

**ANALYSIS OF RELATIONSHIP BETWEEN CORPORATE SOCIAL  
RESPONSIBILITY AND BRAND EQUITY OF SELECTED UNIVERSITIES IN  
KENYA**

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**A Research Project Submitted to the School of Business and Economics in Partial  
Fulfillment of the Award of Master of Business Administration Degree of Kabarak  
University**

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## **DECLARATION**

### **Declaration**

I declare that this research project is my original work and has not been presented for award of a degree in any other university/institution or for any other purpose.

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**Date**

### **Approval**

This research project has been submitted for examination with my approval as the University supervisor.

.....

**Dr.Stella Muhanji**

**School of Business and Economics**

.....

**Date**

## **DEDICATION**

This research project is dedicated to my husband and my daughter for their moral and financial support throughout the course of my study.

## **ACKNOWLEDGEMENT**

I offer my sincere gratitude to my supervisors Dr. Muhanji and Prof. Katwalo for their mentorship, suggestions, comments and positive criticism. Their support through the development of the research project cannot be understated. This research project would not have been completed or written without their guidance and advice.

## ABSTRACT

This study analyses the relationship between corporate social responsibility and brand equity of Universities in Kenya. Many corporations seem to engage in socially responsible behavior as part of their normal business operations. The socially responsible activities include positive actions towards economic, social and environmental concerns of the society in which the firm operates. Corporate social responsibility (CSR) integrates these concerns into the corporate strategy and operations in a transparent and accountable manner which appears to improve relationships with stakeholders. The study specifically sought to establish the effect of economic responsibilities, legal responsibilities, ethical responsibilities, and philanthropic responsibilities on brand equity of universities in Nakuru County. This study was based on the tenets of the instrumental stakeholder theory which supports the view that CSR is a valid source of intangible competitive advantage. The study employed a descriptive survey research design. It targeted 41 management staff and 17 public relations officers working with these universities. The study adopted census design where all members of the study population participated in the study. A questionnaire with both open and closed ended questions was used in data collection. The Statistical Package for Social Sciences and STATA computer software were used in data analysis. Data analysis was both descriptive and inferential. Descriptive analysis captured measures of distribution and chi-square. On the other hand, inferential analysis was in form of Spearman rank correlation and multiple regression. The study revealed that economic responsibilities, legal responsibilities, ethical responsibilities, and philanthropic responsibilities were significantly related to brand equity in universities. It was further found that CSR activities contribute largely towards enhancement of brand equity in the aforesaid institutions. The study concluded that economic responsibilities were vital in enhancing the value of the university. Adherence to legal responsibilities was crucially important in enhancing the brand equity of the university. It was further concluded that brand equity attracted financiers, donors and other investors to universities. In addition, it was concluded that universities in Nakuru County were concerned about their image and thus engaged in CSR activities in order to enhance their brand. The management of universities is advised not to focus on any economic gains as a result of engaging in CSR activities. More so, universities should seek legal opinion prior to engaging in any CSR activities. In order to attract more students and increase enrolment, universities should enhance their image by upholding unequivocal ethical and moral standing in the society. Moreover, universities are encouraged to embrace philanthropic attitude when dealing internal and external persons and entities.

**Keywords:** *Brand Equity, Corporate Social Responsibility, Economic Responsibilities, Ethical Responsibilities, Legal Responsibilities, Philanthropic Responsibilities, Stakeholders*

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>AIDS:</b>	Acquired immunodeficiency syndrome
<b>CSR:</b>	Corporate Social Responsibility
<b>HIV:</b>	Human Immunodeficiency Virus
<b>HR:</b>	Human Resource
<b>MKU:</b>	Mount Kenya University's
<b>PPMCC:</b>	Pearson's Product Moment Correlation Coefficient
<b>SPSS:</b>	Statistical Package for Social Sciences
<b>U.S:</b>	United States

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

Corporate social responsibility (CSR) describes the general belief amongst organizations that modern entities have a responsibility that extends beyond the stockholders, investors or shareholders in the firm (Raman & Ronnie, 2010). The various stakeholders that organizations ought to be responsible of include consumers, employees, government, community, and the natural environment. There is a growing consensus that CSR is no longer a business jargon but a critical business function. This is demonstrated in academic circles, with dozens of empirically based studies and analyses published, and in managerial practice by the rising importance and publicity given to social responsibility issues (Muthuri, 2012). CSR is not a new concept, however, the heightened awareness of CSR, and emphasis in its relevance in recent times is new. The motivations for such a growing interest, arguably, are caused by the recent corporate disasters resulting from unethical behaviour of some large corporations. Henderson (2001) argues that the concept of CSR is not new, the debate about business as a moral institution goes back to the days of philosophers like Plato, Aristotle, Kant, and Marx that prophesied about society and other activities within it.

CSR is said to have attracted a great deal of discussion and new debate in the current phase of neoliberal globalization (Raman & Ronnie, 2010). CSR is viewed both as a conceptual framework and as an apparently fresh facet of corporate culture, particularly with regard to business ethics, social and environmental sustainability, and human rights.

While the corporate world is increasingly seen to be articulating its regard for social responsibility, critics continue to see this more as a myth than a reality. According to Saris et al. (2011), Chinese organizations are not standard pacesetters in matters of CSR. It is only recently that they have copied Western countries by commencing implementation of best practices as enshrined in CSR policy. As exemplified by the scholars, failure to inculcate sound CSR policy has several ramifications which include worker suicides, faulty consumer products, toxic emissions in the countryside, overworked and underpaid employees among others. The foregoing has only served to damage the brand of Chinese companies.

The global consequences of these unethical conducts are the loss of trust and confidence in business practices that society needs and expects from corporations serving the market. The belief that consumers' perception could be changed to generate brand equity through overtures from corporations has continued to encourage more organizations to invest more in CSR. In recent times, it appears that organizations that take active roles in promoting their corporate social responsibility (CSR) programmes are viewed more favorably than those that don't have visible programmes. Business managers seem to have realized that a corporation's reputation lies in the hands of its customers. Thus, the CSR strategy has become an indicator of an organization's successful turn-around, and how it shows appreciation by allowing others to enjoy a piece of it (Walker & Marr, 2002).

Brand equity describes the assets associated with a brand name that increases the value of the product or service of an organization. Strong brand equity can help an organization distinguish itself from its competitors and provide financial benefits (Steve & Lane,

2002). CSR is the act of giving back to the immediate and wider community in which organizations carry out their business in a manner that is meaningful, valuable and relevant to the community (Amaeshi, 2006). According to Johnson and Scholes (2002) CSR is concerned with the specific ethical issues facing corporate entities. This concerns the extent to which the organization should move beyond the minimum obligations provided through regulation and corporate governance and how the conflicting demands of different stakeholders can be reconciled.

Owen(2007) asserts that, CSR looks at how business takes account of its economic, social and environmental impacts in the way it operates, that is, in maximizing the benefits and minimizing the downsides. CSR activities are voluntary actions, over and above compliance with minimum legal requirements that an organization can take, to address the interests of wider society and its own competitive interests in the marketplace. Businesses play a key role in the communities in which they operate. Firms understand that businesses cannot succeed in societies that are failing whether this is due to social or environmental challenges, or governance problems. Consumers expect goods and services to reflect socially and environmentally responsible business behaviour at competitive prices.

During the Mount Kenya University's (MKU) fifth graduation ceremony, the University's Chancellor stated that, the institution had already demonstrated its commitment to service learning through corporate social responsibility (CSR). As part of its CSR activities, MKU had partnered with among other organizations to prevent HIV/AIDS and mitigate its effects among orphans and other vulnerable populations in Kenya. Kefa (2008) analyzed CSR in light of insights from Kenya. The author observed

that, the popularity of CSR is quite evident among academicians and practitioners in Africa as a whole and Kenya in particular. The scholar laments that, despite the fact that CSR has been gaining significant popularity within policy debates in Kenya, it is, however, not applied widely and more often than not, is associated with philanthropy. It is further noted that, education and training are some of the key areas that receive corporate support alongside health and medical provision, HIV/AIDS, agriculture and food security, and underprivileged children. The importance of CSR underscores its importance to all institutions regardless of their sector. It is, therefore, rational to understand the extent to which CSR is embedded in Kenya's universities, and more importantly, how it impacts on brand equity of these institutions of higher learning.

## **1.2 Statement of the Problem**

The success of every institution is founded on among others, its brand equity. That is, the goodwill and positive recognition associated with a given firm are, needless to say, catalysts of its success (Raman & Ronnie, 2010). Corporate social responsibility (CSR) is hypothesized to be one of the key drivers of enhancing goodwill and recognition of an organization. It can be exemplified that, when a firm has good reputation, it is bound to attract investors, development partners, and customers (Kefa (2008). Unlike other organizations, especially profit-making entities, learning institutions such as Universities are not renowned for their involvement in CSR activities. This is against the backdrop of the need to attract students, financiers, and investors to these institutions.

It is quite clear that, failure to have strong brand equity would negate the benefits that would otherwise accrue to universities. It is further exemplified that institutions such as Equity Bank Limited and Safaricom Limited that have hitherto been on the forefront in



championing CSR activities have reaped unprecedented benefits. Equity Bank is the current market leader in the banking sector while Safaricom is the reigning market leader in the telecommunication sector in Kenya. Failure to address the issue of brand equity by Universities is feared to occasion reduced student enrollment and repel potential financiers and investors in higher education (Kefa, 2008). The foregoing necessitated the current study which analyzed the effect of CSR activities on brand equity and consequently informed universities' management on the best strategies to formulate and implement in respect of CSR and brand equity.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective was to analyze the relationship between corporate social responsibility and brand equity of universities in Kenya.

#### **1.3.2 Specific Objectives**

- i. To assess the effect of economic responsibilities on brand equity of universities in Nakuru County
- ii. To determine the influence of legal responsibilities on brand equity of universities in Nakuru County
- iii. To analyze how ethical responsibilities affect brand equity of universities in Nakuru County
- iv. To establish the extent to which philanthropic responsibilities affects brand equity of universities in Nakuru County

#### **1.4 Research Hypotheses**

**H<sub>01</sub>:** There is no significant relationship between economic responsibilities and brand equity of universities in Nakuru County.

**H<sub>02</sub>:** There is no significant relationship between legal responsibilities and brand equity of universities in Nakuru County.

**H<sub>03</sub>:** There is no significant relationship between ethical responsibilities and brand equity of universities in Nakuru County.

**H<sub>04</sub>:** There is no significant relationship between philanthropic responsibilities and brand equity of universities in Nakuru County.

#### **1.5 Significance of the Study**

The study is of invaluable essence to universities and institutions of higher learning due to the reasoning that it enables them understand the relationship between corporate social responsibility and brand equity, and as such help them engage in activities that promote CSR and create a positive image to the society. Some of the anticipated benefits of CSR include increased student enrollment and attraction of financiers, well-wishers, investors among other key stakeholders to institutions of higher learning. The study findings are an apt reference source to scholars, academicians and researchers in as far as CSR and brand equity are concerned.

#### **1.6 Scope of the Study**

The study was conducted among the universities and university campuses located within Nakuru County, Kenya. The study was carried out between the months of June and

August, 2016. It sought to collect data from management staff and employees attached to the public relations department of the aforementioned institutions. In addition the study was limited to a set of four independent variables (economic responsibilities, legal responsibilities, ethical responsibilities, and philanthropic responsibilities) and one dependent variable which was brand equity.

### **1.7 Limitations and Delimitations of the Study**

The study encountered a number of challenges. Some of the respondents were not willing to participate in the study for fear of reprisals from their superiors. To this effect, they were assured that the data collected were to be treated confidentially. More so, they were not required to disclose their identity. Another limitation was the fact that Nakuru County had only two fully-fledged universities (Egerton University and Kabarak University) while the rest were campuses or extra-mural centers. As such, not all these institutions had a public relations department. In addressing this challenge, the researcher maximized on the available management staff of the institutions lacking PR officers.

### **1.8 Definition of Operational Terms**

**Brand Equity:** It is the value of a brand based on the extent to which it has a high brand loyalty, name awareness, perceived quality, strong brand associations, and other assets such as patents, trademarks and channel relationships (Kotler, Armstrong, Saunders, & Wong, 1999).

