BENCHMARKING AMONG FINANCIAL INSTITUTIONS IN PLANNING CORPORATE SOCIAL RESPONSIBILTY ACTIVITIES IN PUBLIC SECONDARY SCHOOLS IN KENYA

***1. Paul J. Mugambi, PhD (Contact author),** - Lecturer, Department of Economics, South Eastern Kenya University (SEKU). Holds PhD in Economics, Specializing in Economics of Education. P.O Box2447-60200 Meru, Kenya, Email: mugambij64@gmail.com

2. Martha Gacheri Githinji- Student of PhD in Leadership and Education Management - Kenya Methodist University (KEMU). P.O. Box 267- 60200 Meru, Kenya,
Email: marthagacheri@gmail.com

3. Rael Kinya Kanga- PhD Student of PhD in Leadership and Education Management - Kenya Methodist University (KEMU). P.O. Box 267- 60200 Meru, Kenya,
Email: raelkinyakanga@yahoo.com.

4. Severina M. Mwirichia- Student of PhD in Leadership and Education Management- Kenya Methodist University (KEMU). P.O. Box 267- 60200 Meru, Kenya, Email: smwirichia@yahoo.com

ABSTRACT

The study explored the extent to which financial institutions attempt to benchmark with each other in planning Cooperate Social Responsibilities (CSR) activities in public secondary schools. The study was based on the understanding that financial institutions have a social responsibility in the country; giving back to the society which they work in and with. Hence the need to benchmark in order to avoid undue duplication of CSR activities. The study targeted 18 commercial banks out of 44 licensed banks in the country. The study utilized descriptive survey design because the technique allowed the use of mixed methods to collect data. Interview guides and questionnaires were used for data collection. The study employed interview guides since this method allowed face-to-face interaction between the researcher and the respondent. This technique gave the researcher a better insight of the commercial banks and their CSR activities in regard to benchmarking among financial institutions in provision of public secondary school education. Questionnaires were used because they allowed the researcher collect data from all the required participants. Data analysis was done by use of Scientific Package for Social Sciences (SPSS). Findings of the study were presented in form of tables and figures. The results of the study revealed that commercial banks rarely benchmarked among themselves while planning for CSR activities in regard to provision of public secondary school education. The study further revealed that there were increased incidences of duplication of programs in regards to carrying out CSR activities in public secondary schools in Kenya. The study therefore recommended that the Government and the financial institutions should plan together for better coordination of CSR activities, in order to address relevant activities and avoid duplication in provision of services in public secondary schools. The commercial banks should provide fora for benchmarking among themselves in order to improve their CSR activities.

Key words: Benchmarking, Corporate Social Responsibilities

Introduction

Financial institutions and other corporate bodies have immensely participated in socio-economic development in Kenya through a number of ways ranging from offering customer services and community development. Effectiveness of provision of the services can be improved through benchmarking amongst these banks. Benchmarking is a standard of point of reference against which things may be compared or assessed. The contemporary society has benefited a great deal in benchmarking with others locally and internationally. Corporate social responsibility is a form of corporate self-regulation integrated into a business model. commercial banks provide services to their customers as a sign of partnership by participating in social development within their catchment areas through the execution of Corporate Social Responsibility (CSR) activities and programmes. The main objective of CSR is to embrace responsibility for the organization’s actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere (Mwaura, 2004). One important area of participation by commercial banks under CSR projects is in education development in public secondary schools. In this regard, CSR demands that good corporate leadership and governance should therefore strive to maintain a balance between the organizational interests and those of the stakeholders in order for the organization’s business to improve their performance and there is need to benchmark with their counterparts and involve other stakeholders.

In the last decade many financial institutions have emerged in Kenya. These include Kenya Commercial Bank (KCB), Equity, and the National Bank of Kenya (NBK), Consolidated, Barclays, Standard Chartered, Cooperative Bank and Fina Bank among others. Through CSR most of these financial institutions are concerned with creating goodwill between the Organization and publics. Some of key areas of cooporate social responsibility include; sponsoring games and sports providing infrastructure, helping the bright and needy students to acquire quality education in public secondary schools, provision of social amenities such as promotion of good healthcare among communities, care for environment among others. They are also involved in non-financial arenas such as Human Rights, Business Ethics, Environmental Policies, Corporate Contributions, Corporate Governance and Workplace Issues.

