

THE USE OF CORPORATE SOCIAL RESPONSIBILITY AS A TOOL OF DOING BUSINESS AMONGST KENYA'S CONSTRUCTION FIRMS

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ABSTRACT

The construction industry in Kenya is very important since it contributes greatly to the growth of the economy. It accounts for 5% of the country's GDP and employs about 1 million people with an estimated annual wage bill of 3.2 billion. Due to this reason, construction companies are required to go beyond the basic requirements of meeting projects' objectives of time, cost and quality, by considering socio- economic, as well as sustainable environment issues. One of the ways in which this can be achieved is through the practice of Corporate Social Responsibility (CSR) in a firm's operations. Corporate Social Responsibility is a concept that advocates for a balance between the firm's internal interests such as profit maximization and external interests emanating from its stakeholders such as sustainable environment.

This paper is based on a study that was carried out by the authors with the aim of investigating the practice and prevalence of CSR by Kenyan construction companies. Other objectives included to investigate the challenges faced by these companies in embracing CSR as a business

A survey approach was adopted for the study and data was collected from the chosen sample group of 83 'Class A' construction firms. Questionnaires and unstructured interviews were employed in the survey.

The results of the survey indicate that most of the construction firms are aware of the concept of CSR; but out of all the respondents reached, only 31 (67%) attested to the fact that they had formally or informally practiced the concept, while the other 15 (33%) said that they had never in any form embraced the idea in the running of their businesses. All of the 31 (67%) who were practicing CSR had encountered various positive impacts in their business such as improved number of jobs, motivated employees, completion of work in good time, amongst many others outlined in the chapter four of this study. This was despite some of the challenges they had faced in implementation of the concept such as; inadequate resources to carry out CSR activities and lack of a clear legislative and institutional framework to guide the CSR activities.

KEYWORDS: Corporate Social Responsibility

INTRODUCTION AND BACKGROUND

The construction industry plays a very important role in the socio-economic development of a country (Khan, 2008). According to Njuguna (2008), the annual value of the construction industry globally is about 1.5 Trillion US dollars constituting about 8% of GDP and about 60% of fixed capital formation. The construction industry is one of the most relevant forces of the world economy representing 7% of its total employment. These outputs have been realized in both developed and developing countries like Kenya where the construction industry is a key indicator and driver of economic

activity and wealth creation. It accounts for 5% of the country's GDP and employs about 1 million people with an estimated annual wage bill of 3.2 billion. Its importance can be seen in the ways it positively impacts on people's lives; from the homes we live in to the offices we work in, the infrastructure that enhances mobility, the water we drink and the electricity we rely on to make life bearable; all come as a result of the construction activities.

The Kenyan construction industry is continuously growing, in terms of its activities, revenues and products. Construction Kenya Press Release (2010), a premier source for Kenya building and construction information, has predicted the growth rates based on projects to increase during the next decade, fueled by the rise in population and government spending on major infrastructure projects around the country. "The rapid growth in population has led to a soaring demand for housing and we expect to see the government and private developers working faster to keep up with this demand. This will definitely lead to more growth" (Ndaiga, 2010). The author further argues that despite the slowdown in the world economy in 2009, the Kenyan construction sector remained buoyant as reflected in the increased investment in both residential and commercial buildings during the year.

Despite its positive contribution on the one side, the construction sector tends to have a negative image on the other hand since most of its activities adversely impact on the society at large. This necessitates its many players to take seriously the social and environmental responsibility together with formulating means of overcoming challenges that the sustainable development agenda is posing for the industry in terms of its social responsibility.

Currently, increased international societal and regulatory pressure is forcing all sectors of development to respect human rights, be socially responsible and align their business practices with the principles of sustainable development. The construction sector, as a significant employer, user of a large amount of resources, and one of the major polluters of the environment, has not escaped this call for accountability and responsibility (Du Plessis, 2002). It is notable however that with time, the ability of members of the construction sector to continue operating may increasingly be determined by the way in which they conduct business.

Corporate Social Responsibility (CSR) is an important aspect to be considered by any firm which has the intentions of surviving in the current economic market. According to World Business Council for Sustainable Development (1999), Corporate Social Responsibility has been defined as:

"The continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large"

World Bank (2001) gives the definition of sustainable development as a:

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs"

This ensures that there is a pattern in place of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for generations to come. The idea of sustainable development is closely linked to CSR policy which functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms.

Many organizations in the developed countries have employed this as a business strategy for purposes of thriving in a competitive environment. The application of this concept has become so critical, to the extent that some clients or

financiers demand that a company must show their CSR report or policy before being awarded work or before receiving funding for construction developments. It is for this reason that this study was undertaken with the intention of providing, if there is, evidence on the prevalence of the practice of Corporate Social Responsibility in the construction industry in Kenya.