**Corporate Social Responsibility:** It refers to the view of the corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit

maximization and a responsibility among a firm's stakeholders to hold the firm accountable for its actions (Riaz, 2010).

**Corporate Strategy:** The strategy of specific business units within a firm that enable it to differentiate its products from the products of other firms on the basis of some component other than price (Werther& Chandler, 2011).

**Economic responsibility:** This is part of CSR where firms forego or sacrifice profits in the interest of the society (Vogel, 2006).

**Ethical responsibility:** This responsibility tally with shareholders' demands that organizations ought to have a moral commitment to hold themselves to higher ethical standards and as such engage in activities that benefit society (Reinhardt et al., 2008).

**Legal responsibility:** This is the requirement that socially responsible practices should neither infringe on local laws nor hinder firms from complying with the said laws (McIntosh et al., 2004).

**Philanthropic responsibility:** This is a part of CSR that seeks to empathize with or assist the down-trodden in the society (Kefa, 2008).

**Stakeholders:** Individuals or groups with an interest in the activities of the firm (Werther & Chandler, 2011).

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter, concepts, theories, and empirical studies pertinent to corporate social responsibility and brand equity are reviewed. It also captures the conceptual framework which outlines the relationship between study variables. Furthermore, research gaps are identified in this chapter.

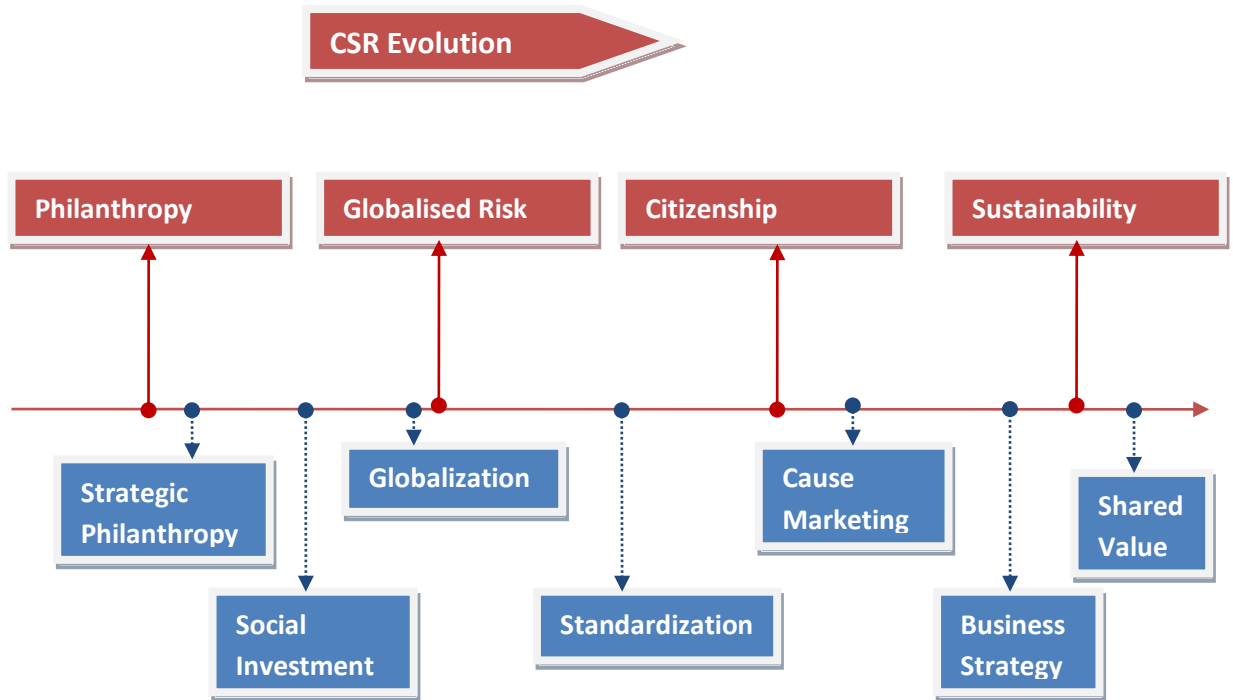
#### **2.2 Concept of Corporate Social Responsibility**

Corporate social responsibility (CSR) describes the obligations of businessmen to pursue policies, make decisions, or follow lines of action which are desirable in terms of the objectives and values of our society (Bowen, 1953). The concept of CSR in its present form originated in 1950's. Carroll (1999) argues that the social responsibility of business encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at a given point in time. Corporate Social Responsibility Is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of local community and society at large (Baker, 2008). Corporate Social Responsibility is not about giving charity, it is about giving back to the society (Riaz, 2010) this concept should make corporations think again on this issue and brand owners should start looking into this and making this a core business strategy.

The evolution of corporate social responsibility refers to changes over time of cultural norms of a firms' engagement of (CSR), with CSR referring to the view of the

corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization and a responsibility among a firm's stakeholders to hold the firm accountable for its actions. In the initial phases back in the 1970, CSR was all about philanthropy and what businesses should do with some of its profits, (Bowen, 1953). This view eventually grew into corporate social investment that brought a business sense to philanthropy by focusing on results and outcomes. Slowly, globalization started shaping our world more and the impact of business in this 'global village' became the focus for activists.

From a narrow focus on philanthropy institutions moved into an era of citizenship. Companies became business players in a 'global village', or, as it became known, Corporate Citizenship. Businesses started developing standards to manage their risks. This led to the need for international standards from extractive companies and human rights to how we report on CSR today. When the term cause marketing was initially floated, CSR became something business could benefit from for the first time. It was a huge shift in how we perceived CSR, not just risk management. This benefit-based approach brought operations back on the table leading to the development of CSR as a business strategy. Now, CSR was suddenly not about cutting costs but about increasing profits. The latest evolution of CSR, best known as sustainability, has taken this concept of business benefit even further and started looking into the future of business and society which seems to be the heart of CSR. Sustainability today looks at finding mutually beneficial solutions to the challenges we face as society as well as future challenges. But CSR, even today, is still about how business can operate profitably within this role as a responsible citizen toward society. (Campher, 2011)



**Fig 2.1- Evolving Trends in CSR (Campher, 2011)**

The focus of CSR has shifted from the shareholder primacy perspective, propounded by neoclassical school, to stakeholder primacy perspective given by (Freeman, 1984). The movement of conceptualization in CSR has occurred gradually over the years. (Kakabadse, Rozuel, & Lee, 2005), study shows that since the 1950's CSR has developed progressively through several ground breaking evolutions which is supported by literature from (Campher, 2011). In relation to this, (Lee, 2008) also observes that CSR analysis has now shifted from the discussion of macro-social effects of CSR to organizational-level analysis of CSR's effect on financial performance. From the evolution of CSR and its definitions, it is clear that previous research has principally examined the nature of CSR and the extent of CSR disclosure.

However, there has been less prior research focused on CSR practice and its impact on brand equity in universities in Kenya. As (Riaz, 2010), argues that CSR might be the only solution to sustain brands and achieve brand equity. The study of CSR has been the object of much research in recent decades, although there is a need to continue investigating its benefits as a strategic marketing tool (Salmones et al., 2005).The business process has changed so much in the last few years all around the world and corporations are competing with each other and trying to gain first mover advantage in their target markets and trying to make their good will and cash them, (Balachandran, 2004). Consumers also seem to go for products which bear more socially responsible initiatives. Institutions can gain competitive advantage over the social issues by engaging in CSR activities which ultimately means building responsible competitiveness with the support of cultural compliance and an environment that enables responsible thinking and practices, (Waheed, 2009).

Researchers have investigated the interface between CSR and the customer and as the literature suggests, this is truly a complex matter. Many surveys developed at an international level suggest that a positive relationship exists between a company's CSR actions and consumer's reaction to that company and its product (Bhattacharya, 2003).A growing body of academic research supports the new corporate global approach of sustainability. Researchers claim that the business case of CSR includes improved financial performance, reduced operating costs, long term sustainability of the company, increased staff commitment and involvement, long term return on investments, enhanced capacity to innovate, enhanced brand value and reputations, development of closer links with customers and greater awareness of their needs (Jones, 2005).



### **2.3 Concept of Brand Equity**

Brand equity is described as the set of assets and liabilities linked to a brand's name and symbol that adds to or subtracts from the value provided by a product or service to a firm and/or that firm's customers (Aaker, 1996). Keller (2008) defines brand equity as "A brand has positive customer-based brand equity when consumers react more favorably to a product and the way it is marketed when the brand is identified than when it is not". Aaker's definition includes extensional (that is, physical) components of the brand that are unconnected to its audience, while Keller's definition requires an audience for equity to exist.

Brand Equity refers to the marketing outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. In other words, consumers' knowledge about a brand makes manufacturers/advertisers respond differently or adopt appropriately adept measures for the marketing of the brand (Ramachandran, 2010). The customer determines the level of brand equity an institution enjoys. Building a strong brand is the goal of many organizations because of the host of possible benefits that may result. In building brand equity, a company must understand the value systems of its customers, especially regarding the preferences of the customers in relation to corporate social responsibility. Companies that engage in corporate social responsibility can benefit from building trust and stronger relationships with customers. This could be an important part of an organization's relationship management strategy.

The theoretical approaches in one way or another interpret branding effects in terms of consumer knowledge about the brand and how that knowledge affects consumer

behavior. (Keller, 2001) defines customer-based brand equity as the differential effect that brand knowledge has on customer response to marketing activity. The basic premise of his model is that the power of a brand lies in what customers have learned, felt, seen and heard about the brand as a result of their experiences over time. This means that the power of a brand is in what resides in the minds of customers. The challenge for institutions in building a strong brand may be ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions and opinions become linked to the brand. This implies that a well designed and implemented CSR program can provide many important associations to a brand.

Brand equity being a dependent variable in this study is measured by many independent variables like brand loyalty, brand awareness, brand association, perceived quality and overall brand equity. If organizations measure brand equity, they can have a significant practical value in that it can enhance an institutions capability to manage a portfolio of brands and markets and develop a valid brand equity measurement system. The measures of Brand equity that this study seeks to measure include loyalty measures, perceived quality/ leadership measures, association/image measures, awareness measures, and satisfaction measures. Employing of these measures, the study seeks to prove that by doing CSR activities a firm can improve its Brand Equity (David, 1996).

## **2.4 Theoretical Review**

In this section, theories pertinent to corporate social responsibility (CSR) and brand equity are reviewed. Both the stakeholder and sustainable development theories are reviewed and discussed in context of CSR and brand equity.

### **2.4.1 Stakeholder Theory**

The stakeholder theory has been advanced and justified in the management literature on the basis of its descriptive accuracy, instrumental power, and normative validity. These three aspects of the theory, although interrelated and mutually supportive, are quite distinct; they involve different types of evidence and argument and have different implications. The proponents of this theory affirms that giving attention to the multiple stakeholders interests, needs and rights in a business is an effective way to instill socially responsible behavior among corporations. The stakeholder theory was first proposed by Freeman (1984), and outlines how management can satisfy the interests of stakeholders in a business.

Stakeholder theory makes a strong argument for corporate social responsibility because it shows that firms serve several different groups of stakeholders both inside and outside the organization. Literature on the stakeholder theory can be divided into three categories; namely, descriptive, instrumental and normative. Actual corporate behaviors and characteristics of a corporation's relationship with their stakeholders are described in the descriptive approach. According to this view, the nature of some of an organization's stakeholders is all important in predicting the organizational behavior; for example, the organization's values and decision making.

On the other hand, due to the intrinsic justice of the claims on the firm, in this approach managers have played their roles as if only stakeholders mattered. Secondly, the instrumental view concentrates on the impact that the stakeholder may have in terms of corporate effectiveness. The proponents of this stand affirm that stakeholder management principles may result in positive outcomes on the achievement of various corporate

performance goals. Stakeholder theory postulates that, in order for an entity to generate sustainable wealth over a long period of time, good relationships must exist in that entity. The theory is also critical of stakeholders (Idowu, 2008).