These activities are carried out without jointly planned schedule by these financial institutions. Further they do not benchmark amongst themselves. As a result, there has been no standard measure of the activities carried out by either the stakeholders who are the recepients of the services or the government who is the partner in provision of the services. For proper monitoring and evaluation and coordination of these CSR activities banks are required to have central point of coordination and benchmarking. The government of Kenya through the ministry of education Science and Technology came up with a policy on regulation of funding of both primary and secondary schools in provision of infrastructure and provision of quality education. The policy by the government recommends that all public schools - primary and secondary have bank accounts through which grants from the Government could be channelled (Ministry of Education, 2003).

The main focus of the study was on the importance of benchmarking among financial institutions in carrying out CSR activities in public secondary schools in Kenya. Lack of benchmarking by these institutions was revealed by the study after assessing various activities carried out by those institutions. For instance the CSR activities carried out in public secondary schools. Public Secondary schools are key customers to commercial banks in that besides the government grants, these school also bank huge sums of money from fees and other sources. Moreover most public secondary schools are well established in terms of enrolment and savings from income generating programs, hence the financial outlay controlled by such institutions.

Regrettably, there is no clear legal regulatory framework for benchmarking or coordination to govern and control the CSR activities of these financial institutions by the government and other stake holders. Respective bank determines the list of awardees under CSR programme autonomously. In this way the bank make unilateral decisions on the meritorious awards to various beneficiaries. Hence it is crucial to find out the extent to which financial institutions attempt to benchmark with each other in planning CSR activities to public secondary schools with a view of assisting the nation realize Education for All goals as entrenched in Kenya Vision 2030.

Statement of the Problem

Financial institutions contribute to development of the community and promoting access to quality education among students in public secondary schools in Kenya through Corporate Social Responsibility (CSR) activities within their catchment areas. These activities have positive impact on the society, especially public secondary schools where financial burden on government and parents is reduced. However these financial institutions have not significantly focused on benchmarking among themselves in conducting CSR activities in public secondary in Kenya. Access in secondary education in Kenya is still below the targeted levels. Although financial institutions have been making attempts to support secondary education through CSR programmes, there is need to improve efficiency and relevance of CSR activities. Most of these commercial institutions are not centrally coordinated hence there is duplication of the activities. There are many stake holders unaware of the existence of CSR activities. Commercial institutions can expand such initiatives on access and infrastructure at this level of education especially now that secondary education is basic and compulsory in Kenya. Most of the financial institutions target the same bright and needy students from the same communities due to lack of benchmarking.. The study therefore, aimed at exploring benchmarking among financial institutions in planning corporate social responsibility activities in public secondary schools in Kenya.

Purpose of the Study

The purpose of the study was to find out the extent to which financial institutions attempt to benchmark with each other in planning CSR activities in public secondary schools in Kenya

Significance of the Study

The study aimed at exploring benchmarking among financial institution on planning for corporate social responsibility activities in public secondary schools in Kenya. The study is significant to the nation as a whole where commercial banks thrive. The findings aimed at informing the government and other key stakeholders in public secondary education on the supportive role by commercial banks and other financial institutions in financing secondary education in the country.

The findings may help the government and corporate bodies to embrace planning and prudence in programming for CSR activities to make them more meaningful and development oriented within an environment of transparency and accountability. This may also help to ward off undue duplication of projects on education among corporate organizations. Moreover, the banks may be keener on benchmarking among themselves in order to improve in performance and effectiveness of their CSR activities. The study will lead in creating awareness particularly on the educational support component of CSR.

Methodology

The study adopted descriptive survey design to carry out research. Descriptive survey design was applicable for this study because it allowed use of mixed methods to collect data. Questionnaires, interview guides and document analysis guide were used to collect data to ensure its validity. The design allowed the researcher to reach a wide population of respondents and to scan a wide field of issues. The choice of the research design as supported by Kothari (2004) who explains that surveys are concerned with describing, recording, analyzing and interpreting conditions that either exist or existed. Similar views are expressed by Manion, Cohen and Morrison (2001) by contending that descriptive surveys gather data at a particular point in time, with the intention of describing the nature of existing conditions or identifying standards against which existing conditions can be compared or determining relationships that can be compared or determining relationships that exist in the population in terms of attitudes, opinions, values, needs and traits.