THE ISSUES OF CONCERN

The construction process, right through from planning and design to use and decommissioning, has a major impact on the society. Traditionally, concern has been focused on the construction industry's environmental impact and the quest for sustainability, but this has now extended into the wider remit of CSR. The question to be answered in relation to this is why CSR? CSR is a concept born of the premise that both for profit and not for profit organisations have various stakeholders whose different interests are affected one way or the other by an organization's goals, operations or the behaviour of its members (Infotrack East Africa Ltd, 2006). An organization's managers for instance are more concerned and interested in the size and growth of the organisation, its profitability, job security, social status, power and prestige amongst other things. Business owners on the other hand have profitability of the organisation as their primary interest. No wonder in business, the profit is simply called "the bottom line". Another important group is the community in which the organisation operates, and they will be interested in employment opportunities, increased economic activity, improved development and good environmental management.

Stakeholders in an organisation include employees, providers of finance, government, community and environment, consumers of the organization's products and special interest organisations or groups. CSR demands that good corporate leadership and governance should therefore strive to maintain a balance between the organizational interests and those of stakeholders in order for the organisation's business to be conducted in a profitable and sustainable manner. This requirement transcends across both for profit and not for profit organisations whether public or private (Infotrack East Africa Ltd, 2006).

Based on the foregoing, there are several areas that construction companies should be addressing in order to become more socially responsible. Most of these construction companies in Kenya are privately owned with their main objective being that of profit maximization. It is, however, very important to find out whether this objective can be met in the face of various other expectations encountered in the construction sector, CSR being one of them. Many of the issues that are usually grouped under the banner of CSR may already be part of the daily work in the construction sector, but are not recognized specifically as social obligations. Some of these include but are not limited to ethics, human rights, community, environment, employee relations, amongst others (Chartered Institute of Building, 2006).

CSR means approaching the organisation's business objectives responsibly, with an awareness of its surrounding social and environmental needs, in order to fulfill stakeholder demands, achieve a profit and remain competitive. Essentially, this means that businesses must act (voluntarily) in a socially ethical manner by developing a policy that encompasses the core principles enshrined by CSR. It also alludes to the fact that CSR ought not to be an obligation to be enforced by any external entity, but an idea which should originate from within the firm for purposes of meeting its business objectives (Murray and Dainty, 2008). However, some firms may opt not to voluntarily undertake any form of CSR activity; raising the question of whether it requires to be enforced through law.

The potential benefits of CSR for construction companies include enhanced reputation, competitive edge, better risk management and a more committed and efficient work force; all of which could have a considerable effect on profits. Practicing greater responsibility could also have a positive impact on the wider society and the environment (Jones, Comfort and Hillier, 2006).

In spite of this, the practice of CSR is still mainly associated with general corporations and firms and rarely do we hear stakeholders in the Kenyan construction industry talk about it. This is despite the fact that it is a general management practice which ought to be explored in all types of businesses, including those in the construction arena.

In Kenya, CSR is a concept that as much as it has been practiced by majorly corporate firms, it is yet to be embraced by those in the construction industry. According to an article published by Infotrack East Africa Ltd in 2006, *Corporate Social Responsibility in Kenya*, examples of good practice of CSR in the country abound, more so for profit corporations, pioneered by those affiliated to American, European and Japanese multinationals. The article goes on to say that companies in Kenya have taken to CSR with gusto in the last about five years improving staff welfare and work environment, embracing transparency and accountability in their business transactions, ethically improving profitability, self-regulation and implementing community development programs. It is noted however, that it is the community component that is highly visible to most people and gives companies the much sought after enviable public image. Under the guise of CSR, companies have been involved in various activities in sports, environment, health, education and training, helping the needy in society and even national leadership and governance.

From personal experiences and observations, it is notable that most of the Kenyan construction firms undertake their operations without taking into account the impact that their activities and policies have on their employees as well as the society at large. This conclusion was reached from a reconnaissance survey carried out amongst a few construction firms undertaking projects of various magnitudes in Nairobi. For example, in an attempt to minimise costs, many contractors usually flout health and safety laws by subjecting workers to undignified working environments and low wages. This can be seen by the poor working conditions on most of the Kenyan construction sites. Communities that reside around these firms' operations are also impacted upon negatively depending on the nature of the activities being carried out. The environment is degraded as construction operations contribute to pollution and unsustainable exploitation of natural resources. This follows the general knowledge that construction is one of the greatest users of the natural resources, since it gets most of its raw materials from nature, for example, timber from trees, stone from quarries, bricks from soil, amongst others. Corruption becomes rife as business owners collude with governmental officials to engage in illegal activity. While all these are taking place, there seems to be no institutional or legal framework in place to educate, enforce and accredit the few organizations that might be complying with CSR Practices.

It is based on the foregoing observations that the study was carried out to establish the extent to which the concept of social responsibility had been embraced amongst the Kenyan construction sector, to establish whether it is a tool that may be used to improve business and to propose a practical CSR model to be adopted for use and recommend the way forward on the practice of CSR by contractors in Kenya.

THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

It is a bit difficult to come up with a universally accepted definition of corporate social responsibility, given the

social, moral or ethical inclinations that are more often associated with CSR. Frankental (2001) states that:

CSR is a vague and intangible term which can mean anything to anybody, and therefore is effectively without meaning.