Furthermore, this view asserts that the performance of the firm encompasses not only the financial performance but also the firm's ability to manage effectively and efficiently the various stakeholders' perceptions and expectations are the key points of its performance). In relation to this, a firm that has good relationships with their stakeholders will gain competitive advantage over firms that do not have a mutual trust and cooperation with stakeholders (Freeman, 2001). The normative approach justifies the stakeholder theory in a different way. The normative approach focuses primarily on narrative accounts of moral behavior and philosophical guidelines for the operation and management of corporations in a stakeholder context. Thus, the studies attempt to describe what firms are supposed to do and why they have to act upon this. In addition, this category obliges corporation to take the interests of all the stakeholders' groups into account, especially as regards moral values. For instance, corporations are obliged to redesign their product if consumers feel it to be unsatisfactory, especially if the product is found to be harmful to society. Therefore, an organization that acts ethically and morally will be trusted by its stakeholders, resulting in more efficient transactions, hence granting the corporation competitive advantage.

#### **2.4.2 Sustainable Development Theory**

The theory of sustainable development states that, the future of mankind lies in his ability to build sustainable business enterprises and an economic reality which links industry,

society, and environment (Hart, 1997; Senge, 2001; Ricart, 2005). According to Hasna (2007), sustainability is a function of socio-economic, technological and ecological themes. In other words, sustainable development links concern for carrying capacity of natural systems to the social, economic, and political challenges faced by citizens. The sustainability concept has all along been used to describe an economy that balances with basic ecological systems (Stivers, 1976).

Hartmut (1999) asserted that, social potential is one of the subsystems that should be sustainably maintained. This potential describes the capacity to deal constructively with social processes, and also to employ them for the total system's benefit. The foregoing is posited to have a strong cultural component that determines social coherence and relationships.

Questions arise why there are adequate measures that are taken to alleviate the degradation of natural and social capital given their fundamental consequences. Cohen and Winn (2007) pinpointed a number of market failures to explain the foregoing issue. First, it is argued that, though benefits of both natural and social capital can be enjoyed by a few individuals, the associated costs are often borne not only on those individuals but also other members of the society. The natural capital is also said to be undervalued by the society due to lack of awareness of the actual cost of depleting that capital. The foregoing rationalizes the vital role that CSR ought to play. In other words, organizations should share some of their benefits by pursuing economic, ethical, and philanthropic activities on the behalf of the society.

## **2.5 Empirical Review**

This section reviews empirical studies that have hitherto been conducted in line with corporate social responsibilities and brand equity especially touching on institutions of higher learning. The empirical review is in line with the study objectives and variables (economic responsibilities, legal responsibilities, ethical responsibilities, philanthropic responsibilities, and brand equity). The studies are reviewed from global, regional and local perspectives.

### **2.5.1 Economic Responsibilities**

According to Rionda (2002), economic globalization and liberalization have eased the capacity of firms to operate overseas in tandem with the less commendable standards of corporate social responsibility (CSR). The foregoing obliges entities to approach the concept of CSR differently as they would in their respective home countries. Idowu (2008) conducted an empirical study of what institutions of higher learning in the UK view to be their corporate social responsibility. The author classified variously the aspects that are considered by the aforestated institutions to be their CSR. One of the classes is how the institutions manage the economic, social, and environmental impacts of their activities.

Reinhardt et al. (2008) further looked at the concept of CSR through an economic lens. The scholars quoted the empirical works of Friedman (1970) who is credited for having initiated the debate on CSR in context of economics. Friedman argued that, social responsibility of business is to increase profits. Forest et al. sought to establish whether their some firms' CSR indeed sacrifice profits. The foregoing tallied with Lyon and

Maxwell (2004) and Vogel (2006) who noted that, simply due to the fact that the legal system may allow organizations to sacrifice profits in the interest of the society does not necessarily imply that such firms can do so sustainably in the face of competition. Therefore, they reasoned that it is fundamental to understand the conditions under which a firm can sacrifice its profits in social interest. One of the conditions they postulated was that in some cases, socially beneficial actions may yield an increase in organization's revenue.

In a study by Kefa (2008), CSR can be described as the way corporate entities integrate environment and socio-economic concerns into their values, culture, decision making, strategy, and operations in a transparent and accountable manner. In this respect, CSR is expected to look into environmental and socio-economic issues in a manner that purposes to benefit people, communities, and societies. The popularity of CSR in Africa is exemplified by Muthuri (2007) who observes that, CSR describes corporate citizenship as the portfolio of socio-economic activities that organizations often undertake to fulfill duties as members of society. The Department for International Development (DFID) postulates one of the common themes of CSR is ensuring that, economic, social, and environmental performance and impacts are monitored and accurately reported to the public and the relevant authorities.

When analyzing the concept of CSR in Kenya, Kefa (2008) noted that, the private sector plays a crucial and fundamental role in the economic growth which is paramount in poverty alleviation. In the same light, it is reasoned that, the private institutions can impact directly on poverty through their own policies and practices.

### **2.5.2 Legal Responsibilities**

McIntosh et al. (2004) in their study recommended that, in spite of the contributions of corporate social responsibility, it is prudent to bring to the fore some of the possible risks associated with CSR. In this light, it was exemplified that, socially responsible practices ought neither infringe on local laws nor hinder businesses from complying with the same (laws). The authors argued that, indeed effective institutional, regulatory, and legal frameworks which include among others, appropriate tax systems are the ones to accrue the greatest benefit to most poor population. In every State in the U.S., there is recognition that, there exists right of businesses to make charitable contributions. State corporate statutes grant organizations legal powers similar to those of people, and allow firms to participate in lawful activities (Clark 1986). Consequently, corporations presumably have the power, though not necessarily the right, to undertake CSR activities (Donohue 2005). They can write their own corporate charters to explicitly authorize themselves to participate in CSR.

It is reasoned that, just because the existing legal system may allow organizations to sacrifice profits in the social interest does not necessarily imply they can do so on a sustainable basis especially in the face of competition (Vogel, 2006). Reinhardt et al.'s (2008) article examined legal thinking regarding whether entities can sacrifice profits so as to benefit individuals who are not shareholders. They also delved into the legality of CSR in the United States (U.S.) and other countries. The "business judgment rule" hinders many public-minded managerial actions from being challenged. Gabaldon (2006) held the position that an organization is organized for the benefit of society at large. In respect to this view, sacrificing profits in the public interest is absolutely legal.



According to Gathii (2008), if the organizations' objectives were not restricted to their core business, then a major potential impediment to CSR would be removed. The foregoing is founded on the argument that some CSR activities executed by firms may be alleged to be ultra vires with their legally mandated objectives. Opondo (2006) analyzed the emerging CSR in Kenya's cut flower industry. She noted that, most farms had adopted standards of good human resource management practices which covered among others, labor and environmental conditions. The aforementioned standards were found by the firms concerned to be vital management tools for enhancing awareness of legal and social obligations to their workers.

### **2.5.3 Ethical Responsibilities**

There exists varying costs to a firm in respect of following ethical codes of conduct (McIntosh et al., 2004). The costs can be influenced by both the number and size of suppliers. The evidence of a study of Tennessee consumers in the U.S. (Jensen et al., 2002) indicated that, some customers were willing to pay more for socially-responsible goods. Needless to say, the presence of such 'ethical investors or customers' could, in principle, have consequences for organizations that fail to participate in CSR activities (Heinkel et al., 2001). In the same light it is exemplified that, in case the choices of ethical investors or customers increase the cost of capital for "irresponsible" firms, some of these firms may opt to participate in CSR activities in order to increase their stock price.

Reinhardt et al. (2008) noted that, shareholders at times request that organizations comply with ethical requirements. In the same light, it is argued that, businesses have a moral

commitment to hold themselves to higher ethical standards and as such engage in activities that benefit society. A public opinion survey of citizens' attitude towards the responsibilities of businesses in 23 developed and developing countries, indicated that, the public opinion was in support that corporation in Western countries ought to set higher ethical standards in order to help build a better society. However, countries such as China and Kazakhstan, ethical standards were not a prerogative (Enviro-nics International Limited, 1999).

Scott and Paolillo (2004) conducted a cross-cultural study of managers drawn from Spain, Turkey, Great Britain, and the U.S. The study sought to establish the perceived role of social responsibility in managerial decision making process. The results of the study indicated that, the managerial CSR decisions and chances for success are modified by the managers' individual ethical perspective and their organizational culture. Kefa (2008) when studying CSR in Kenya observed that, if CSR introduces ethical HR issues, this would enable to fix issues that probably might be overlooked from a human resource (HR) perspective.

#### **2.5.4 Philanthropic Responsibilities**

Some empirical studies concentrate their attention on philanthropy against the backdrop of the more significant part of corporate social responsibility (CSR) revolving around corporate accountability and codes of conduct (Rionda, 2002). In their study of CSR activities in mobile telecommunication industry in Malaysia, Mudzamir and Norfaiezah (2003) when citing Orgizek (2001) argued that, the scope of CSR goes beyond charitable activities, philanthropy, and community involvement. In Orgizek's view, CSR encompasses business practices such as environmental management systems, human

resource policy, and strategic investment for sustainable future. According to a consumer survey in Germany, France, and the U.S., the American consumers were found to be disinterested in companies' philanthropic responsibilities (Maignan, 2001).

The analysis of CSR in Kenya brings to the fore the admission that, "the practice of corporate philanthropy has evolved significantly over the past decades to a point where it has become an important part of corporate strategy" (Kefa, 2008). The foregoing strategy is asserted to be linked to an organization's core values, responsiveness to moral pressures, and core competencies. It is further observed that, some firms indeed adopt this strategy as one way of having a competitive edge over their rivals through brand equity. Kefa further posits that, in Kenya, CSR is usually linked to philanthropy. The scholar observed that, surveys indicate that highest percentage of corporate philanthropic support is towards HIV/AIDS, health and medical provision, education and training, agriculture and food security, and underprivileged persons. This kind of support is pegged on the reasoning that corporate entities need to give back to the society through improvement of their welfare.

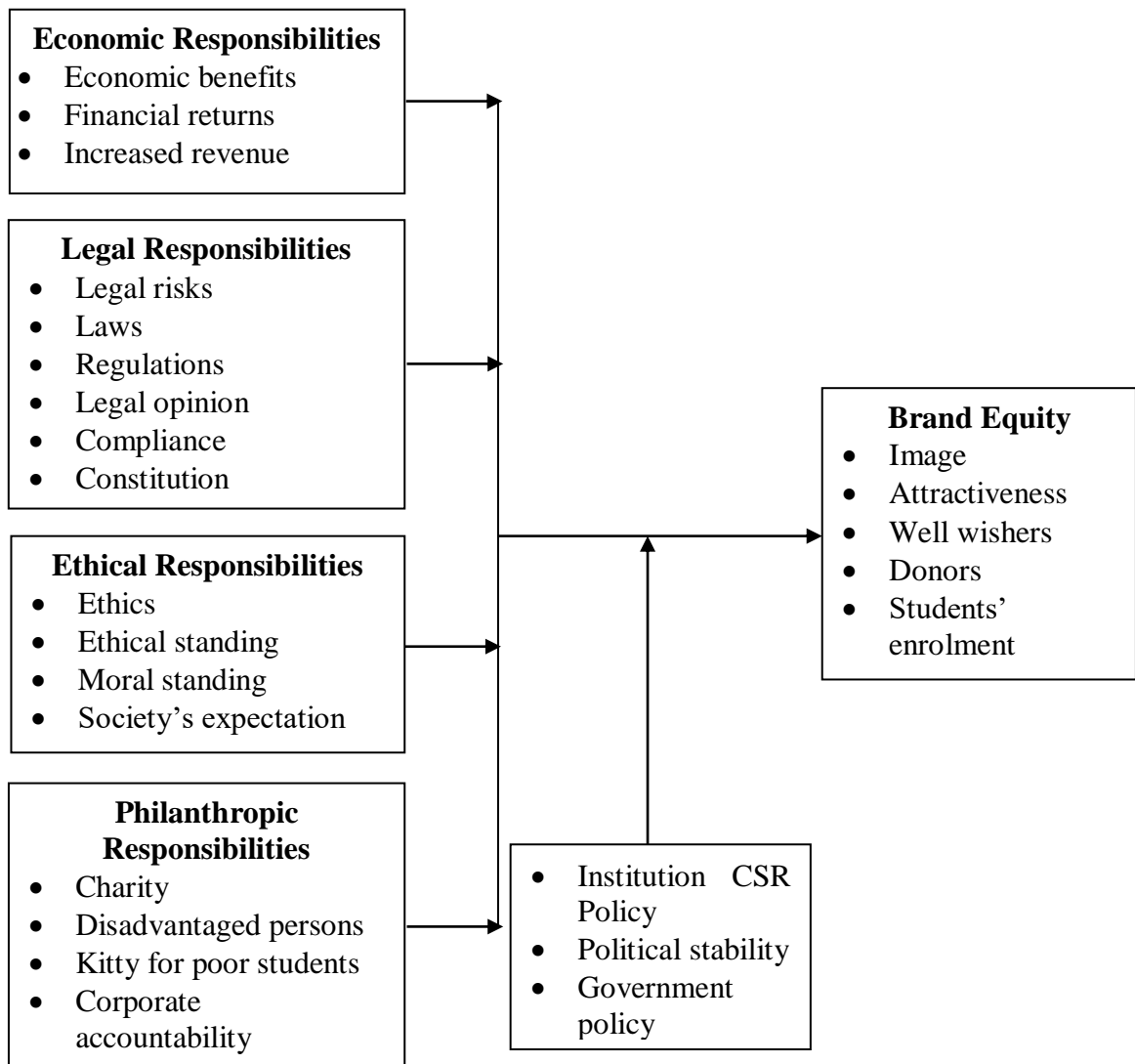
## **2.6 Conceptual Framework**

A conceptual framework illustrates the interaction amongst the study variables. The main components of this framework include independent and dependent variables.

