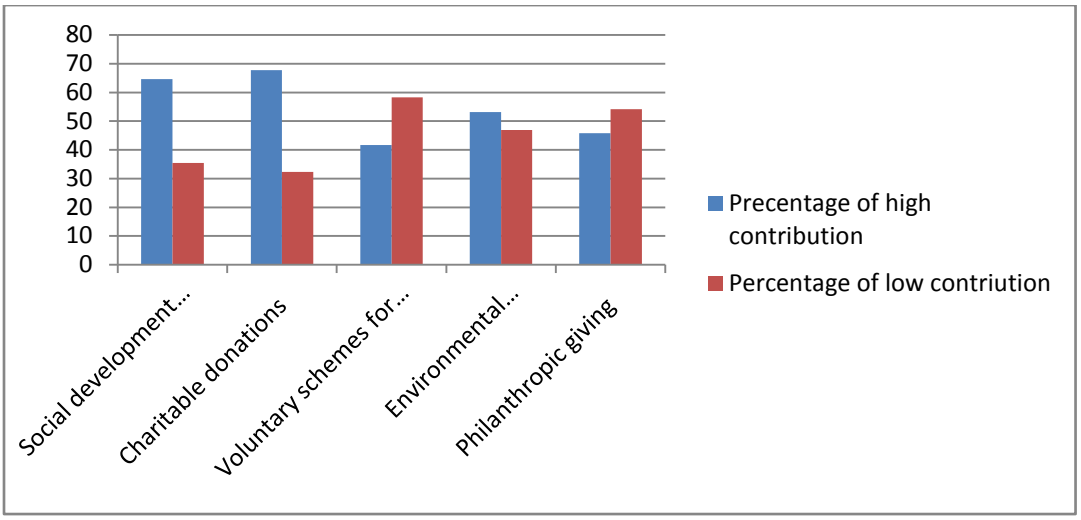
- **Voluntary schemes for staffs:** 41.7% of the respondents suggested that the implementation voluntary schemes for staffs has highly influenced the increase in market share while 58.3% suggested that implementation voluntary schemes for staffs has low influence to the market share increase.

- **Environmental conservation:** 53.1% of the respondents suggested that the implementation of environmental conservation campaigns has highly influenced the increase in the banks market share and the rest of the 46.9% perceived that its implementation has low influence to the market share increase.

- **Philanthropic giving:** 45.8% of the respondents suggested that the implementation of philanthropic giving has high influence to the increase in the banks market share while 54.2% perceived that, its implementation has low influence to the increase in the banks market share.

  The same information is presented in the Figure 4.6 below:

Figure 4.6: The contribution level of the CSR components to the increase in market share.



Source: Research findings.

The researcher wanted to establish the average effectiveness of the implementation of all the CSR strategies in increasing the market share. From the findings, 54.6% of the respondents suggested that the implementation of CSR strategies has highly influenced the increase in the bank's market share while 45.4% of the respondents suggested low influence of the implementation of CSR strategies in the increase of the bank's market share. Therefore according to the findings, implementation of CSR as a strategic tool may have a positive influence to the increase in the banks market share as suggested by the majority (54.6%) of the respondents.

4.4.2 Brand recognition

Table 4.7: Influence of CSR Implementation on brand recognition

Increase in market share	No of respondents	High	Percent	Low	Percent
Social development projects	96	70	72.9	26	27.1
Charitable donations	96	68	70.8	28	29.2
Voluntary schemes for staffs	96	40	41.7	50	58.3
Environmental conservation	96	59	61.5	37	38.5
Philanthropic giving	96	60	62.5	36	37.5
Average percent			**61.9**		**38.1**

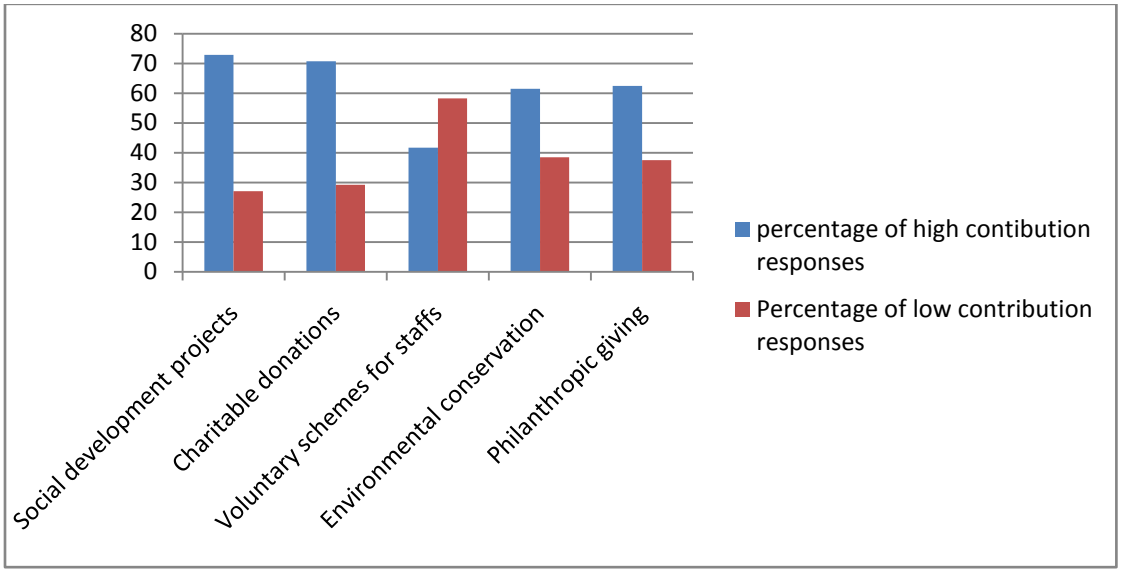
Source: study findings (2015)