UK's Confederation of British Industry (2001) indicates that:

CSR is highly subjective and therefore does not allow for a universally applicable definition.

The Commission for the European Communities (2001) defines CSR as:

a concept whereby companies integrate social and environmental concerns in the business operations and in their interactions with their stakeholders on a voluntary basis.

For the Commission of the European Communities this means not only just fulfilling legal responsibilities but also going beyond compliance to embrace wider social, environmental and economic goals. It is important to distinguish between baseline standards and CSR activity which is voluntary, business driven and often goes well beyond what is required by the legislation.

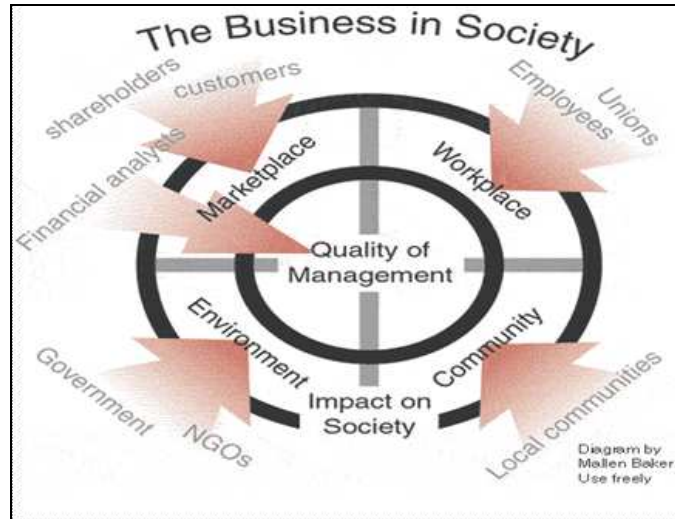
The World Bank (2004) defines CSR as:

The commitment of businesses to contribute to sustainable economic development working with employees, their families, the local community, and society at large to improve the quality of life, in ways that are good for business and good for development.

According to Baker (n.d), different organizations have framed different definitions - although there is considerable common ground between them. His own definition states that;

That CSR is about how companies manage the business processes to produce an overall positive impact on society

He goes further to illustrate this concept in **Figure 3.0** below. This expounded shows that companies need to answer to two aspects of their operations, first being the quality of their management - both in terms of people and processes (the inner circle), and second the nature of, and quantity of their impact on society in the various areas. Outside stakeholders are taking an increasing interest in the activity of the company. Most look to the outer circle - what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused - as well as past financial performance - on quality of management as an indicator of likely future performance.



Source: Adopted from www.mallenbaker.net, 2011

Figure 3.0: The Impact of CSR on Society

Traditionally in the United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving. The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business case reasons. This model seems to be more sustainable because: Social responsibility becomes an integral part of the wealth creation process - which if managed properly should enhance the competitiveness of business and maximise the value of wealth creation to society, and also when times get hard, there is the incentive to practice CSR more and better - if it is a philanthropic exercise which is peripheral to the main business, it will always be the first thing to go when push comes to shove.

But as with any process based on the collective activities of communities of human beings (as companies are) there is no "one size fits all". In different countries, there will be different priorities, and values that will shape how people act and at times objectivity may not be standard. The term Social responsibility is an *ethical or ideological theory* that an entity whether it is a government, corporation, organization or individual has a responsibility to society. This responsibility can be "*negative*", in that it is a responsibility to refrain from acting (*resistance stance*) or it can be "*positive*," meaning there is a responsibility to act (proactive stance). In the construction industry, the resistance stance are acts which if carried out or there is an omission to carry them out, would give rise to negative impacts. An example of this may include lack of a health and safety gear for a construction worker which might lead to injury during site work and ultimately death. The proactive stance on the other hand is that which is required either by law or is a natural requirement to be done for the entire humanity to benefit from its positive aspects. An example of this might be the opposite of the above situation where a contractor is required to provide safety gear for the protection of his workers life on site.

Deringer (2006) defines social responsibility as the voluntary integration of environmental, social and human rights consideration into business operations, over and above legal requirements and contractual obligation.

CSR 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 the local community and society at large (Holme and Watts, 2000).

Despite the varied approaches, it is however not to say that a common ground cannot be found. As the world continues becoming a global village, the actions of a business enterprise in one part of the world have an impact in other part of the world. Hence, organizations must act within the ambits of accountability, transparency and sustainability even though the parameters to measure these indicators may vary from country to country or society to society.

From the above discussions, it can be said that CSR is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for those that it comes into contact with. CSR is often times also described as the corporate "triple bottom line" - to mean the totality of the corporation's financial, social and environmental performance in conducting business.

RESEARCH DESIGN AND METHODOLOGY

The study involved the use of survey and descriptive research designs. The survey technique was chosen to assist in gathering information from the chosen sample of 'Class A' contractors by use of questionnaires and/or interviews. Descriptive research was proposed for this study since it helped in identifying the characteristics of the CSR phenomenon as practiced in Kenya by the construction firms. This research was carried out in Kenya, Nairobi region. This is because majority of the category of construction firms targeted are located in this part of the country. From information gathered from the Ministry of Public Works, it was established that out of the total number of registered construction firms, majority (91%) are located in Nairobi area.