**Independent Variables**

**Moderating Variables**

**Dependent Variable**



**Independent Variables**

**Moderating Variables Dependent Variable**

**Figure 2.2: Conceptual Framework**

As illustrated in Figure 2.2, there are four independent variables (economic responsibilities, legal responsibilities, ethical responsibilities, and philanthropic responsibilities) which are hypothesized to influence brand equity (dependent variable) of universities. The individual university's CSR policy moderates the relationship between the aforementioned two sets of variables (independent and dependent variables). In other words the implication of CSR on the brand equity of every university was presumed to be moderated by the institution's policy, political stability and government policy.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter examines the blueprint of conducting research, the study population, sampling design, instrumentation and data collection procedures, and how the collected data were processed and analyzed. In other words, the chapter outlines the various steps that were taken to arrive at findings that were in line with the study objectives.

#### **3.2 Research Design**

A research design is the blueprint of conducting the entire research study. In this study, a descriptive research design was employed. Descriptive survey design is a mix of descriptive and survey research designs; both of which are quantitative. Kothari (2008) argues that, descriptive studies attempt to answer the “what” kind of questions which is the case with the current study where the general question is: what is the impact of CSR on brand equity of universities in Kenya? On other hand, survey studies take place at a specific point in time. The current study was carried out over three-month duration. Surveys are also appropriate when there are a relatively large number of respondents who are not based at a single location. The foregoing concurs with this research where respondents were drawn from an array of universities located in Nakuru County.

### **3.3 Target Population**

The target population is the population to which the study findings are generalized. The study was conducted amongst the management and public relations staff of the 10 universities located in, or with campuses in Nakuru County. There were a total of 41 and 17 management and public relations employees respectively across the aforesaid universities when the study was carried out. Therefore, the study population comprised of 58 respondents.

### **3.4 Census Design**

The target population was relatively small which defeated the logic of sampling. As such, a census design was adopted whereby all the members of the target population participated in the study. This method enhanced the generalizability of the study findings by eliminating both the sampling error and sampling bias.

### **3.5 Research Instrument**

The study employed a structured questionnaire to collect primary data from the respondents. The questionnaire was structured in such a way that it captured the respondents' demographic information, but more importantly it facilitated collection of data pertinent to both independent and dependent variables. The instrument's sections that captured data regarding the study variables comprised of questions on a 5-point Likert scale.

### **3.6 Validity and Reliability of the Research Instrument**

It was fundamental to carry out a pilot study prior to the main study with the object of determining both the reliability and validity of the research instrument. The pilot study involved a few management staff and PR officers randomly drawn from universities in Uasin Gishu County. Instrument reliability is the degree to which the instrument can be dependent upon to secure consistent results upon repeated application. Validity, on the other hand, is said to be the degree to which the research instrument succeeds in describing or quantifying what it is designed to measure (Weiner, 2007). Validity is argued to reflect those errors in measurement that are systematic or constant.

The reliability was tested using the Cronbach alpha. This method is employed to test the internal consistency of the instrument. Cronbach alpha is a function of the average intercorrelations of items and the number of items in the scale. In order for the instrument to be deemed reliable, the factors contained therein must attain alpha ( $\alpha$ )  $\geq$  0.7. After carrying out the reliability test, it was revealed that all study constructs returned alpha coefficients greater than 0.7 which implied that the entire researcher instrument was reliable. The researcher determined the content validity of the instrument. This type of validity aimed to establish whether the items included in the measure adequately represented the universe of questions that could have been asked. Given that this validity cannot statistically be determined (Kimberlin & Winterstein, 2008) the expert opinion of the University supervisors was sought.



### **3.7 Data Collection Procedure**

The study was limited to primary data which were collected using a structured questionnaire. Relevant permits and consent from the relevant authorities including the management of the institutions under study were sought prior to data collection. The questionnaire was administered to the respondents by the researcher herself. The respondents were allowed approximately five working days to fill in the questionnaires after which the filled questionnaires were collected.

### **3.8 Data Analysis and Presentation**

The collected questionnaires were first cleaned to ensure that only the adequately and appropriately filled ones were considered. The cleaned data were then analyzed with the aid of the Statistical Package for Social Sciences (SPSS) Version 24 program and STATA 14 computer software. Descriptive data analysis in form of frequencies, percentages and chi-square was first conducted. This was followed by inferential analysis that was limited to the Spearman rank correlation. In addition a multiple regression model as outlined below was used for analysis.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:

Y = Brand Equity

$\beta_0$  = Constant

$X_1$  = Economic responsibilities

$X_2$  = Legal responsibilities

$X_3$  = Ethical responsibilities

$X_4$  = Philanthropic responsibilities

$\varepsilon$  = Error Term

$\beta_1, \beta_2, \beta_3, \beta_4$  = Régression coefficients of independent variables

The study findings were presented in tables that reflected both descriptive and inferential statistical results.

## **CHAPTER FOUR**

### **FINDINGS AND DISCUSSIONS**

#### **4.1 Introduction**

The findings of the study and associated discussions are presented in this chapter. The chapter outlines the response rate followed by the background information of the respondents. The descriptive and inferential findings are then presented and discussed in line with the study objectives.

#### **4.2 Response Rate**

Response rate describes the proportion of the number of questionnaires appropriately filled and returned compared to the number of questionnaires issued to the respondents. Out of the 58 questionnaires administered to the respondents, 51 were duly filled and collected. This represented a response rate of 87.9%. According to Nulty (2008), the foregoing response rate was deemed sufficient and acceptable for the study since in survey studies 70 per cent response rate is deemed acceptable.

#### **4.3 Background Information**

The background information of the respondents and their institutions presented in this section relates to gender, academic qualifications, department where they work and working experience. Also the involvement of institutions in CSR activities and the conversance of respondents on CSR issues are documented in this section.

### 4.3.1 Gender of Respondents

The section outlines the respondents' distribution in terms of gender. Table 4.1 displays the pertinent results.

**Table 4.1: Distribution of Respondents by Gender**

	<b>Frequency</b>	<b>Percent</b>
Male	29	56.9
Female	22	43.1
<b>Total</b>	<b>51</b>	<b>100.0</b>

The study findings as shown in Table 4.1 indicate that majority (56.9%) of the university management and public relations staff were male while female constituted 43.1% of the said workforce. This is a clear indication that most of the employees working at management and public relations divisions in universities in Kenya were male. However, the human resource policy in public universities was observed to comply with the two thirds gender affirmative action enshrined in Kenya's constitution.

### 4.3.2 Academic Qualifications

The respondents distribution based on their highest academic qualifications were examined. The pertinent results are presented in this part. The findings are illustrated in Table 4.2.

**Table 4.2: Respondents Spread by Academic Qualifications**

	<b>Frequency</b>	<b>Percent</b>
Diploma	3	5.9
Bachelor Degree	3	5.9
Masters Degree	42	82.4
PhD Degree	3	5.9
<b>Total</b>	<b>51</b>	<b>100.0</b>

It was noted that most (82.4%) of the university staff in management and public relations departments held masters degrees. Those that had PhD degrees were 5.9%. The diploma and bachelor degree holders were 3% each of the population. The findings illustrated that universities were very keen on the academic qualifications of their management team and public relations officers.

#### **4.3.3 Department**

The study also determined the department under which the respondents worked in. The results are displayed in Table 4.3.

**Table 4.3: Distribution of Respondents by Department**

	<b>Frequency</b>	<b>Percent</b>
Management	28	54.9
Public Relations	23	45.1
<b>Total</b>	<b>51</b>	<b>100.0</b>

It was found that most (54.9%) of the respondents worked in management department. Those that worked in the public relations department were 45.1% of the sampled population. The findings implied that the proportion of management staff exceeded that of the public relations officer. This was probably due to the reasoning that some of the

senior administrative employees are part of the management team in universities. The distribution of respondents according to their academic qualifications and departments is illustrated in Table 4.4.

**Table 4.4: Distribution of Respondents by Academic Qualifications and Department**

		Departments		Total
		Management	Public Relations	
Highest Academic Qualifications	Diploma	0	3	3
	Bachelor Degree	0	3	3
	Master's Degree	22	20	42
	PhD Degree	3	0	3
<b>Total</b>		<b>25</b>	<b>26</b>	<b>51</b>

As indicated in Table 4.4, management staffs were possessed higher academic qualifications compared to the public relations counterparts. All the 3 holders of PhD degree were managers while all the 3 Diploma holders were public relations officers. The least academic qualification among the management staff was a Master's degree while the highest academic qualification among the PR officers was a Master's degree. The findings implied that academic qualifications were more emphasized amongst the management staff than amongst public relations practitioners in universities in Nakuru County.

#### 4.3.4 Work Period

In addition, the study examined the work experience of the respondents in their respective fields. The outcome of the analysis is illustrated in Table 4.5.

**Table 4.5: Distribution of Respondents by Working Experience**

	<b>Frequency</b>	<b>Percent</b>
Less than 1 Year	4	7.8
1 to 5 Years	27	52.9
5 to 10 Years	17	33.3
Above 10 Years	3	5.9
<b>Total</b>	<b>51</b>	<b>100.0</b>

Upon analysis of data, it was found that majority (52.9%) of the respondents had worked for a period of between 1 to 5 years. Respondents that had worked for duration of 5 to 10 years were 33.3% while those with over 10 years working experience were only 5.9%. The rest (7.8%) had worked in the universities for less than 1 year. The findings implied that there was a relatively high employee's turnover in management and public relations departments in universities. The foregoing could have been as a result of change of top leadership in universities particularly after a lapse of 10 years.

#### **4.3.5 Involvement in Corporate Social Activities**

The study investigated whether the universities under study were engaged in corporate social activities. Table 4.6 outlines the findings.

**Table 4.6: University Involvement in CSR**

	<b>Frequency</b>	<b>Percent</b>
Yes	51	100.0

As depicted in Table 4.6, all respondents acknowledged that universities in Nakuru County engaged in various corporate social responsibility activities. The findings implied

that the study was highly feasible when carried out in the aforesaid institutions of higher education.

#### **4.3.6 Conversance with Corporate Governance and Brand Equity**

The study further assessed whether respondents were conversant with corporate governance issues and brand equity in universities. Table 4.7 displays the outcome of the pertinent analysis.

**Table 4.7: Respondents Conversance with Corporate Governance and Brand Equity**

	<b>Frequency</b>	<b>Percent</b>
Not conversant	3	5.9
Moderately conversant	6	11.8
Conversant	22	43.1
Very conversant	20	39.2
<b>Total</b>	<b>51</b>	<b>100.0</b>

The study found that most (43.1%) of the respondents were conversant with corporate governance issues and brand equity in universities. In addition, 39.2% of the respondents were very conversant with the said issues. Only 5.9% were not conversant with the issues in question. As such, the respondents in both management and public relations departments were well positioned to provide data pertinent to both CSR and brand equity.