- **Social development projects:** Out of 96 respondents, 72.9% perceived that the implementation of social development projects has high influence to the increase in the bank's brand recognition while 27.1% said that its implementation has low influence to increase in the banks brand recognition.
- **Charitable donations:** 70.8% of the respondents perceived that the implementation of charitable donations has high influence to the increase in brand recognition and the rest 32.3% claimed that charitable donations implementation has low influence to the brand recognition increase.
- **Voluntary schemes for staffs:** 41.7% of the respondents suggested that the implementation of voluntary schemes for staffs has high influence to increase in brand recognition while 58.3% suggested that the implementation of voluntary schemes for staffs have low influence to the brand recognition increase.
- **Environmental conservation:** 61.5% of the respondents suggested that the implementation of environmental conservation campaigns has high influence to the increase in the bank's brand recognition and the rest of the 38.5 % perceived that its implementation has low influence to the brand recognition increase.

- **Philanthropic giving:** 62.5% of the respondents suggested that the implementation of philanthropic giving has high influence to the increase in the banks brand recognition while 37.5% perceived its implementation has low influence to the increase in the bank's brand recognition.

The same information is presented in figure 4.8 below:

Figure 4.7: Influence of the implementation of CSR on the banks brand recognition



Source: research findings.

The researcher wanted to establish the average influence of the implementation of all the CSR strategies in increasing the banks band recognition. From the findings, 61.9% of the respondents suggested that, the implementation of CSR strategies has a high influence to the increase in the banks brand recognition while 38.1% of the respondents suggested low influence of the CSR strategies implementation to the increase of the bank's brand recognition. Therefore according to the findings, the implementation of CSR may have a positive influence to the increase in the banks market share as suggested by the majority (61.9%) of the respondents.

According to the 2012 CRDB annual reports, the bank has won the ***super brand award,*** making it the first and the only bank in Tanzania to win the super brands awards and it stands 3rd in East Africa in terms of customer appreciation and brand recognition. Super brands are nominated after a series of marketing research and organization's social responsibilities offered to the community in relation to other corporations.

Basing on the study's findings, CSR implementation to some extent could be among the factors that influenced the increase in the bank's brands recognition.

4.4.3 Number of Employees

Table 4.8: Influence of CSR implementation in attracting employees to work at CRDB

Increase in market share	No of respondents	High	Percent	Low	Percent
Social development projects	96	45	46.9	51	53.1
Charitable donations	96	50	52.1	46	47.9
Voluntary schemes for staffs	96	88	91.7	8	8.3
Environmental conservation	96	47	49	49	51
Philanthropic giving	96	52	54.2	44	45.8
Average percent			**58.8**		**41.2**

Source: study findings (2015)