The survey entailed approaching 'Class A' contractors undertaking construction work in Kenya and who are in the current register of contractors at the Ministry of Public Works (July 2011). Contractors in Kenya are categorized into various classes (**see figure 4.0**), and also according to the specialty of works to be carried out. Classifications of Kenyan contractors have therefore led to eight categories of contractors, namely category A to Category H. **Figure 4.0** below shows the various categories for both general and specialized contractors. Category A of general contractors, which is the highest class, can carry out works of up to an unlimited amount of works, while Category H, which is the lowest, can do works of up to Kshs. 5,000,000.00. Categorization of Building Contractors is done by way of project cost ceilings by which is meant the highest project cost that contractors in respective categories may not exceed when bidding for government contracts (Moramati Foundation, 2011).

The various specializations mainly include general building works, civil engineering works, electrical and mechanical engineering services. For purposes of this study, the ones chosen were 'Class A' who carry out general building and/or civil engineering works only. 'Class A' firms are those responsible for carrying out works of up to unlimited amounts of money, usually running into billions of Kenya shillings or American dollars. This class of contractors was chosen for the study since they are licensed to handle big projects which more often than not give rise to CSR matters. According to Udayasankar (2007), the organizational maturity associated with big firms makes it likely that these firms also have clear structures, particularly in terms of expertise and ability, and may be better positioned to make meaningful

CSR contributions. It is for this reason that the research concentrated on the bigger sized companies.

Classification and Registration of Contractors in Kenya

	GENERAL CONTRACTORS	SPECIALIST CONTRACTORS
Category A	Unlimited	Unlimited
Category B	Up to Kshs. 250,000,000.00	Up to Kshs. 50,000,000.00
Category C	Up to Kshs. 150,000,000.00	Up to Kshs. 30,000,000.00
Category D	Up to Kshs. 100,000,000.00	Up to Kshs. 20,000,000.00
Category E	Up to Kshs. 50,000,000.00	Up to Kshs. 10,000,000.00
Category F	Up to Kshs. 20,000,000.00	Up to Kshs. 4,000,000.00
Category G	Up to Kshs. 10,000,000.00	Up to Kshs. 2,000,000.00
Category H	Up to Kshs. 5,000,000.00	Up to Kshs. 1,000,000.00

Source: Ujenzibora.com (2011)

Figure 4.0: Classifications of Contractors in Kenya

Study Population and Sample

In research, all items in any field of inquiry constitute a 'Universe' or a 'Population'. According to Kombo and Tromp (2006),

A population is a group of individuals, objects, or items from which samples are taken for measurement. population refers to an entire group of persons or elements that have at least one thing in common, for example in our case contractors in Kenya.

Ideally, collecting information from all elements in a population would lead to very high level of accuracy being obtained.. This calls for the need to sample which should be as representative of the total population as possible in order to produce a miniature cross-section. The selected respondents constitute what is technically called a 'sample' and the selection process is called 'sampling technique', (Kothari, 2004).

Sample: Class 'A' Contractors in Kenya

There are about 116 'Class A' contractors in Kenya registered to undertake building and/or civil engineering works, according to Building Contractors Register of July 2011. Out of these 106 (91%) are registered to carry out business in Nairobi region, and this was taken to be the target population. In accordance to the classification criteria, they represent the biggest size of contractors and can do works of up to an unlimited amount. This is a big number that could not be reached for purposes of collecting data, due to the limited resources. It therefore raised the need for sampling to be undertaken with the aim of getting a manageable number of contractors to collect data from. Simple random sampling was undertaken using the formula shown below (Kothari, 2004) to get the sample size;

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{d^2 (N - 1) + z^2 \cdot p \cdot q}$$

Where n = the desired sample size

z = the standard normal deviation at the required confidence level (1.96 as per table of area under normal curve for the given confidence level of 95%).

p = the proportion in the target population estimated to have characteristics being measured (0.5 used for most conservative sample size).

$$q = 1 - p$$

d = the level of statistical significance set (accuracy is desired at 0.05 level)

Therefore:

$1.96^2 \times 0.5 \times 0.5 \times 106$
$0.05^2 (106 - 1) + 1.96^2 \times 0.5 \times 0.5$

$83.24 \approx 83$

The sample size for this study was therefore taken to be 83 'class A' contractors registered to do business in Nairobi, Kenya.

Data Collection Methods and Techniques

For this study, data was collected through administering of structured questionnaires¹ to the various Chief Executive Officers of the construction firms or those in top management positions. This was done to establish their understanding of CSR as a whole, to find out the various practices that have been undertaken by their companies in applying the concept and also the impacts arising therein.

The questionnaires with structured and unstructured questions were designed using the reviewed literature as a basis, as it outlined the various forms of socially responsible concepts that may have been identified in the construction industry.

The Response Rate

The field survey was set out to investigate the concept of CSR in the Kenyan construction industry; a case of contractors within Nairobi. The general objectives of the study were to establish the prevalence and impacts of CSR practice in relation to Kenyan contractors, and to recommend a practical CSR model which can be adopted by contractors practicing in Kenya.