#### **4.4 Descriptive Analysis and Interpretations**

The descriptive findings in regard to the study constructs namely economic responsibilities, legal responsibilities, ethical responsibilities, philanthropic responsibilities and brand equity are presented. The findings are outlined in form of



percentages, chi-square and p-value. More so, strongly agree (SD), agree (A), Neutral (N), disagree (D), and strongly disagree (SD) have been used to denote the level of agreement with various propositions under each study variable.

#### 4.4.1 Economic Responsibilities

The respondents' views regarding the economic responsibilities in the university were sought and analyzed. The outcome of the analysis is as shown in Table 4.8.

**Table 4.8: Respondents' Opinion on Economic Responsibilities**

	SA (%)	A (%)	N (%)	D (%)	SD (%)	$\chi^2$	P- Value
Our institution has economic responsibilities.	39.2	47.1	5.9	0	7.8	27.5	0.000
CSR is viewed from an economic perspective by our institution	5.9	70.6	17.6	5.9	0	58.4	0.000
CSR has economic benefits to our institution.	27.5	17.6	23.5	25.5	5.9	7.73	0.102
Economic benefits enhance our institution's brand equity.	15.7	52.9	11.8	5.9	13.7	35.9	0.000
One of the social responsibilities of our organization is to increase financial returns.	29.4	23.5	23.5	17.6	5.9	8.1	0.087
Our institution purposes to enhance economic benefits to the society.	27.5	23.5	17.7	23.5	7.8	5.9	0.202

It was found that 39.2% of the respondents strongly agreed that the institution had economic responsibilities. In addition, 47.1% agreed with the view. However, 7.8% of the respondents strongly disagreed and 5.9% were not clear whether universities had economic responsibilities as part of their CSR. The study further established that 76.5% of respondents at least agreed that CSR was viewed from an economic perspective by universities. On the same note, 5.9% disagreed on the same proposition. The rest (17.6%) remained indifferent on the opinion that CSR was viewed from an economic perspective

by the institutions. The findings concurred with previous studies by Maxwell (2004) and Vogel (2006) who reasoned that it is fundamental to understand the conditions under which a firm can sacrifice its profits in social interest. One of the conditions they postulated was that in some cases, socially beneficial actions may yield an increase in organization's revenue.

The study also noted that 27.5% of the respondents strongly admitted that CSR had economic benefits to universities while 17.6% admitted the same. 23.5% were not sure whether CSR had economic benefits to the institutions. 31.4% of the respondents at least disagreed with the proposition. Out of the sampled respondents, 68.6% at least concurred that economic benefits enhanced institution's brand equity. However, 19.6% at least disagreed with the view. Only 11.8% were neutral regarding the view. The proposition that one of the social responsibilities of the institution was to increase financial returns raised different opinions, 29.4% strongly admitted to the notion, 23.5% agreed, 23.5% were not sure and 23.5% at least disagreed with the view. Lastly, respondents were asked whether universities purposed to enhance economic benefits to the society. It was noted that 27.5% strongly concurred with the view while 23.5% were in agreement with the view. 23.5% of the respondents disagreed while 7.8% absolutely disagreed with the opinion. The rest (17.7%) remained indecisive regarding the same issue. The findings tallied with Kefa's (2008) observation that CSR is supposed to look into environmental and socio-economic issues in a manner that purposes to benefit people, communities, and societies.

In addition, it was found that universities having economic responsibilities ( $\chi^2 = 27.5$ ;  $p < 0.05$ ) and view of CSR from an economic perspective (

$\chi^2= 58.4$ ;  $p < 0.05$ ) by the said institutions was significant at 0.05 margin of error. In the same breadth, it was observed that the proposition that economic benefits enhanced brand equity of universities was significant ( $\chi^2= 35.9$ ;  $p < 0.05$ ). However, the statements that CSR had economic benefits to universities ( $\chi^2= 7.73$ ;  $p > 0.05$ ); one of the social responsibilities of one the aforesaid institutions was to increase financial returns ( $\chi^2= 8.1$ ;  $p > 0.05$ ) and that these universities purposed to enhance economic benefits to the society ( $\chi^2= 5.9$ ;  $p > 0.05$ ) were found not to be significant. The findings of the present study tallied with earlier observations by Muthuri (2007) that CSR describes corporate citizenship as the portfolio of socio-economic activities that organizations often undertake to fulfill duties as members of society.

#### **4.4.2 Legal Responsibilities**

The study further analyzed the opinions of the management and public relations staff in regard to legal responsibilities in their institutions. Their responses are displayed in Table 4.9.

**Table 4.9: Respondents' Views on Legal Responsibilities**

	SA	A	N	D	SD	$\chi^2$	P
	(%)	(%)	(%)	(%)	(%)		Value
CSR is associated with various risks	5.9	21.6	35.3	25.5	11.8	13.6	0.009
Some of the risks associated with CSR touch on infringement of the County Government by-Laws.	0	29.4	25.5	5.9	39.2	11.9	0.007
CSR activities of universities are regulated by certain laws.	23.5	33.3	11.8	25.5	5.9	12.4	0.014
Our institution ensures that CSR activities are in tandem with the university's objectives.	51.0	41.2	7.8	0	0	15.6	0.000
Our university seeks legal opinion before embarking on any CSR activities.	45.1	29.4	5.9	5.9	13.7	29.5	0.000
Our institution ensures that all CSR activities are within the confines of the Constitution and County Government by-Laws	56.9	17.6	17.6	0	7.8	28.9	0.000

The study findings indicated that 21.6% of the respondents agreed with the view that CSR was associated with various risks. Indeed, 5.9% strongly admitted to the view. However, 37.3% at least disagreed with the statement while 35.3% were unsure whether CSR was associated with various risks or not. The findings were a departure to previous results that had indicated that it is prudent to bring to the fore some of the possible risks associated with CSR (McIntosh et al., 2004). Given that majority of the respondents disputed that CSR was associated with risks, this departed from McIntosh et al.'s study (2004) that recommended that, in spite of the contributions of corporate social responsibility, it is prudent to bring to the fore some of the possible risks associated with CSR.

In addition, 29.4% of the respondents agreed with the view that some of the risks associated with CSR touched on infringement of the County Government by-laws. 39.2% strongly disagreed with that opinion while 5.9% disagreed with the same. Those that

were indifferent with the assertion were 25.5% of the sampled population. The assertion that CSR activities of universities were regulated by certain laws saw 56.8% of the respondents at least concur with the view. 25.5% disagreed while 11.8% were indifferent regarding the same. A mere 5.9% strongly disagreed with the proposition.

The study further noted that out of the total respondents, 51.0% strongly admitted that the universities ensured that CSR activities were in tandem with the institutions' objectives. Indeed, 41.2% agreed with the opinion. 7.8% were not sure. These findings reinforced earlier assertion by Gathii (2008), that some CSR activities executed by firms may be alleged to be ultra vires with their legally mandated objectives. It was also noted that 45.1% strongly admitted that the university sought legal opinion before embarking on any CSR activity. 29.4% were in agreement with the assertion while 19.6% at least disagreed with the view. 5.9% of the respondents were indifferent regarding the same. Respondents did not disagree that the institution ensured that all CSR activities were within the confines of the constitution and the county government by-laws. Indeed, 74.5% at least admitted to the assertion. Nevertheless, 17.6% were non-committal regarding the opinion that the university sought legal opinion before embarking on any CSR activity. The study further noted that all propositions on legal responsibilities as part of corporate social responsibility were of significant importance ( $p < 0.05$ ) in as far as universities were concerned.

### 4.4.3 Ethical Responsibilities

In line with the third objective of the study, the opinions of respondents in regard to ethical responsibility as part of CSR in the university were sought and analyzed. Table 4.10 summarizes their responses.

**Table 4.10: Respondents' Views on Ethical Responsibilities**

	SA (%)	A (%)	N (%)	D (%)	SD (%)	$\chi^2$	P Value
CSR is regulated by certain ethics.	27.5	41.2	17.6	7.8	5.9	21.8	0.000
Our institution ensures that CSR activities acknowledge the ethical standings of the society.	45.1	35.3	11.8	7.8	0	19.9	0.000
Our institution stakeholders expect our university to have programs that in line with the society's expectations.	29.4	45.1	17.6	0	7.8	15.7	0.001
Our institution engages in CSR in order to build its brand equity.	21.6	47.1	31.4	0	0	5.1	0.080
Our brand equity attracts financiers, donors and other investors.	17.6	39.2	35.3	7.8	0	13.4	0.004
Our university engages in CSR in order to demonstrate its ethical standing in the society.	29.4	45.1	25.5	0	0	3.3	0.193
Ethical and moral standing attracts students to our institution.	27.5	35.3	25.5	11.8	0	5.9	0.118

It was noted that 41.2% of the respondents concurred that CSR was regulated by certain ethics. 27.5% indeed strongly concurred with the opinion while 17.6% were unsure of the assertion. 13.7% at least disagreed with the same proposition. In addition, respondents were asked whether CSR activities acknowledged ethical standings in the society. 45.1% strongly agreed, 35.3% agreed, 11.8% were indifferent while 7.8% disagreed. None of the respondents absolutely disagreed with the assertion. The findings supported earlier findings by Reinhardt et al. (2008) who noted that, shareholders at times request that organizations comply with ethical requirements. Moreover, the view that the institution

stakeholders expected the university to have programs that were in line with society expectations drew mixed responses. 74.5% at least admitted to the view while 7.8% strongly disagreed with the view. 17.6 % of the respondents remained indecisive of the claim. It was further discovered that 47.1% of the respondents agreed that the institution engaged in CSR in order to build its brand equity. Indeed, 21.6% strongly admitted to the claim. However, a significant percentage (31.4%) of the total respondents was not clear regarding the view.

The opinion that the institution brand equity attracts financiers, donors and other investors saw a significant number of respondents at least agree with that opinion (56.8%). However, 7.8% disagreed with the opinion while 35.3% were neutral on the notion. The findings further indicated that 45.1% of the respondents agreed that the university engaged in CSR in order to demonstrate its ethical standing in the society while 29.4% strongly agreed with the view. 25.5% were not sure of the assertion. None of the respondents disagreed or strongly disagreed with the view that university engaged in CSR in order to demonstrate its ethical standing in the society. Whether ethical and moral standing attracted students to the university, 62.5% of the respondents at least agreed while 11.8% disagreed. 25.5% remained indecisive regarding the view.

Moreover, under ethical responsibilities, three statements were found to be of less importance given the relatively small chi-square values they returned and the fact that they did not meet the margin of error threshold. The assertions include, universities engage in CSR in order to build brand equity ( $\chi^2 = 5.1$ ;  $p > 0.05$ ); and demonstrate ethical standing ( $\chi^2 = 3.3$ ;  $p > 0.05$ ); and also ethical and moral standing attract students ( $\chi^2 = 5.9$ ;  $p > 0.05$ ).

#### 4.4.4 Philanthropic Responsibilities

In addition, the study analyzed the respondents' opinions in regard to the philanthropic activities characterizing CSR activities in universities. Table 4.11 illustrates the pertinent findings.

**Table 4.11: Respondents' Views on Philanthropic Responsibilities**

	SA (%)	A (%)	N (%)	D (%)	SD (%)	$\chi^2$	P Value
CSR is linked to charity	27.5	29.4	29.4	13.7	0	3.5	0.319
Our institution visits the less disadvantaged in the society.	29.4	47.1	15.7	0	7.8	18.1	0.000
Our university's charitable activities enhance its brand equity.	35.3	33.3	23.5	0	7.8	9.6	0.022
Our institution has a kitty for poor students.	41.2	33.3	17.6	0	7.8	13.9	0.003
Students are encouraged to assist their poor colleagues in the university.	29.4	39.2	17.6	13.7	0	8.2	0.042
Our institution's involvement in charity work results from moral pressure in the society.	0	17.6	52.9	11.8	17.6	21.7	0.000

The findings illustrated that 27.5% of the respondents strongly concurred that CSR is linked to charity. Furthermore, 29.4% were in agreement with this view. In addition, 29.4% of the respondents were non-committal regarding the opinion while 13.7% disagreed with the view. The study also noted that 47.1% admitted that the universities visited the disadvantaged in the society. In fact, 29.4% strongly admitted to the assertion. Those that strongly disagreed with that opinion were 7.8% while 15.7% were not sure whether or not the universities visited the disadvantaged in the society. Moreover, respondents were asked whether the universities' charitable activities enhanced their brand equity. To this respect, 68.6% of the respondents at least agree with that view. However, 7.8% strongly disagreed with the view.