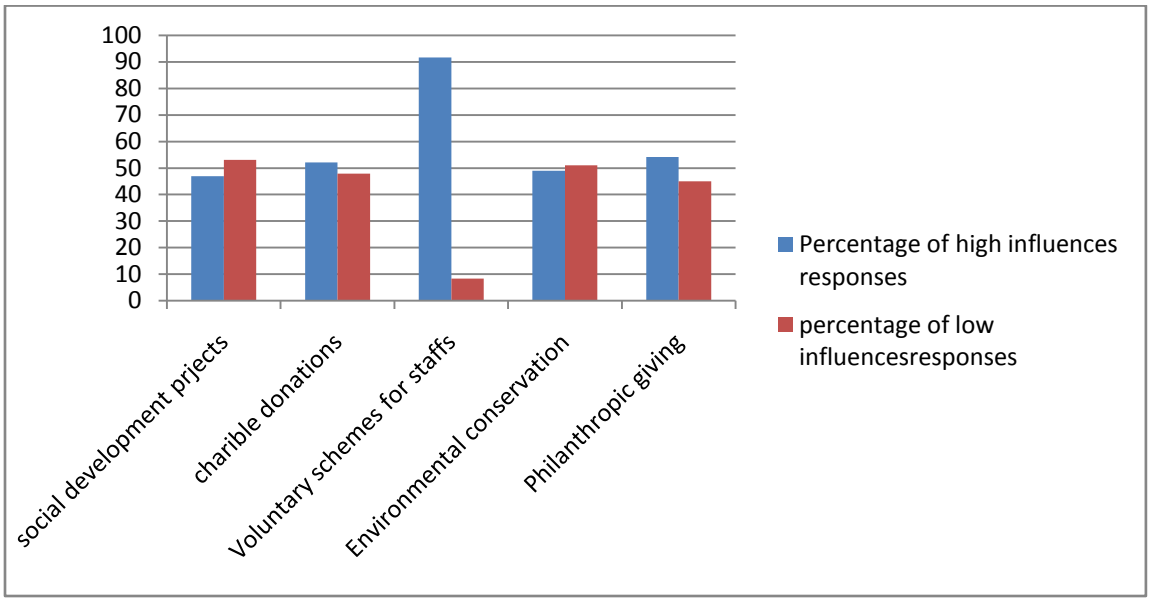
- **Social development projects:** Out of 96 respondents, 46.9% perceived that the implementation of social development projects has high influence to the increase in the bank's employees while 53.1% did not see if its implementation has any influence to the increase in number of employees.
- **Charitable donations:** 52.1% of the respondents perceived that the implementation of charitable donations has high influence to the increase in bank's employees and the rest 47.9% claimed that charitable donations implementation has low contribution to the number of employee increase.
- **Voluntary schemes for staffs:** 91.7% of the respondents suggested that the implementation of voluntary schemes for staffs has high influence to the

increase in the bank's employees while 8.3% suggested that the implementation of voluntary schemes for staffs has low influence to the number of employee increase.

- **Environmental conservation:** 49% of the respondents suggested that the implementation of environmental conservation campaigns has high influence to the increase in the number of bank's employee and the rest of the 51% perceived that its implementation has low or no influence at all to the increase in the banks number of employees.
- **Philanthropic giving:** 54.2% of the respondents suggested that the implementation of philanthropic giving has high influence to the increase in the bank's number of employees while 45.8% perceived its implementation has low influence to the increase in the bank's employees.

The same information is presented in figure 4.8 below:

Figure 4.8: Influence of CSR implementation in attracting employees to work at CRDB



Source: study findings

The researcher was curious to find out the average influence of the implementation of all the CSR strategies in increasing the bank's number of employees. From the findings, 58.8% of the respondents suggested that the implementation of CSR strategies has a high influence to the increase in the number of bank's employees while 41.2% of the respondents suggested low influence of the implementation of CSR strategies to the employee number increase. Therefore according to the findings, implementation CSR may have a positive influence to the increase in number of the bank's employees as suggested by the majority (58.8%) of the respondents.

The researcher passed through various reports presented by the Bank to find out if what the majority of the respondents suggested that implementation of CSR strategies has high influence in the increase in the banks number of employees could be true.

According to the CRDB Analysis Presentation of 2012, the average number of employees during the year was 1,898 employees Vs. 1,658 employees in 2011.

- The annual growth in staffing was 14%, in line with the business growth.
- During the year, the Group spent TZS 4.1 billion (2011- TZS 4.3 billion) on staff training in order to improve employees' technical skills and performance.
- In year 2012, the Bank introduced an E – Learning facility which will enable employees pursue certification in different professional skills on line.
- In the same year 2012 the Bank introduced an Employee Wellness Programme (EWP) that would support its workforce in managing the work/life balance and hence increase work morale and raise productivity.
- The Bank won the second best "Employer of the Year Award" which was coordinated by the Association of Tanzania Employers (ATE).It had also received the award for "Best Company in Leadership & Corporate Governance" together with the award for "Best Company in Human Resources Policies"

  From the above report, there could be a chance that the implementation of Voluntary schemes for staffs as a CSR competitive strategy could be among the

reasons for the increase in the number of banks staffs annually as suggested by the majority of the respondents

4.4.4 Shares sold in the DSE market.

Table 4.9: Influence of CSR implementation on the number of shares sold in the DSE market

Increase in market share	No of respondents	High	Percent	Low	Percent
Social development projects	96	65	67.7	31	32.3
Charitable donations	96	66	68.8	30	31.2
Voluntary schemes for staffs	96	45	46.9	51	53.1
Environmental conservation	96	48	50	48	50
Philanthropic giving	96	55	57.3	41	42.7
Average percent			**58.1**		**41.9**