The study targeted 83 respondents, a sample group chosen from the population of 'Class A' main contractors. From the total sample size of 83 'Class A' contractors, 46 firms (55.4%) positively responded to the survey request. The other 44.6% did not respond to the survey request for various reasons, some of which included; unavailability of a qualified person to fill in questionnaire, misplacement of questionnaire, limited time amongst many others. However, this response

did not affect the validity of the study since the percentage of the companies from which data was collected is statistically adequate to represent the whole. Furthermore, Babbie (2007) suggested that any response rate of at least 50% is adequate for analysis and reporting, over 60% is good, and that over 70% is very good, and thus justifies the response rate of the survey from the firms as indicated above.

All the respondents were experienced in the construction industry and of high ranks within the firms. 24 of the respondents from the 'Class A' construction firms (52.2%) were all directors within the firms and of relevant experience in the industry. The information provided by them was therefore considered to be reliable.

FINDINGS AND ANALYSES

The study sought to interview mainly managing directors of the various companies, based on the assumption that they are the main participants in regard to management strategies such as taking up of CSR activities, the subject of the study. In regard to the term CSR, each of the respondents within the different positions in the 46 firms had come across the word Corporate Social Responsibility (CSR). The respondents were knowledgeable enough to answer the questions on behalf of the firms. The cross tabulation of the two variables (*position of the respondent and ever come across the word CSR*) is illustrated in the **Table 5.1** below.

Structured questionnaires have questions which can only be answered in a definite manner, such as yes or no, true or false, know or don't know, e.t.c.

Table 5.1: Cross Tabulation of 'Position of Respondent' Vs 'Ever Come Across the Word CSR'

			Ever come a cross the word CSR	Total
			Yes	Yes
Position of Respondent	Director	Count	24	24
		% within Ever come a cross the word CSR	52.2%	52.2%
	Manager	Count	2	2
		% within Ever come a cross the word CSR	4.3%	4.3%
	Assistant Director	Count	5	5
		% within Ever come a cross the word CSR	10.9%	10.9%
	Assistant Manager	Count	2	2
		% within Ever come a cross the word CSR	4.3%	4.3%
	Quantity Surveyor	Count	1	1
		% within Ever come a cross the word CSR	2.2%	2.2%
	Construction Supervisor/Project Manager	Count	12	12
		% within Ever come a cross the word CSR	26.1%	26.1%
Total		Count	46	46
		% within Ever come a cross the word CSR	100.0%	100.0%

Source: Authors

The total number of firms contacted for the survey had been registered in the period between the years 1972 to the year 2002 (Table 5.2 below), with 5 having been registered in the year 1980 as the highest frequency. In regard to the length of practice and engagement in CSR activities, there was a direct relationship between longevity in practice and practice of CSR as shown in the Table below

Table 5.2 Cross Tabulation of 'Year Of Registration' Vs 'How Long Have you Practiced CSR?'

Count		How Long Have You Practiced CSR In Your Company?				Total
		0-10 Years	10-20 Years	Over 20 Years	Do Not Practice CSR	
Year of Registration	No response	6	3	2	4	15
	1972.0	1	0	0	0	1
	1980.0	1	1	1	2	5
	1982.0	0	1	1	0	2
	1984.0	0	1	0	0	1
	1986.0	0	0	1	0	1
	1987.0	0	0	0	2	2
	1988.0	0	1	0	0	1
	1989.0	0	1	0	0	1
	1990.0	1	1	0	0	2
	1992.0	1	0	0	1	2
	1993.0	0	1	0	0	1
	1994.0	0	0	0	2	2
	1995.0	2	0	0	0	2
	1996.0	0	0	0	1	1
	1997.0	0	1	0	0	1
	1998.0	0	0	0	1	1
	2000.0	3	0	0	1	4
	2002.0	0	0	0	1	1
Total		15	11	5	15	46

Source: Authors

CSR Prevalence in the Kenyan Construction Industry

The study sought to evaluate the prevalence of the concept of CSR amongst contractors practicing in Kenya. To establish this, general questions were posed on whether they were aware of the term CSR, what in their opinions best described the concept, and if they had a stated social mission/objective/programs. The 46 (100%) respondents acknowledged that they had heard or were aware of the concept of CSR. However, only 31 (67%) of the respondents attested to the fact that they had a formally stated social mission/program or practiced CSR informally without documenting the concept. 15 (33%) did not practice CSR completely despite the fact that they were aware of the concept.

The results from the survey prove the fact that indeed, Kenyan contractors have not been left behind in furthering the good course of CSR practice, just as their counterparts in most developed countries do. Majority of them have incorporated CSR aspects in running of their construction business and this further shows that there is prevalence of CSR practice in Kenya. This is in spite of the various challenges that they face in carrying out their businesses, such as limited resources and poor legal and institutional frameworks to govern this noble practice.