Target population was 44 commercial banks in the country. This study used 42% of the target population distributed proportionately in all the bank categories. This gave a sample size of 18 commercial banks. The sample of the study comprised of eighteen banks in the country The study drew participants and data from the Head offices only (Nairobi). The study considered only the educational related programmes such as sponsorships and bursaries as well as infrastructure which have been initiated in public secondary schools in Kenya Purposive sampling was applied to select the eighteen commercial banks out of the entire outlay of commercial banks in the country. The banks were categorized in peer groups, where group A; major banks, group B; medium banks, group C; small banks in terms of market share, assets and Government participation. Self-administered questionnaires were given to the bank officials, and these had both closed and open-ended questions. Closed-ended questions had choices from which the respondents chose one alternative. Open-ended questions allowed for an in-depth response. Data from closed ended questions was coded and entered in Scientific Package for Social Science (SPSS). Descriptive statistics were mainly used in the analysis of quantitative data. With the open-ended questions, responses were numbered according to themes. Each theme was then assigned a code. Frequency tally was then used to assign each expected response in the data to the theme it closely corresponded to. For the unexpected data, new theme categories were created. Numerical values were then assigned to the new themes and tallied accordingly. The numerical values were then fed into the computer using SPSS for windows to process the collected data.

Findings

Results are discussed on the extent to which financial institutions attempt to benchmark with each other in planning CSR activities programs to public secondary schools.

Table 1: Participation in CSR programs

Statement	Every Term		Yearly		After 2 years		Not at all	
	F	%	F	%	F	%	F	%
Bursaries funds	3	17.6	11	64.7	2	11.8	1	5.9
Sponsorships	2	11.8	14	82.4	1	5.9	-	-
Infrastructure	8	47.1	3	17.6	4	23.5	2	11.8
Games and sports	2	11.8	6	35.3	4	23.5	5	29.4

As shown in table 1, majority of the financial institutions offer bursaries funds, (64.7%), sponsorship (82.4%) and games and sports (35.3%) on a yearly basis as majority offer infrastructural assistance on term basis. This generally presents the benefits that get to public secondary schools in form of infrastructure projects, bursaries and scholarships consequently leading to improvement in access, quality, transition and completion rates eventually promoting education progress among public secondary schools in the country.

Duration of participation

The participants were asked to indicate how long their financial institutions had participated in secondary school sponsorship/ bursaries activity. Figure 2 presents the results.

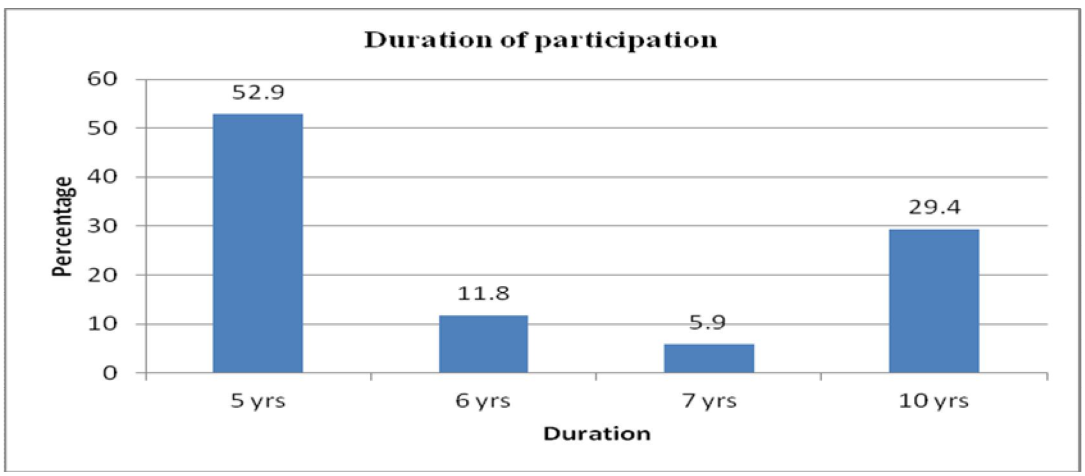

Figure 2: Duration of participation

Figure 2 shows that majority of the financial institutions have been participating in secondary school sponsorship/bursaries activity for 5 years (52.9%), 29.4% have participated for 10 years, 11.8% for 6 years and 5.9% for 7 years. This shows that some commercial banks have participated in this venture over time subsequently improving access to secondary school education. Table 2 recaps the operations managers’ response to duration of participation.

Table 2: Operations managers' response to duration of participation

Duration	Frequency	Percentage
1-5 yrs	7	39
6-10 yrs	6	33
Over 10 yrs	5	28
Total	18	100

Table 2 further highlights the fact that some of the financial intuitions have participated in the secondary school sponsorship/ bursaries activity over time as majority of the participants indicate that their banks have contributed to this venture for over 6 years (61%) while 39% have participated for 1- 5 years.