Source: study findings (2015)

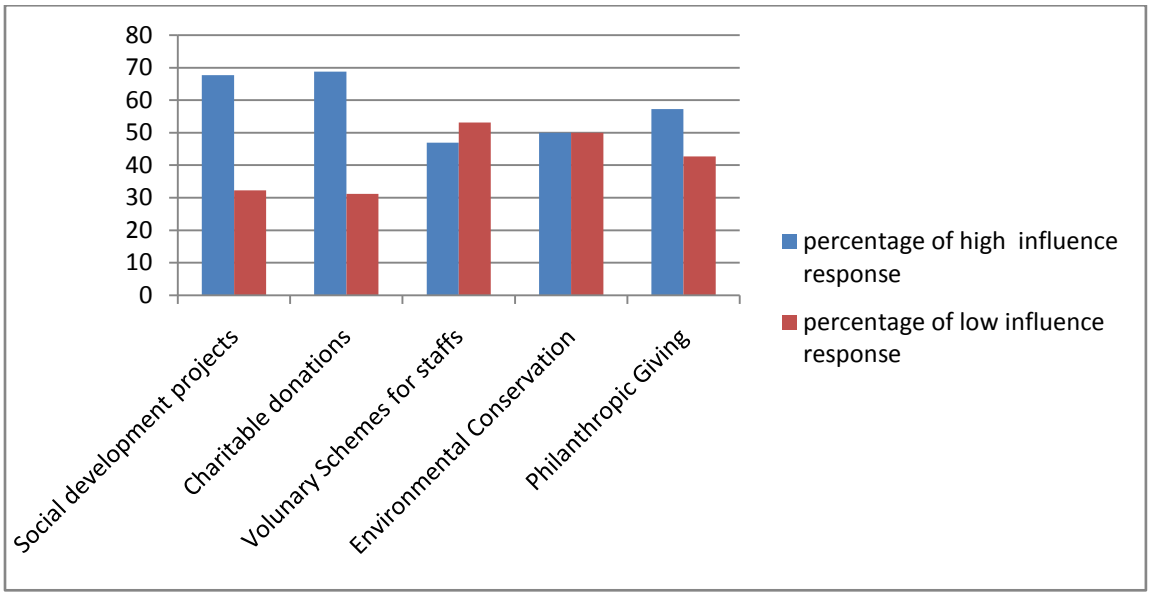
- **Social development projects:** Out of 96 respondents, 67.7% perceived that the implementation of social development projects has high influence on the increase in the bank's shares sold while 32.3% did not see if its implementation has any influence to increase in shares sold.
- **Charitable donations:** 68.8% of the respondents perceived that the implementation of charitable donations has high influence to the increase in number of shares old at DSE and the rest 31.2% claimed that charitable donations implementations have low influence to the number of shares sold.
- **Voluntary schemes for staffs:** 46.9% of the respondents suggested that the implementation of voluntary schemes for staffs has high influence to the increase in the bank's shares sold while 53.1% suggested that the implementation of voluntary schemes for staffs has low influence to the number of CRDB shares purchased in the DSE.
- **Environmental conservation:** 50% of the respondents suggested that the implementation environmental conservation strategies has high influence to the increase in the bank's shares bought and the rest of the 50% perceived that its

implementation has low or no influence at all to the banks increase in the shares sold.

- **Philanthropic giving:** 57.3% of the respondents suggested that the implementation of philanthropic giving has high influence to the increase in the bank's number of shares sold while 42.7% perceived its implementation has low influence to the increase in the bank's shares bought at the DSE market.

The same information is presented in figure 4.10.below:

Figure 4.9: The influence of the implementation of CSR strategies to the increase in the number of bank shares bought.



Source: Study Findings (2015)

From the above information, the researcher wanted to find out the average influence of the implementation of all the CSR strategies in increasing the number of banks shares bought at the DSE market. From the findings, 58.1% of the respondents suggested that the implementation of CSR strategies may have a high influence to the increase in the number of the bank's shares bought at the DSE market while 41.2% of the respondents suggested low influence of the CSR strategies to the increase in the shares sold.

Therefore according to the findings, the implementation of CSR may have a positive influence to the increase in number of the bank's shares sold as suggested by the majority (58.1%) of the respondents.

The researcher was curious to find out the relevance of the findings from the information provided at the DSE website on the CRBD performance. According to the report, (www.dse.co.tz/content/market-highlights, on April 10, 2015, 12:38) CRDB was second the top mover, ranking after TBL and right before TCCL. CSR implementation could be among the many reasons for the bank's share performance making the information provided by the respondents reliable.

