

**EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON
COMPETITIVE ADVANTAGE OF COMMERCIAL BANKS:
A SURVEY OF EQUITY BANK IN MERU MUNICIPALITY**

KIBAARA VICTOR MUTHOMI

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT FOR THE
DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN
STRATEGIC MANAGEMENT OF KENYA METHODIST
UNIVERSITY.**



ABSTRACT

In order to ensure the efficiency and effectiveness of activities, reliability of information and compliance with applicable laws, banks need to have adequate corporate social responsibility. Drastic and fundamental changes increasingly occur in the environment in which organizations operate. An obvious manifestation of the responses towards this turbulent change in the society and the environment is due to the introduction of corporate social responsibility. Corporate Social Responsibility is a process that is designed to help an organization achieve its goals and objectives. The purpose of this study was to establish the effectiveness of corporate social responsibility on competitive advantage, among the commercial banks in Meru, a survey of Equity bank branches in Meru municipality. The study responded to the effects of environmental support on competitive advantage, the effect of employee support on competitive advantage and finally the effect of society support on competitive advantage. Target population was nine bank managers (9) and one hundred sixty five (165) bank employees. Simple random sampling was used to select the three bank managers and sixty five bank employees to participate in the study. The study utilized descriptive design. The procedure for carrying out the study involved the use of questionnaires addressed to the managers and other bank employees. Data collected was analyzed using descriptive statistics such as frequencies, percentages and means. Results were presented using frequency tables and bar-graphs. The study endeavored to help the bank to appreciate, understand and improve more on the usefulness of having and utilizing effective corporate social responsibility. This study is necessary in the bank where bank management would be in a position to assess the corporate social responsibility that has been put into practice. Through corporate social responsibility, the bank is able to improve its competitive advantage by showing social responsibility to employees, society and caring for the environment in which they operate. Sound corporate social responsibility practices are essential to the prudent operation of banks and hence promoting competitive advantage in the banking industry. In this study it was found that the concept of competitive advantage has received considerable treatment in the banks. It has undergone appreciable growth in popularity among both academics and practitioner as firms have been forced to respond to global competition and economic recession by continually seeking cost savings and greater efficiency in order to attain an attractive relative position in relation to its world's best rivals.