Factors influencing CSR activities/ programs undertaken

The operations managers were required to indicate factors influencing CSR activities/ programs undertaken by their banks. The results are presented in table 2

Table 3: Factors influencing CSR activities/ programs undertaken

Factor	Yes		No	
	F	%	F	%
Profits	15	83	3	17
Need of the community	16	89	2	11
Benchmarking with other banks	13	72	5	28
Philanthropy	3	17	15	83

The results on table 3 indicate that majority of the participants felt that profits (83%), needs of the community (89%) and benchmarking (72%) with other banks were factors that influenced CSR activities undertaken by their banks while philanthropy (83%) was not a factor. This shows that according to operations managers their institutions are profit motivated thus they rely on their customers input for profits. As such they reciprocate this gesture through the CSR programs.

Table 4 presents the CSR heads of departments' responses.

Table4: Factors influencing CSR activities undertaken (CSR Heads)

Statement	Very True		True		Untrue		Very far from truth	
	F	%	F	%	F	%	F	%
Profit driven	1	5.9	3	17.6	7	41.2	6	35.3
Needs of the community	15	88.2	2	11.8	-	-	-	-
Benchmarking with other banks	3	17.6	4	23.5	7	41.2	3	17.6
Philanthropy	4	23.5	6	35.3	2	11.8	5	29.4

As indicated in table 4, the CSR departmental heads indicate that CSR activities undertaken by their banks are not influenced by profits (76.5%), benchmarking with other banks (58.8%) but with the needs of the community (100%) and philanthropy (76.5%). These findings indicate that the participants perceive CSR to be a philanthropic activity to arouse goodwill with no consequence on profitability and this has little impact especially on access to secondary school education hence concentrated effort is necessary to improve it.

Benchmarking with other banks
The participants were requested to indicate whether they benchmark with other banks. The results are recorded in table 5

Table 5: Benchmarking

Benchmarking	**Frequency**	**Percentage**
Always	3	17
Sometimes	5	28
Rarely	8	44
Not at all	2	11
Total	**18**	**100.0**

Table 5 indicates that majority of the banks rarely (44%) or sometimes (28%) benchmarks with other banks. Hence, there is likelihood of duplication or multiple benefits to same candidates during the award of scholarships and bursaries through CSR activities/ programs. As such there is need for consultative planning between the financial institutions and other stakeholders on education CSR activities/ programs to avoid unnecessary duplication of awards on infrastructure projects or multiple benefits among students on scholarships and bursaries.17% always benchmarks while 11% never benchmarks with other banks.

Discussion

The study established that most banks overemphasized on the bright and the needy leaving out many needy but not necessarily 'bright' students. In addition most banks undertook the activities of sponsoring learners and provision of infrastructure in public secondary schools as a major activity. It is also evident that commercial banks have participated in provision of CSR services over time subsequently improving access to public secondary school education in selected areas of their choice. Results further revealed that most of the banks emphasized on profit making with little regard to benchmarking with other banks in carrying out CSR activities Study results revealed that majority of the banks rarely benchmark with other banks. This increases the potential for duplication of programmes among the banks and overemphasis on the bright and the needy during the award of scholarships and bursaries through CSR.

Recommendations

From research findings, it is strongly recommended that the Government, other stake holders in public secondary schools and the financial institutions should plan together for better coordination of CSR activities. The financial institutions should coordinate at a central point all CSR activities in order to avoid duplication and to make these activities more beneficial to the society. The stake holders should initiate work plans and review CSR activities and management to allow the commercial banks to respond to areas where the Government is found to be inadequate. All financial institutions should embark on benchmarking programs among themselves and develop clear guidelines to ensure efficiency and effectiveness in order to increase access to secondary education.

REFERENCES

Gay, L (1992). *Educational Research Competencies for Analysis and Application*. (2nd ed).New York: Macmillan. (1996). *Educational Research Competencies for Analysis and Application.* New Jersey: Prentice Hall.

GoK, (2007) *Kenya Vision 2030, The popular version,* Nairobi.

GoK, (2003), Reform Agenda for Education Sector in Kenya: Setting Beacons for Policy and Legislative Framework. Nairobi: Government Printer.

GoK, (2007) *Kenya Vision 2030, The Popular Version,* Nairobi: Government Printer.

Kenya Commercial Bank, (2011). *Annual Financial Report,* Nairobi. Kenya Commercial Bank.

Manion, L Cohen L and Morrison K (2001). *Research methods in education*. London: Routledge.

Ministry of Education (2012,4th July).The Basic Education Bill,2012. Nairobi: Government Printer.

Mwaura, K. 2004. *'Corporate Citizenship: The Changing Legal Perspective in Kenya'. Interdisciplinary CSR Research Conference, Nottingham, International Centre for Corporate Social Responsibility (ICCSR).*

National Bank of Kenya, (2011). *Annual Financial Report,* Nairobi: National Bank Kenya.