A section, (23.5%) of the respondents was not sure whether the universities' charitable activities enhanced their brand equity or not. It was also established that 33.3% of the respondents were in concurrence that the institutions had a kitty for poor students. 41.2% indeed strongly concurred with that view. Nevertheless, 7.8% of the respondents felt that the institution had no kitty for poor students. 17.6% were unclear on the view. The study further ascertained that 29.4% of the respondents agreed that the university encouraged students to assist their poor counterparts. A significant number (39.2%) of the respondents strongly admitted the university encouraged students to assist their poor counterparts. However, 17.6% were not sure regarding the issue. Those that disagreed that the university encouraged students to assist their poor counterparts were 13.7% of the sampled population. In addition, the study noted that 17.6% of the respondents admitted that the institution's involvement in charity work resulted from moral pressure in the society. However 52.9% were indifferent regarding the view. 29.4% of the respondents at least disagreed that university involvement in charity work was a result of societal moral pressure.

All propositions regarding philanthropic responsibilities in universities were observed to be significant ( $p < 0.05$ ). The findings underpinned the importance of these activities in the aforesaid institutions and particularly in respect to brand equity. However, the statement that CSR was linked to charity was found not to be significant ( $\chi^2 = 3.5$ ;  $p > 0.05$ ). The findings of the present study were in agreement with Kefa's (2008) study. Kefa had noted that the highest percentage of corporate philanthropic support is towards education and training, and underprivileged persons amongst other areas.

#### 4.4.5 Brand Equity

Lastly, the study assessed the views of the respondents concerning the values ascribed to the university name (brand equity). The respondents' views are illustrated in Table 4.12.

**Table 4.12: Respondents' Opinion on Brand Equity**

	SA (%)	A (%)	N (%)	D (%)	SD (%)	$\chi^2$	P Value
Our institution is always concerned about its image.	56.9	23.5	0	11.8	7.8	30.3	0.000
Our university engages in CSR activities in order to enhance its brand.	17.6	39.2	37.3	5.9	0	15.7	0.001
The image of our institution has economic benefits.	39.2	60.8	0	0	0	2.4	0.123
The brand equity of our institution is demonstrated by the increased student's enrollment.	23.5	39.2	23.5	13.7	0	6.8	0.078
Our university's brand equity is reflected by its attractiveness to donors, well-wishers, and financiers.	17.6	52.9	17.6	11.8	0	21.7	0.000

The study findings indicated that 56.9% of the respondents strongly admitted that the institution was always concerned about its image. 23.5% were in agreement regarding the same view. Nevertheless, 19.6% at least disagreed that universities were always concerned about their image. It was further ascertained that 39.2% of the respondents concurred that universities engaged in CSR activities in order to enhance their brand. This was important given earlier assertion that in building a string brand institutions are supposed to be wary of their image (Keller, 2001). It was further revealed that 17.6% of the respondents also strongly concurred with the aforesaid opinion. The study further noted that 37.3% were indecisive regarding that opinion while 5.9% disagreed that

universities engaged in CSR activities in order to enhance their brand. In addition, all respondents at least agreed that the institutions' image had economic benefits.

Moreover, 39.2% of the respondents concurred with the view that the brand equity of the universities was demonstrated by increased student's enrolment. Furthermore, 23.5% of the respondents strongly concurred with the view. 13.7% disagreed while 23.5% were indecisive. It was also established that 70.5% of the respondents at least agreed that the universities' brand equity was reflected by its attractiveness to donors, well-wishers and financiers. Moreover, the study revealed that the propositions that universities' image had economic benefits ( $\chi^2= 2.4$ ;  $p > 0.05$ ) and that increased student enrolment resulted from brand equity ( $\chi^2= 6.8$ ;  $p > 0.05$ ) were not significant tenets of brand equity.

#### **4.5 Correlation Results**

In this section the relationships between the independent variables (economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities) and dependent variable (brand equity) are outlined. The influence of the stated independent variables on brand equity is also outlined. The study examined the relationship between each of the independent variables and the dependent variable using Spearman rank correlation. The findings of pertinent correlation analysis are presented in Table 4.13.

**Table 4.13: Correlation Matrix for Corporate Social Responsibilities and Brand Equity**

	Economic Responsibilities	Legal Responsibilities	Ethical Responsibilities	Philanthropic Responsibilities	Brand Equity
Economic Responsibilities	1.0000				
Legal Responsibilities	0.7648* 0.0000	1.0000			
Ethical Responsibilities	0.5733* 0.0000	0.8061* 0.0000	1.0000		
Philanthropic Responsibilities	0.6161* 0.0000	0.8705* 0.0000	0.7654* 0.0000	1.0000	
Brand Equity	0.7525* 0.0000	0.9217* 0.0000	0.8360* 0.0000	0.8555* 0.0000	1.0000

\*. Correlation is significant at the 0.01 level (2-tailed).

The findings indicated there was a positive, strong and statistically significant relationship ( $r = 0.7521$ ;  $p < 0.05$ ) between economic responsibilities and brand equity. Furthermore, the relationship between legal responsibilities and brand equity was positive, strong and statistically significant ( $r = 0.9217$ ;  $p < 0.05$ ). This implied that the university fulfilling their legal and economic responsibilities was fundamental in enhancing their brand name and brand equity. The more the universities shouldered both economic and legal responsibilities, the better their brand equity.

The study further ascertained that ethical responsibilities had a positive, strong and statistically significant relationship ( $r = 0.8360$ ;  $p < 0.05$ ) with brand equity. As such ethical responsibilities influenced the value accrued by university name. As the institutions ensured greater ethical responsibilities the better their image was reflected. It

was, therefore, crucial for universities to be concerned with ethical responsibilities they undertake since they greatly contributed towards enhancement of their brand equity. In addition, it was noted that the relationship between philanthropic responsibilities and brand equity was positive, strong and statistically significant ( $r = 0.8555$ ;  $p < 0.05$ ). Philanthropic activities were, therefore, found to be equally important in enhancing brand equity of the universities. It could be deduced that out of the elements of CSR, ethical responsibilities were the most crucial and important in enhancing brand equity of universities. The foregoing responsibilities were followed by legal responsibilities, philanthropic responsibilities and economic responsibilities respectively.

#### **4.6 Factor Analysis and Regression Results**

The extent of the influence of economic responsibilities, legal responsibility, ethical responsibility, and philanthropic responsibility on brand equity was assessed. The results are presented and discussed. First, factor analysis was used to generate the variables. In generating the variables, the interest was in those factors whose Eigen value was  $\geq 1$ .

##### **4.6.1 Factor Analysis of Economic Responsibilities**

The results of factorial analysis in respect to economic responsibilities in universities in Nakuru County are outlined in Table 4.14.

**Table 4.14: Eigen Values for Economic Responsibilities**

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	1.99482	0.76616	0.6161	0.6161
Factor2	1.22866	0.85792	0.3795	0.9956
Factor3	0.37075	0.31756	0.1145	1.1101
Factor4	0.05319	0.19697	0.0164	1.1265
Factor5	-0.14378	0.12204	-0.0444	1.0821
Factor6	-0.26582	.	-0.0821	1.0000

**LR test: independent vs. saturated:  $\chi^2(15) = 116.24$  Prob> $\chi^2 = 0.0000$**

**Factor loadings (pattern matrix) and unique variances**

Variable	Factor1	Factor2	Factor3	Factor4	Uniqueness
Our institution has economic responsibilities	0.5837	-0.1325	0.3536	-0.1233	0.5015
CSR is viewed from an economic perspective by our institution	0.0366	0.6262	0.3806	0.0504	0.4592
CSR has economic benefits to our institution	0.7060	0.4199	-0.1300	-0.0262	0.3077
Economic benefits enhance out institution's brand equity	0.8683	-0.1718	-0.1914	-0.0311	0.1790
One of the social responsibilities of our organization is to increase financial returns	0.0551	0.7535	-0.2034	-0.0040	0.3879
Our institution purposes to enhance economic benefits to the society	0.6304	-0.2132	0.0774	0.1838	0.5174

As indicated in Table 4.14, Factor 1 and Factor 2 returned Eigen values greater than 1.

However, Factor 1 with the highest Eigen value (1.99482) was chosen. In the factor loadings table, the second and fifth statements (CSR is viewed from an economic

perspective by our institution, and One of the social responsibilities of our organization is to increase financial returns respectively) under Factor 1 were eliminated from the rest in that its value (0.0366) was weak. The questions that loaded into economic responsibilities include: Our institution has economic responsibilities; CSR has economic benefits to our institution; economic benefits enhance our institution's brand equity; and our institution purposes to enhance economic benefits to the society.

#### 4.6.2 Factor Analysis of Legal Responsibilities

The results of factorial analysis in respect to legal responsibilities are as shown in Table 4.15.

**Table 4.15: Eigen Values for Legal Responsibilities**

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.15302	1.57108	0.6808	0.6808
Factor2	1.58194	1.49332	0.3416	1.0224
Factor3	0.08862	0.08480	0.0191	1.0416
Factor4	0.00382	0.08164	0.0008	1.0424
Factor5	-0.07783	0.04070	-0.0168	1.0256
Factor6	-0.11853	.	-0.0256	1.0000

LR test: independent vs. saturated:  $\chi^2(15) = 269.18$  Prob> $\chi^2 = 0.0000$

**Factor loadings (pattern matrix) and unique variances**

<b>Variable</b>	<b>Factor1</b>	<b>Factor2</b>	<b>Factor3</b>	<b>Factor4</b>	<b>Uniqueness</b>
CSR is associated with various risks	0.7046	0.5214	0.1323	-0.0023	0.2142
Some of the risks associated with CSR touch on infringement of the County Government by-Laws	0.2195	0.6959	0.0669	0.0363	0.4617
CSR activities of universities are regulated by certain laws	0.7585	0.4633	-0.0811	-0.0321	0.2024
Our institution ensures that CSR activities are in tandem with the university's objectives	0.7779	-0.5197	0.1610	-0.0189	0.0984
Our university seeks legal opinion before embarking on any CSR activities	0.9129	-0.0189	-0.1848	0.0085	0.1320
Our institution ensures that all CSR activities are within the confines of the Constitution and County Government by-Laws	0.7710	-0.5837	-0.0038	0.0323	0.0639
Our institution purposes to enhance economic benefits to the society	0.6304	-0.2132	0.0774	0.1838	0.5174

Only two factors under legal responsibilities attained the threshold of Eigenvalue equal to or greater than 1. The first factor which returned the highest value (3.15302) was considered in the analysis. All the components of the first factor returned strong values (> 0.5) except the “Some of the risks associated with CSR touch on infringement of the County Government by-Laws” statement. The results implied the question on infringement in respect to legal responsibilities was excluded from the analysis. The questions that loaded into legal responsibilities thus included: CSR is associated with various risks; CSR activities of universities are regulated by certain laws; our institution ensures that CSR activities are in tandem with the university's objectives; our university



seeks legal opinion before embarking on any CSR activities; and our institution ensures that all CSR activities are within the confines of the Constitution and County Government by-Laws.

#### 4.6.3 Factor Analysis of Ethical Responsibilities

The results of factorial analysis in respect to ethical responsibilities are as illustrated in Table 4.16.