Further to their awareness, the survey also sought to find out, what in their opinion could be considered as CSR. This was important to the study so as to clear out any confusion that may arise due to mixing up of CSR aspects together with other ideas which may not be CSR related. The generic definitions of the concept CSR identified in the literature review were structured in the form of closed ended questions to further evaluate the understanding of the respondents of the concept by either concurring or disagreeing with the definitions. **Table 5.3** show the various frequencies of the respondents who agreed with the corresponding.

Table 5.3 Various Definitions and/or Understanding of the CSR Concept

The concept of CSR understanding by various Respondents								
The Various Definitions Of CSR	Frequency							
	Directors	Managers	Assistant Directors	Assistant Managers	Project Managers	Quantity Surveyor	Not Applicable	Total
Being philanthropic and helping the needy	18	2	5	2	12	0	7	46.0
Adhering to set rules and regulations in the course of doing business	21	0	5	0	0	1	19	46.0
Taking care of all the business stakeholders	24	2	2	1	12	1	4	46.0
Being concerned about the environment	24	2	5	2	12	1	0	46.0
Being Ethical while carrying out business	24	2	5	2	12	1	0	46.0
Providing comfortable working environment	24	2	5	2	12	1	0	46.0

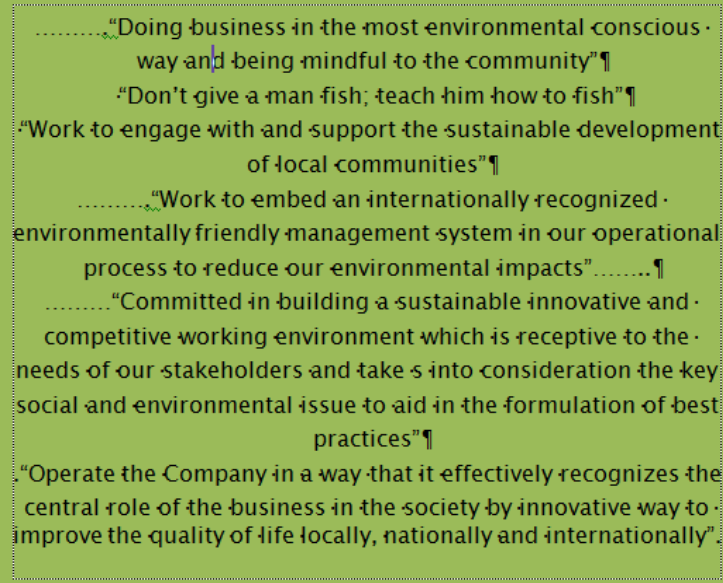
Source: Authors

Formal Practice of CSR in Kenyan Construction Industry

The construction sector is one of the leading sectoral employer and a major contributor to gross capital formation in Kenya, and the world over. Focusing on both the internal and external aspects of business performance, formal CSR guidelines and policies demonstrate how a strategic approach to corporate social responsibility can enhance the competitiveness of individual construction companies as well as the societies they operate in. This is why this study endeavoured to establish whether construction firms consciously include CSR practices in management of their construction businesses.

From the field survey carried out, 15% of the construction firms had a formally stated social mission/objective/program. The rest (52%) practiced CSR more by default than by design; since they had not deliberately

planned to undertake the CSR activities. Some of the firm's stated social missions/objectives/programmes captured from the survey are paraphrased in **Figure 5.1** below.



.....“Doing business in the most environmental conscious way and being mindful to the community”¶
“Don't give a man fish; teach him how to fish”¶
“Work to engage with and support the sustainable development of local communities”¶
.....“Work to embed an internationally recognized environmentally friendly management system in our operational process to reduce our environmental impacts”.....¶
.....“Committed in building a sustainable innovative and competitive working environment which is receptive to the needs of our stakeholders and take s into consideration the key social and environmental issue to aid in the formulation of best practices”¶
“Operate the Company in a way that it effectively recognizes the central role of the business in the society by innovative way to improve the quality of life locally, nationally and internationally”

Source: Author

Figure 5.1: Formally Stated Social Missions and Objectives

Types of CSR Practiced by Kenyan Contractors

From literature reviewed in chapter two, it was noted that CSR can be in various forms namely; economic, legal, ethical and philanthropic. Different companies may adopt different categories of CSR depending with their firms' stated objectives or missions.

Out of the 67% of construction firms that indicated that they practice CSR, only 19% agreed that they at times practice CSR with the aim of making profits as an economical aspect, while 94% stated that they undertake CSR activities which are stipulated in law as a legal aspect relate to environmental and health and safety regulations. This in itself shows that if an idea is enforced by law, it increases its chances of being adopted by the various entities it relates to. This can be used to create a case for a legal and institutional framework for CSR.