4.4.5 New customer joining the bank

Table 4.10: Influence of CSR implementation to the number of new clients joining CRDB

Increase in market share	No of respondents	High	Percent	Low	Percent
Social development projects	96	75	78.1	21	21.9
Charitable donations	96	70	72.9	26	27.1
Voluntary schemes for staffs	96	45	46.9	51	53.1
Environmental conservation	96	58	60.4	38	39.6
Philanthropic giving	96	60	62.5	36	37.5
Average percent			**64.1**		**35.9**

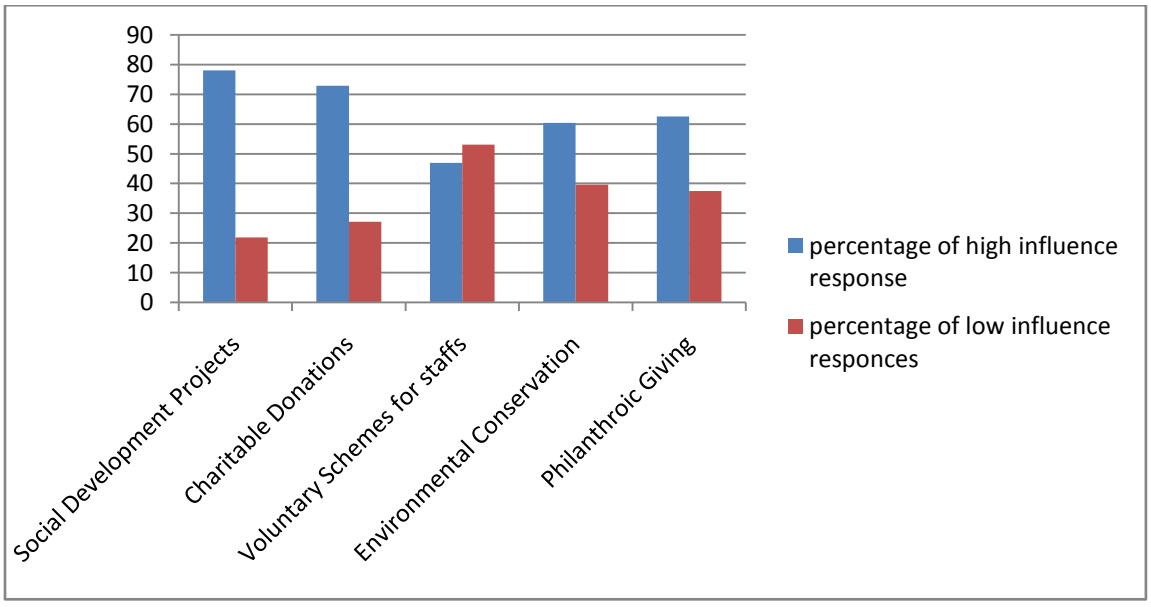
Source: study findings (2015)

- **Social development projects:** Out of 96 respondents, 78.1% perceived that the implementation of social development projects has high influence to the increase in the bank's number of new clients while 21.9% did not see if its implementation has influence on the increase in new clients.
- **Charitable donations:** 72.9% of the respondents perceived that the implementation of charitable donations has high influence to the increase in new customers joining the bank 27.1% claimed that charitable donations implementation has low influence to the number of new clients.

- **Voluntary schemes for staffs:** 46.9% of the respondents suggested that the implementation of voluntary schemes for staffs has high influence to the increase in the bank's new clients while 53.1% suggested that implementation of voluntary schemes for staffs has low or no influence at all to the number of clients joining the bank.
- **Environmental conservation:** 60.4% of the respondents suggested that the implementation of environmental conservation strategies has high influence to the increase in the bank's new clients and the rest of the 39.6% perceived that its implementation has low or no influence at all to the increase in the bank's new clients.
- **Philanthropic giving:** 62.5% of the respondents suggested that the implementation of philanthropic giving has high influence to the increase in the bank's number of new clients while 37.5% perceived its implementation has low influence to the increase in the bank's new clients.

The same information is presented in figure 4.10.below:

Figure 4.10: Influence of the implementation to the bank's new clients

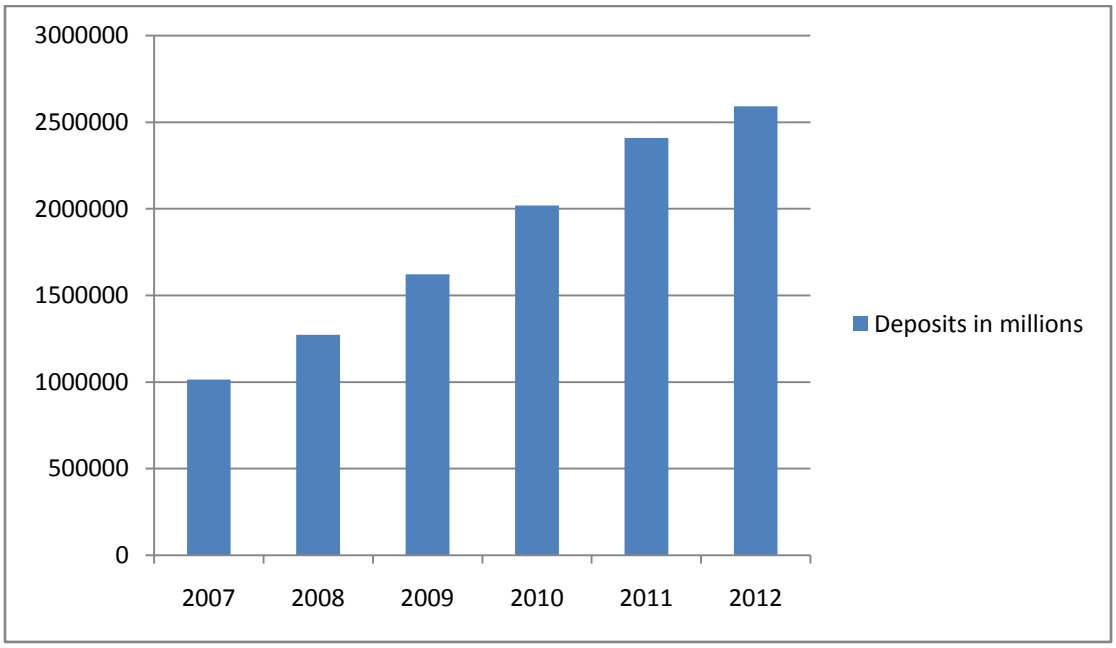


Source: Study Findings. (2015)

From the above findings, the researcher developed an average of the responses of whether implementing CSR competitive strategies may influence the increase in the number of new clients joining the bank. On average 64.1% of the respondents argued that CSR implementation has high influence to the increase in the number of the banks new clients while 35.9% suggested that its implementation has low influence to the increase in the clients joining the bank.

According to the CRDB 2012 annual report, the graph below shows the amount of deposits the bank has been receiving annually.

Figure 4.11: Annual increase in the bank's deposit



Source; CRDB 2012 annual report

The above report shows an increase in the number of deposits the bank has been receiving annually. This is a good sign of customer retention and the increase in the new clients joining the bank. There are a number of reasons for the increase in the bank's deposits but according the study findings, CSR implementation could be among the reasons of this as suggested by the majority (64.1%) of the respondents.

4.5 Challenges facing the implementation of CSR as a competitive strategy for CRDB performance.

The researcher was interested in finding out the challenges faced by CRDB in implementing CSR competitive strategy to the banks performance. This was done through various interviews and questionnaires provided to the staffs together with what the researcher observed. The following were the results obtained:

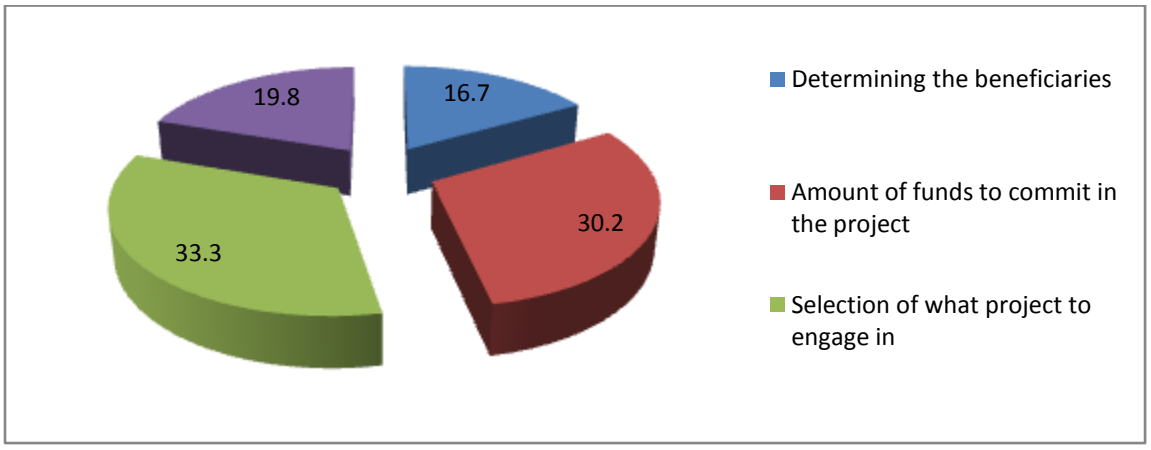
Table: 4.11: Challenges facing the implementation of CSR in CRBD bank

Challenges	Number of Respondents	Percentage of the Response
Determining the project beneficiaries	16	16.7
The amount of funds to commit in the project	29	30.2
Selection of what project to engage in	32	33.3
Balancing between maximizing profit and fulfilling the CSR objective	19	19.8
Total	**96**	**100**

Source: Study Findings (2015)

The above information is represented by the pie chart below:

Figure 4.12: Challenges facing the implementation of CSR.