**Table 4.16: Eigen Values of Ethical Responsibilities**

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	4.31777	3.40288	0.8236	0.8236
Factor2	0.91488	0.66968	0.1745	0.9981
Factor3	0.24520	0.25366	0.0468	1.0449
Factor4	-0.00846	0.01419	-0.0016	1.0433
Factor5	-0.02265	0.04129	-0.0043	1.0389
Factor6	-0.06395	0.07626	-0.0122	1.0267
Factor7	-0.14021	.	-0.0267	1.0000

LR test: independent vs. saturated:  $\chi^2(21) = 294.42$  Prob> $\chi^2 = 0.0000$

**Factor loadings (pattern matrix) and unique variances**

<b>Variable</b>	<b>Factor1</b>	<b>Factor2</b>	<b>Factor3</b>	<b>Uniqueness</b>
CSR is regulated by certain ethics	0.7483	0.4845	0.0475	0.2030
Our institution ensures that CSR activities acknowledge the ethical standings of the society	0.8950	-0.1723	-0.2186	0.1215
Our institution stakeholders expect our university to have programs that in line with the society's expectations	0.8262	-0.4477	-0.0422	0.1152
Our institution engages in CSR in order to build its brand equity	0.8264	0.1416	0.2805	0.2183
Our brand equity attracts financiers, donors and other investors	0.8018	0.1478	-0.2663	0.2644
Our university engages in CSR in order to demonstrate its ethical standing in the society	0.7039	-0.4933	0.2032	0.2199
Ethical and moral standing attracts students to our institution	0.6730	0.4060	0.0500	0.3797

Only one factor (Factor 1) as shown in Table 4.16 returned Eigenvalue that met the threshold (4.31777) which means it is the only one that was considered in the analysis. All statements captured under Factor 1 were revealed to be strong enough to be included in the analysis. Therefore, the following questions were loaded into ethical responsibilities: CSR is regulated by certain ethics; our institution ensures that CSR activities acknowledge the ethical standings of the society; our institution stakeholders expect our university to have programs that in line with the society's expectations; our institution engages in CSR in order to build its brand equity; our brand equity attracts financiers, donors and other investors; our university engages in CSR in order to

demonstrate its ethical standing in the society; and ethical and moral standing attracts students to our institution.

#### 4.6.4 Factor Analysis of Philanthropic Responsibilities

The results of factorial analysis in respect to philanthropic responsibilities are as shown in Table 4.17.

**Table 4.17: Eigen Values for Philanthropic Responsibilities**

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.50660	2.93136	0.9379	0.9379
Factor2	0.57524	0.60303	0.1539	1.0918
Factor3	-0.02779	0.02503	-0.0074	1.0844
Factor4	-0.05282	0.06989	-0.0141	1.0702
Factor5	-0.12271	0.01719	-0.0328	1.0374
Factor6	-0.13990	.	-0.0374	1.0000

LR test: independent vs. saturated:  $\chi^2(15) = 200.73$  Prob> $\chi^2 = 0.0000$

### Factor loadings (pattern matrix) and unique variances

Variable	Factor1	Factor2	Uniqueness
CSR is linked to charity	0.7720	0.3096	0.3081
Our institution visits the less disadvantaged in the society	0.7935	-0.3247	0.2649
Our university's charitable activities enhance its brand equity	0.9005	0.0455	0.1870
Our institution has a kitty for poor students	0.8508	-0.2437	0.2168
Students are encouraged to assist their poor colleagues in the university	0.8575	0.1502	0.2422
Our institution's involvement in charity work results from moral pressure in the society	0.1043	0.5384	0.6992

It is evident from the results shown in Table 4.17 that Factor 1 which returned Eigen value = 3.50660 was picked for analysis. As such, all the components of Factor 1 except “Our institution’s involvement in charity work results from moral pressure in the society” ,(0.1043) were factored in the analysis. This implies that the following questions were loaded into philanthropic responsibilities: CSR is linked to charity; our institution visits the less disadvantaged in the society; our university’s charitable activities enhance its brand equity; our institution has a kitty for poor students; and students are encouraged to assist their poor colleagues in the university.

#### 4.6.5 Factor Analysis of Brand Equity

Lastly, factorial analysis for brand equity in universities in Nakuru County was conducted. The pertinent results as indicated in Table 4.18.

**Table 4.18: Eigen Values of Brand Equity**

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	3.05200	2.24608	0.7695	0.7695
Factor2	0.80592	0.68302	0.2032	0.9727
Factor3	0.12290	0.06289	0.0310	1.0037
Factor4	0.06002	0.13484	0.0151	1.0189
Factor5	-0.07482	.	-0.0189	1.0000

LR test: independent vs. saturated:  $\chi^2(10) = 219.57$  Prob> $\chi^2 = 0.0000$

#### Factor loadings (pattern matrix) and unique variances

Variable	Factor1	Factor2	Factor3	Factor4	Uniqueness
Our institution is always concerned about its image	0.7972	-0.5143	-0.1637	-0.0499	0.0707
Our university engages in CSR activities in order to enhance its brand	0.8157	0.1050	-0.1274	0.1714	0.2780
The image of our institution has economic benefits	0.5964	-0.2445	0.2709	0.0906	0.5029
The brand equity of our institution is demonstrated by the increased student's enrollment	0.9741	0.0122	0.0803	-0.1382	0.0254
Our university's brand equity is reflected by its attractiveness to donors, well-wishers, and financiers	0.6682	0.6859	-0.0081	-0.0290	0.0821

Relative to brand equity and in tandem with the results indicated in Table 4.18, Factor 1 whose Eigen value was 3.05200, indicated that all the components of brand equity were found to be sufficiently strong for consideration in the analysis. As such, the following questions were loaded into brand equity: Our institution is always concerned about its image; our university engages in CSR activities in order to enhance its brand; the image of our institution has economic benefits; the brand equity of our institution is demonstrated by the increased student's enrollment; and our university's brand equity is reflected by its attractiveness to donors, well-wishers, and financiers.

#### 4.6.6 Regression Results

The study examined the influence of the various components of CSR under study on brand equity of universities in Nakuru County. The components of CSR studied include economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. Table 4.19 shows the results of the regression analysis.

**Table 4.19: Regression Results**

Source	SS	df	MS	Number of obs = 51
				F (4, 46) = 93.64
Model	40.7687032	4	10.1921758	Prob > F = 0.0000
				R-squared = 0.8906
Residual	5.00662136	46	.108839595	Adj R-squared = 0.8811
				Root MSE = .32991
<b>Total</b>	<b>45.7753245</b>	<b>50</b>	<b>.91550649</b>	

<b>equity1</b>	<b>Coef.</b>	<b>Std. Err.</b>	<b>t</b>	<b>P&gt; t </b>	<b>[95% Conf. Interval]</b>
Economic Responsibilities	.1690188	.0795901	2.12	0.039	.0088123 .3292253
Legal Responsibilities	.4237296	.1320279	3.21	0.002	.1579712 .6894879
Ethical Responsibilities	.2577773	.0866983	2.97	0.005	.0832627 .4322918
Philanthropic Responsibilities	.1899432	.1043045	1.82	0.075	-.0200109 .3998973
_cons	2.67e-08	.0461964	0.00	1.000	-.0929886 .0929886

The findings indicated in Table 4.18 shows that combined effect of CSR components (economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities) on brand equity of universities was significant ( $F = 93.61$ ;  $p < 0.05$ ). The results of the coefficient of determination ( $r^2 = 0.8906$ ) implied that 89.06% of brand equity in universities in Nakuru County could be attributed to economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities components of CSR. The results of the regression coefficients are interpreted using the following model.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

$$Y = 2.67 + 0.169X_1 + 0.424X_2 + 0.258X_3 + 0.190X_4 - 0.08$$

The results indicated that 0.169, 0.424, 0.258 and 0.190 unit changes in economic responsibilities, legal responsibilities, ethical responsibility and philanthropic responsibilities respectively led to a unit change in brand equity while holding 2.67

constant and with a margin of error of -0.08. Ethical and legal responsibilities were found to be the most important elements of CSR that largely influenced brand equity in universities. It is further noted that the impact of economic responsibilities ( $t = 2.12$ ;  $p < 0.05$ ), legal responsibilities ( $t = 3.21$ ;  $p < 0.05$ ) and ethical responsibilities ( $t = 2.97$ ;  $p < 0.05$ ) was significant. The foregoing results implied that the first (**H<sub>01</sub>**), second (**H<sub>02</sub>**), and third (**H<sub>03</sub>**) null hypotheses were rejected. However, the influence of philanthropic responsibilities ( $t = 1.82$ ;  $p > 0.05$ ) on brand equity was not significant. This implied that the fourth null hypothesis (**H<sub>04</sub>**) failed to be rejected.

The multicollinearity results (Appendix IV) indicated by the variance inflated factor (VIF) implied that economic responsibilities (VIF = 1.741), legal responsibilities (VIF = 4.051), ethical responsibilities (VIF = 2.148) and philanthropic responsibilities (VIF = 2.982) had multicollinearity which was not significant (VIF < 10). The findings implied that multicollinearity increased instability of the coefficient estimates of the regression model particularly in respect to legal responsibilities (Freund & Littell, 2000). The results of diagnostic tests as shown in Appendix IV indicates that the multicollinearity of legal responsibilities (VIF = 4.051) was quite high thus necessitating further (factor) analysis that was carried out in this study.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter covers a summary of study findings. These are descriptive and inferential findings pertinent to objectives of the study. The conclusions drawn from the study findings and suggested recommendations are also outlined in this chapter.

#### **5.2 Summary of the Findings**

In this section, a summary of the key study findings is presented. The findings are in respect to economic responsibilities, legal responsibilities, ethical responsibilities, philanthropic responsibilities, and brand equity respectively.

##### **5.2.1 Economic Responsibilities**

It was discovered that majority of the respondents at least agreed that the institution had economic responsibilities. There were however some respondents who either strongly disagreed or were unsure whether universities had economic responsibilities or not. In addition, it was observed that a significant number of respondents at least agreed that CSR was viewed from an economic perspective by universities. There were also mixed responses regarding the same where some respondents either repudiated the assertion or were unsure regarding the said proposition. It was further agreed that CSR had economic benefits to the institutions. However, a significant number of respondents disagreed that CSR had economic benefits to the institution.

In addition, majority of respondents at least concurred that economic benefits enhanced institution's brand equity. Nevertheless, some respondents disagreed or were uncertain of the view that economic benefits enhanced institution's brand equity. The proposition that one of the social responsibilities of the universities was to increase financial returns raised different opinions. However, majority of the respondents at least admitted that one of the social responsibilities of the institution was to increase financial returns. A sizeable number of respondents at least disagreed that one of the social responsibilities of the institution was to increase financial returns. Lastly, respondents were asked whether the institution purposed to enhance economic benefits to the society. It was noted that most of the respondents either concurred or strongly concurred with the view. There were, however, some respondents who felt that the institution did not purpose to enhance economic benefits to the society. The relationship between economic responsibilities and brand equity in universities was found to be positive, moderately strong and significant.

### **5.2.2 Legal Responsibilities**

The findings indicated that majority of the respondents at least disagreed that CSR was associated with various risks. Furthermore, some respondents felt that CSR was associated with various risks. A significant number of respondents were unsure of the foregoing view. Regarding the view that some of the risks associated with CSR touched on infringement of the County Government by-laws saw majority of the respondents at least disagreeing. There were also respondents who agreed or were not clear regarding the view. The assertion that CSR activities of universities were regulated by certain laws saw majority at least concur with the view. A significant number of respondents at least disagreed with the assertion.

The study further noted that majority of the total respondents either strongly agreed or agreed that the institution ensured that CSR activities were in tandem with the university objectives. Some respondents were indecisive on the view. The study further ascertained that majority of the respondents at least agreed that the university sought legal opinion before embarking on any CSR activity. A section of the respondents disagreed with the view. It was established most of the respondents at least agreed that the universities ensured that all CSR activities were within the confines of the constitution and the county government by-laws. Nevertheless, some respondents were non-committal regarding the opinion that the university sought legal opinion before embarking on any CSR activity. It was further revealed that there existed a positive, strong and significant relationship between legal responsibilities and brand equity in universities.

### **5.2.3 Ethical Responsibilities**

The study noted that majority of the respondents concurred that CSR was regulated by certain ethics. Nevertheless, there were some respondents who were indifferent while others disagreed regarding the view. Concerning the view that CSR activities acknowledged ethical standings in the society, it was ascertained that most of the respondents at least admitted to the view. A negligible number of respondents however disagreed with the view. Moreover, the view that the institution stakeholders expected the university to have programs that were in line with society expectations drew mixed responses. Majority of the respondents at least admitted to the view while a section of the respondents remained indecisive of the view. It was further discovered that most of the respondents at least agreed that the universities engaged in CSR in order to build their

brand equity. However, a significant percentage of respondents were indifferent regarding the view.