However, all of them positively stated that they incorporate both ethical and philanthropic considerations in pursuing their business interests, not for any other reason, but because they believe in doing what is right with the aim of improving the quality of life of their stakeholders. The study also established that various contractors are involved in carrying out specific CSR activities which are illustrated in multiple response frequencies in **Table 5.4** below

Table 5.4: Specific CSR Activities Practiced By Construction Firm**\$b Frequencies**

		Responses		Percent of Cases
		N	Percent	N
b(a)	Building mosque for social development	1	1.0%	2.2%
	Monetary contributions to the needy	14	13.9%	30.4%
	Improved access roads and drains	10	9.9%	21.7%
	Provision of water	7	6.9%	15.2%
	Environmental protection/sprinkle water	11	10.9%	23.9%
	Construction of roads	5	5.0%	10.9%
	Construction of bridge	4	4.0%	8.7%
	Public toilets	2	2.0%	4.3%
	Employment of community members	1	1.0%	2.2%
	Sanitary pads to schools	1	1.0%	2.2%
	Not applicable	45	44.6%	97.8%
Total		101	100.0%	219.6%

Source: Authors

Challenges Faced by Contractors in Implementation of CSR

According to the survey, 31 (67%) construction firms practicing CSR noted that as much as they would like to continuously embrace this good concept, they are usually faced with various challenges. These challenges in turn hinder the practice or reduce the number of CSR activities that a firm may be involved in. Some of the challenges mentioned included inadequate resources to implement the programmes 19 (20.7%), limited time to implement and evaluate the CSR programmes 14 (15.2%), lack of formulated policies on CSR 3 (3.3%), balancing between cost, time and the profit obtained 3 (3.3%), high demand of CSR activities and prioritization of the activities 6 (6.5%), reduction of profitability of various projects 1 (1.1%) and corruption especially if funds are channelled through other public organizations 2 (2.2%).

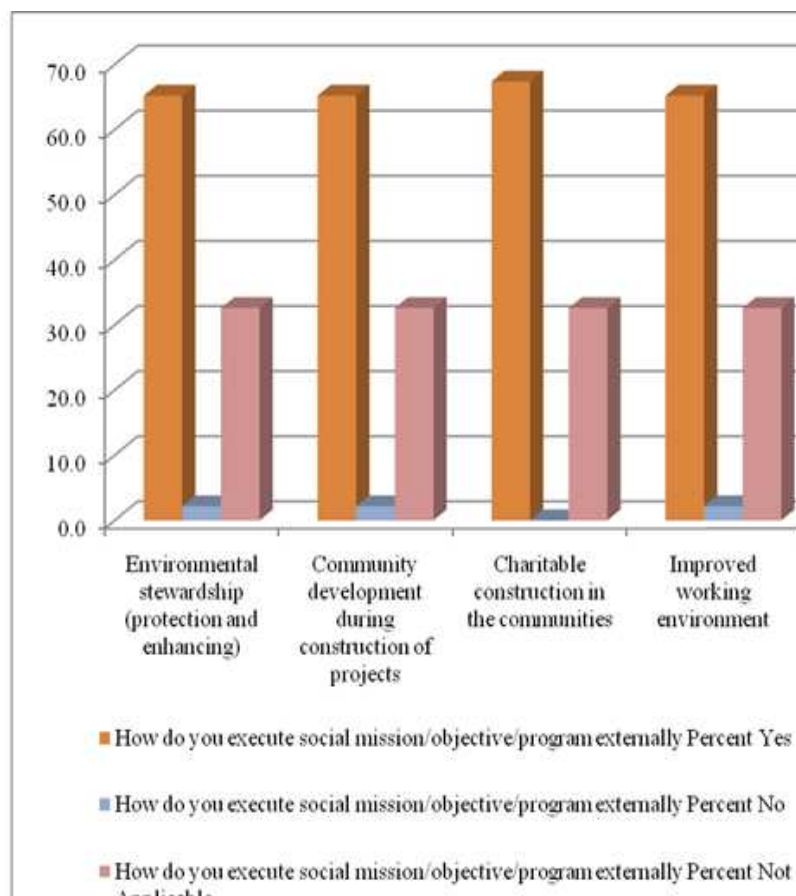
From the findings above, it is noted that the greatest challenge faced by majority of contracting firms in CSR implementation is inadequate resources to implement the desired CSR programs, followed by lack of proper monitoring and evaluation of the already running programs. This means that if these firms would get incentives and well documented guidelines from government or well-wishers, then they can improve their CSR programs by adding the extra resources to their meager ones for a better service. This is where a thoroughly thought out legislation would come in with concepts such as giving tax incentives to those who embrace CSR practice. However, the challenge of limited resources may also be overcome by proper planning and prior budgetary allocation to specific CSR activities.

Benefits of CSR to the Construction Firms

All the construction firms that practiced CSR attested to the fact that CSR had positively impacted on their businesses in the following ways. 41% of the respondents registered increased company recognition while 23% reduced conflicts with the external stakeholders and good working environment. 4.3% indicated that embracing CSR is good for business. However, a large 32% indicated that CSR is not applicable to them and as such embracing it or not has no effect.

Implementation of CSR by Construction firms

The main objective of the study was to establish the prevalence of CSR by construction firms. In an attempt to meet this objective, various firms were asked to outline how and why they implement the various CSR programs within the existing legal and institutional frameworks. The survey shows that various firms employ different means and ways of carrying out their CSR activities, and also for various reasons. The significant reasons highlighted were to enhance shareholder value 30 (65.2%), to increase employee productivity/motivation/reduce turnover 31 (67.4%), due to outside pressure from clients and media 25 (54.3%), outside pressure due to liabilities (legal systems) 31(67.4%) and ethics of owners/manager 31 (67.4%). The various ways in which CSR activities are executed within the construction firms also vary and are as shown in 5.2 below.