Source: study finding (2015).

16.7% of the respondents suggested that determining who to benefit from the CSR project is a challenge. Even after knowing what CSR strategy to engage in, whom exactly is the project going to benefit becomes a problem. More focus is given to the beneficiaries who have a connection to the company or those who once are benefited the society can easily recognize the company behind.

19.8% suggested that balancing profit maximization and at the same time implementing CSR is really difficult. According to the managers, the main goal of the bank is maintaining its value and maximizing profit thus expenses are minimized to the highest level possible so as to maximize profit.CSR being an expense to the corporation as well as a necessity for the community it serves balancing the two becomes a huge challenge.

30.2% of the respondents considered the amount of funds to be set aside for the CSR activities as a challenge. Since CSR is voluntary, companies have no fixed amount to put in to these activities. In fact they tend to set aside the funds they wish to. Different projects can have different levels of funds set aside and there is no one to question the reason why hence giving loops for fraud.

33.3% of the respondents suggested that selection of the project to engage in as a challenge. According to the staffs, for a developing country like Tanzania there are a lot of opportunities for companies to be socially responsible on. It could be infrastructure, education sector, environmental issues, health matters and so much more. Hence choosing a project that will really benefit the community and at the same time maintain the corporate image to the society is not an easy task. Greedy managers can as well select projects that benefit their personal needs hence distorting the whole point of social responsibility. Furthermore avoiding collision of same CSR activities as those undertaken by rivals even lessens the options left to undertake.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This part of the report gives an overview of the researchers work. In recommendation, the researcher advices the firm on what to do in relevance to the current competitive environment in the banking industry.

5.1 Conclusion

Generally the study revealed various strategies used by CRDB in implementing CSR. These included corporate charitable donations, social development projects, voluntary schemes for staffs, philanthropic giving and involvement in environmental conservation projects which play a big role in the bank's performance by making the society aware of the bank and its products, attracting new customers, maintaining the existing ones as well as maximizing profit.

The research findings have shown that there is an influence of the implementation of CSR activities to the banks performance. Each implemented CSR strategy was measured against various performance indicators such as market share, number of employees, number of shares bought at the DSE, brand recognition etc, and proved to be productive and supportive to the bank's outstanding performance. According to the findings, these implemented CSR activities proved to be good competitive strategy for the bank to differentiate itself from other companies and improve its performance.

The study as well revealed various challenges facing the bank in implementing CSR and they included challenges in determining what project to engage in, determination of the level of funds to commit on CSR, the dilemma of balancing between profit maximization motive and CSR, together with the problems in determining the beneficiaries of the projects. Therefore actions should be put so as to eradicate these setbacks and improve the bank's performance.

5.2 Recommendations

In regards to the research findings, the following are what the researcher could recommend;

i. **Establishment of clear CSR policies**

Companies need to establish more disciplined approach to its CSR activities by creating a formal procedure for undertaking them. These policies should clearly state the range of activities that the bank can engage in and the budget set aside for such activities should be disclosed.

ii. **Top managers should not make advantage of CSR for their personal interests.**

The bank should delegate CSR leaders who are eager to change the community and not focus on their own interests. It is necessary to have managers who see the needs in the community and serve these needs in the best way possible without thinking of their personal gains. By doing this the bank will be really fulfilling the main goal of CSR.

iii. **Balancing profit maximization and CSR.**

The bank should not focus on CSR projects just because they are cheap so as to maximize profit but those that really add value to the society. At the same time they should not engage in expensive prestige projects just to be heard and recognized but they should ensure the projects are in line with the banks objectives of profit maximization and competitive advantage.

iv. **Disclosing of the Banks CSR Budget**

The researcher observed that there was no a clear amount of CSR budget set aside by the bank annually in any of its reports. The only

available information is the amount the bank has contributed on various CSR projects. This shows luck of transparency and to researchers and stakeholders who are curious to find out the level of commitment the bank has to the nation. There should be clear information on how much funds are set aside for CSR quarterly/annually and how much was actually engaged.

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www.crdbbank.com

www.dse.co.tz

APPENDICES

APPENDIX 1

LIST OF INDIVIDUALS AND INSTITUTIONS OWNING CRDB BANK PLC

Rank	Name of owner	Percentage Ownership
1	Investors Owning Less Than 1% Each	50.7
2	Danish International Development Agency	21.5
3	Investors Owning Between 1.0% and 2.0%	10.2
4	Tanzania Parastatal Pension Fund	10
5	Tanzania Public Service Pension Fund	3.3
6	Blakeney General Partners III	2.3
7	Tanzania Local Government Pension Fund	2.2
	TOTAL	**100.0**

Source; www.crdbbank.com.