The opinion that the brand equity of universities attracted financiers, donors and other investors saw a significant number of respondents at least agree with that opinion. Moreover, a number of respondents were neutral regarding the assertion. Further analysis indicated that most of the respondents either agreed or strongly agreed that the university engaged in CSR in order to demonstrate its ethical standing in the society. Some respondents, however, remained unclear regarding the assertion. The view that ethical and moral standing attracted students to universities was at least agreed by majority of the respondents. Some respondents nevertheless disagreed that ethical and moral standing attracted students to universities. Moreover, ethical responsibilities and brand equity in universities were found to have a positive, strong and significant relationship.

#### **5.2.4 Philanthropic Responsibilities**

Majority of the respondents at least admitted that CSR is linked to charity. Some respondents however disagreed with the view. The study also noted that most of the respondents admitted or strongly admitted that the university visited the disadvantaged in the society. A negligible number of respondents strongly disagreed with the opinion. Moreover, respondents were asked whether the university charitable activities enhanced its brand equity. Most of them at least agreed with that view while others were not sure whether the university charitable activities enhanced its brand equity. The study further established that a large number of respondents were at least in agreement that the

institution had a kitty for poor students. Nevertheless, a section of the respondents felt that the institution had no kitty for poor students.

The study also ascertained that most respondents at least agreed that the university encouraged students to assist their poor counterparts. There were those that disagreed that the university encouraged students to assist their poor colleagues. In addition, the study noted that most of the respondents were unsure whether the institution's involvement in charity work resulted from moral pressure in the society. A number of them at least disagreed with the view while a small number agreed that the university involvement in charity work was a result of societal moral pressure. In addition, the study revealed that the relationship between philanthropic responsibilities and brand equity in universities was positive, moderately strong and significant.

### **5.2.5 Brand Equity**

It was established that majority of respondents admitted that the institution was always concerned about its image. Nevertheless, some respondents at least disagreed that universities were always concerned about their image. It was also ascertained that most the respondents concurred that the university engaged in CSR activities in order to enhance its brand. A section of the respondents further strongly concurred with the opinion. The study further noted that some respondents were indecisive regarding the opinion while others disagreed with the view. In addition, all respondents at least agreed that the institution image had economic benefits. Moreover, majority of the respondents at least concurred with the view that brand equity of the institution was demonstrated by increased student's enrolment. There were however those that disagreed with the opinion.

It was further established that most respondents at least agreed that the university's brand equity was reflected by its attractiveness to donors, well-wishers and financiers. The findings further indicated that a large proportion of brand equity in universities could be attributed to corporate social responsibilities.

### **5.3 Conclusions of the Study**

The study made a number of conclusions in respect to the study findings. This section outlines the conclusions drawn in respect of economic responsibilities, legal responsibilities, ethical responsibilities, philanthropic responsibilities, and brand equity.

#### **5.3.1 Economic Responsibilities and Brand Equity**

The study concluded that universities have economic responsibilities to undertake and CSR was viewed from an economic perspective. As such, CSR had economic benefits to the institution. The economic benefits accrued from CSR were fundamental in enhancing brand equity. It was also concluded that universities undertook social responsibilities among other reasons to increase financial returns and the institutions purposed to enhance economic benefits to the society. The university economic responsibilities were noted vital in enhancing the value of the university name.

#### **5.3.2 Legal Responsibilities and Brand Equity**

It was inferred that universities were regulated by certain laws and as such the institutions ensured that CSR activities were in tandem with the university objectives. However, CSR was associated with various risks which emanated from infringement of the County Government by-laws. Therefore, the institution ensured that all CSR activities were

within the confines of the constitution and the county government by-laws and before embarking on any CSR activity the university sought legal opinion possibly to avoid infringement to constitutions and county by-laws. Adherence to legal responsibilities was crucially important in enhancing the brand equity of the university.

### **5.3.3 Ethical Responsibilities and Brand Equity**

It was concluded that CSR was regulated by certain ethics and that CSR activities acknowledged ethical standings in the society. As such the university engaged in CSR in order to demonstrate its ethical standing in the society. It was also noted that the ethical and moral standing of the university attracted students to enroll in the university. In addition, the study concluded that the institution engaged in CSR in order to build its brand equity. It was concluded that brand equity attracted financiers, donors and other investors to universities.

### **5.3.4 Philanthropic Responsibilities and Brand Equity**

The study inferred that CSR is linked to charity and the university undertook charity work such as visiting the disadvantaged in the society. Charitable activities enhanced its brand equity. In addition, it was concluded that the university cared about the welfare of students by having a kitty for poor students. As part of enhancing welfare of students, the university encouraged students to assist their poor counterparts. It was further concluded that philanthropy resulted in enhanced brand equity and was therefore important for universities to engage in such charitable activities which will enhance its corporate image.

### **5.3.5 Brand Equity**

It was concluded that universities in Nakuru County were concerned about their image and thus engaged in CSR activities in order to enhance their brand. The image carried along with it economic benefits. Moreover, the study inferred that brand equity of these institutions was demonstrated by increased student's enrolment, its attractiveness to donors, well-wishers and financiers. The study further deduced that CSR largely influenced brand equity.

### **5.4 Recommendations**

This section puts into perspective various recommendations that have been suggested in respect to corporate social responsibilities and brand equity in universities. The study recommended that, as part of their CSR, universities ought to have in place economic responsibilities. In this respect, these institutions are advised to have a bursary kitty for the disadvantaged students. The management of universities is advised not to focus on any economic gains as a result of engaging in CSR activities. Rather, the focus should be on how those economic activities ultimately enhance the universities' brand equity.

It is recommended that universities should ensure that all their CSR activities are carried out within the purview of law of the land. They ought to abide with County Government by-laws and also the guidelines of various National Government organs. The management of these institutions should liaise with other entities in order to avoid conflict of interests or infringing on other entities' rights. More so, universities should seek legal opinion prior to engaging in any CSR activities. The foregoing would ensure that there are no laws that are conflicted by the institution.



All the CSR activities are supposed to acknowledge ethical standings in the society. It is recommended that universities ought to have programs that are in tandem with society expectations. It is also recommended that universities should engage in CSR activities in order to demonstrate their ethical standing in the society. In order to attract more students and increase enrolment, universities should enhance their image by upholding unequivocal ethical and moral standing in the society.

Universities are encouraged to embrace philanthropic attitude when dealing internal and external persons and entities. These institutions should further ensure that their CSR activities have components of charity. The foregoing would most likely enhance their brand equity. In this respect, the universities ought to set aside a kitty for poor students. Rather than reacting to moral pressure, the universities should be proactive in engaging in CSR activities.

### **5.5 Suggestions for Further Studies**

It is suggested that scholars and researchers ought to examine other elements of corporate social responsibility and their effect on brand equity of state corporations or organizations in Kenya. A similar study to the present study can be carried out but change its focus should be on public and private universities in Kenya separately. It is also suggested that study on the role of corporate social responsibility on performance of public universities would be interesting to carry out in order to ascertain the essence of CSR. Furthermore, a study on the drivers of CSR in private sector organizations is recommended.

## **5.6 Ethical Considerations**

Ethics were upheld majorly when modeling the research instrument and also during data collection. The research questionnaire was modeled in such a way that the anonymity of the respondents was adhered to. That is, the respondents were not required to indicate their names nor the institutions from where they were drawn. The foregoing enhanced the objectivity of the respondents in filling the issued questionnaires. Moreover, the necessary consents were obtained as a way of respecting the authorities of both Kabarak University and also the Universities from where the data were collected. Lastly, it was ensured that, the data collected were to exclusively be used for academic purposes but not in any way injurious to the institutions under study.

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## **APPENDIX I**

### **LETTER OF INTRODUCTION**

Dear respondent,

I am an MBA student at Kabarak University, currently carrying out a research project titled: Analysis of the Impact of Corporate Social Responsibility on Brand Equity of Universities in Kenya: A Survey of Universities in Nakuru County.

You are kindly requested to contribute to the study by objectively filling in the attached herewith questionnaire. The information obtained will be treated anonymously and confidentially. The findings generated will exclusively be employed for academic purposes. Your contribution will be highly appreciated.

Thank you in advance.

Yours faithfully,

**Lorna Wambayi**

Student



5. Is your institution engaged in CSR activities?

Yes [ ] No [ ]

If "yes" kindly specify the activities

.....  
.....

If "no" are there any plans to engage in CSR?

Yes [ ] No [ ]

Kindly specify the plans

.....  
.....

6. How conversant are you with corporate governance issues and brand equity?

Not conversant	<input type="checkbox"/>	Moderately conversant	<input type="checkbox"/>
Conversant	<input type="checkbox"/>	Very conversant	<input type="checkbox"/>

The questions or statements in the following sections seek responses on a 5-point Likert scale as follows:

1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree

**Section Two: Economic Responsibilities**

7. What are some of the economic responsibilities that your institution has in respect to CSR?

.....  
.....  
.....

	5	4	3	2	1
8. Our institution has economic responsibilities.					
9. CSR is viewed from an economic perspective by our institution.					
10. CSR has economic benefits to our institution.					
11. Economic benefits enhance our institution's brand equity.					
12. One of the social responsibilities of our organization is to increase financial returns.					
13. Our institution purposes to enhance economic benefits to the society.					

**Section Three: Legal Responsibilities**

14. Kindly state some of your institution's legal responsibilities.

.....  
.....  
.....

	5	4	3	2	1
15. CSR is associated with various risks.					
16. Some of the risks associated with CSR touch on infringement of the County Government by-Laws.					
17. CSR activities of universities are regulated by certain laws.					
18. Our institution ensures that CSR activities are in tandem with the university's objectives.					
19. Our university seeks legal opinion before embarking on any CSR activities.					
20. Our institution ensures that all CSR activities are within the confines of the Constitution and County Government by-Laws.					

**Section Four: Ethical Responsibilities**

21. Kindly state some of your institution’s ethical responsibilities.

.....

.....

.....

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
22. CSR is regulated by certain ethics.					
23. Our institution ensures that CSR activities acknowledge the ethical standings of the society.					
24. Our institution stakeholders expect our university to have programs that in line with the society’s expectations.					
25. Our institution engages in CSR in order to build its brand equity.					
26. Our brand equity attracts financiers, donors and other investors.					
27. Our university engages in CSR in order to demonstrate its ethical standing in the society.					
28. Ethical and moral standing attracts students to our institution.					

**Section Five: Philanthropic Activities**

29. Kindly state some of your institution’s philanthropic responsibilities.

.....

.....

.....

	5	4	3	2	1
30. CSR is linked to charity.					
31. Our institution visits the less disadvantaged in the society.					
32. Our university's charitable activities enhance its brand equity.					
33. Our institution has a kitty for poor students.					
34. Students are encouraged to assist their poor colleagues in the university.					
35. Our institution's involvement in charity work results from moral pressure in the society.					

**Section Six: Brand Equity**

36. Do you think brand equity is of any value to your university?

Yes                    [   ]                    No                    [   ]

	5	4	3	2	1
37. Our institution is always concerned about its image.					
38. Our university engages in CSR activities in order to enhance its brand.					
39. The image of our institution has economic benefits.					
40. The brand equity of our institution is demonstrated by the increased student's enrollment.					
41. Our university's brand equity is reflected by its attractiveness to donors, well-wishers, and financiers.					

Thank you for your time and cooperation.

## **APPENDIX III**

### **LIST OF UNIVERSITIES IN NAKURU COUNTY**

1. Kabarak University
2. St. Paul's University
3. Kenya Methodist University
4. Mt. Kenya University
5. Egerton University
6. Jomo Kenyatta University of Agriculture and Technology
7. Kenyatta University
8. Nairobi University
9. Presbyterian University
10. Laikipia University

**APPENDIX IV**

**MULTICOLLINEARITY TEST RESULTS**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>p-value.</b>	<b>Collinearity Statistics</b>	
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>			<b>Tolerance</b>	<b>VIF</b>
1 (Constant)	.867	.231		3.755	.000		
Economic responsibilities	-.091	.067	-.108	-1.346	.185	.574	1.741
Legal responsibilities	.250	.081	.376	3.078	.004	.247	4.051
Ethical responsibilities	.540	.071	.681	7.653	.000	.465	2.148
Philanthropic responsibilities	-.015	.076	-.020	-.193	.848	.335	2.982