APPENDIX 2

QUESTIONAIRRE TO CRDB CUSTOMERS

MZUMBE UNIVERSITY

NAME: AIKA BENSON SWAI

COURSE: MBA –CORPORATE MANAGEMENT

RESEARCH TOPIC: "*EFFETIVENESS OF THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY COMPETITIVE STRATEGY IN BANKING INDUSTRY PERFORMNCE."*

I kindly request you to complete this questionnaire; the information extracted is intended to serve for academic purpose and would be treated as confidential. I appreciate for your kindness and valuable time.

Please tick (V) the item you consider the most appropriate.

1. Gender

   Male Female

2. Age

   18-30

   31-40

   41-50

   50+

3. Education level

   Primary Education

   Secondary Education Certificate

   Certificate and Diploma

   University Degree

4. Nature of the stakeholders

   Top Managers

   Other employees

   Customers

   Others

5. Do you think these would be the methods used to practice CSR by CRDB bank plc?

Approach	**Yes**	**No**
Funds spent on community wellbeing		
Funds integrated for environmental conservation and management into the business process it serves		
Funds set aside for building schools, wells, hospitals and other social benefits		
Funds set for the employees benefits		
Funds that enhances product quality, customer care and institute ethical advertising		

6. What do you think are other strategies used by CRDB bank plc in implementing CSR?

   i) ……

   ii) ……

   iii) ……

   iv) ……..

7. To what extent do you think the implementation of these CSR strategies has influenced the respective performance indicators?

Performance indicators	**Market Share**		**Brand Recognition**		**No of Employees**		**No of shares sold at DSE**		**New bank clients**	
CSR strategies	High	Low	High	Low	High	Low	High	Low	High	Low
Corporate charitable donations										
Social Development Projects										
Voluntary Schemes for staffs										
Philanthropic Giving										
Environmental conservation										

8. What do you think the following are the challenges facing CRDB bank plc in implementing CSR?
   i) ……
   ii) ……
   iii) ……
   iv) ……..
   v) ……..

9. What suggestions do you have to CRDB bank plc in regards to the CSR competitive strategies it implements in order its improve performance?
   i) …….
   ii) …….
   iii) …….

iv) ……..

v) ……

THANK YOU SO MUCH FOR YOUR TIME AND VALUABLE INFORMATION YOU HAVE JUST PROVIDED.

APPENDIX 3

QUESTIONNAIRE TO THE CRDB BANK STAFFS -MOSHI BRANCH

MZUMBE UNIVERSITY

NAME: AIKA BENSON SWAI

COURSE: MBA –CORPORATE MANAGEMENT

RESEARCH TOPIC: "*EFFETIVENESS OF THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY COMPETITIVE STRATEGY IN BANKING INDUSTRY PERFORMNCE."*

I kindly request you to complete this questionnaire; the information extracted is intended to serve for academic purpose and would be treated as confidential. I appreciate for your kindness and valuable time.

Please tick (V) the item you consider the most appropriate.

1. Gender

   Male Female

2. Age

   18-30

   31-40

   41-50

   50+

3. Education level

   Primary Education

   Secondary Education Certificate

   Certificate and Diploma

   University Degree

4. Nature of the stakeholders

   Top Managers

   Other employees

   Customers

   Others

5. What are the different strategies used by CRDB bank plc in implementing CSR?
   i) …….
   ii) …….
   iii) …….
   iv) ……
   v) …….
6. What are the effects of CSR implementation on CRDB banks performance?
   i) …….
   ii) ……
   iii) ……..
   iv) ……..
   v) ……..

7. To what extent do you think the implementation of these CSR strategies has influenced the respective performance indicators?

Performance indicators	**Market Share**		**Brand Recognition**		**No of Employees**		**No of shares sold at DSE**		**New bank clients**	
CSR strategies	High	Low	High	Low	High	Low	High	Low	High	Low
Corporate charitable donations										
Social Development Projects										
Voluntary Schemes for staffs										
Philanthropic Giving										
Environmental conservation										

8. What are the challenges facing CRDB bank plc when implementing CSR as a competitive strategy?
   i) ……..
   ii) ……..
   iii) ……..
   iv) ……..

9. What suggestions do you have to the bank on how to improve its CSR strategies for better performance?
   i) ……
   ii) ……
   iii) ……

iv) ……

v) …….

THANK YOU SO MUCH FOR YOUR TIME AND VALUABLE INFORMATION YOU HAVE JUST PROVIDED.