Source: Authors

Figure 5.2: Various CSR Practices Carried out Externally (Outside Community)

Proposed CSR Model and Recommendations

From the survey exercise carried out, the study brought out some of the concepts which can be embraced by the Kenyan contractors to help improve their businesses by undertaking CSR activities. These concepts can be summarised as follows;

Beyond Compliance

Successful CSR initiatives have been found to take organisations beyond compliance with set legislations and goes further to lead the firms to honour ethical values and respect people, communities and the natural environment. CSR is sustainable and may be incorporated simply by being involved in activities that an organisation can maintain without adversely affecting the business goals; one main one being that of profit maximization. From this study, this can be seen as a possible undertaking from the bigger 67% of Kenyan contractors who have embraced the practice of CSR, not necessarily in a formal way but by just practicing and doing what they can within their available resource limits.

More than Being Green

CSR is a concept which entails pertinent issues that go beyond environmental responsibility or having a waste recycling policy. CSR is about considering the whole picture with all the stakeholders in mind, from the internal processes to the clients, taking in every step that the business takes during day-to-day operations..

A long Time Brand.

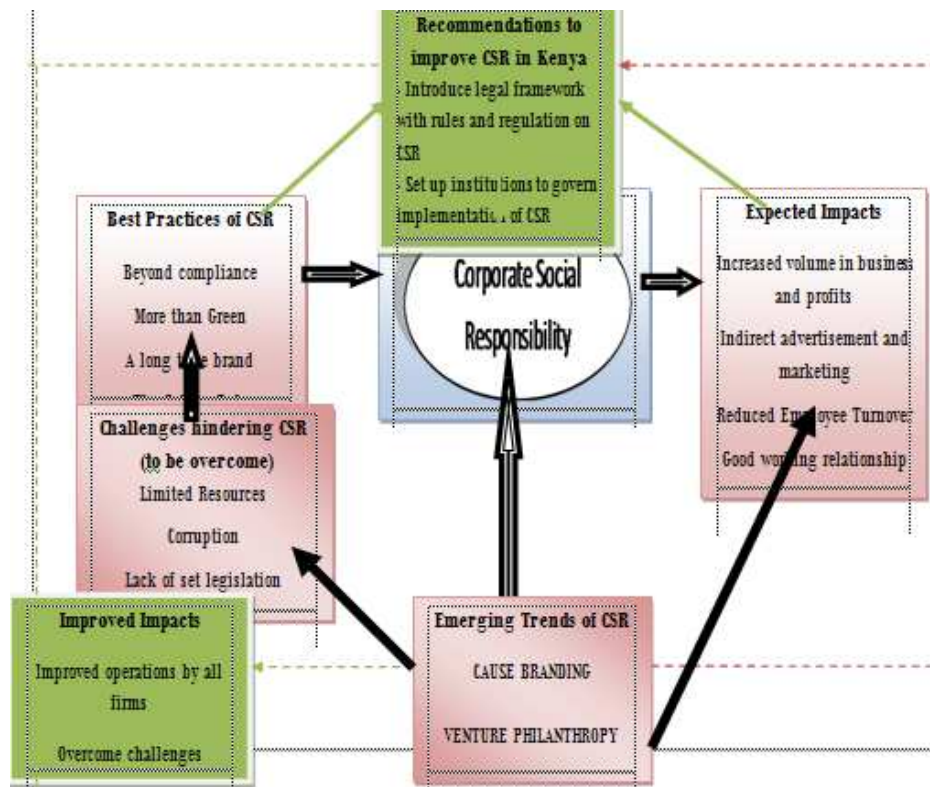
CSR should be a long-term approach to business that addresses the needs of communities, people and their employers. It provides frameworks for successful enterprise that is harmonious with its surroundings. CSR should be seen as an opportunity to generate honest, authentic good-news stories that a business and its community can be proud of.

The Golden Rule

The main underlying factor behind CSR is paying back ones debt to the society. It is indeed unfair to continuously operate a construction business and reap the profits without ploughing back some of it to the society through CSR. As the golden rules states 'Do unto others what you would love them to do unto you' , is the same way that each company that is in the business of undertaking their operations with the aim of earning profit, should endeavour to positively influence those around them, deserving and non deserving together, by freely and voluntarily helping where they can.

The following concepts have been put together with considerations from the study literature review and survey findings to form a conceptual CSR model which is proposed for adoption by the contractors in the Kenyan construction industry.

Figure.5.3: Below Shows how the Proposed CSR Model Would Look Like Conceptually



Source: Authors

Figure 4.8 - 1: Proposed CSR Model for the Kenyan Construction Industry

The proposed CSR model represents the practice of CSR as a concept which can greatly improve the businesses of Kenyan firms who embrace it. The model is based on the two approaches of carrying out CSR as highlighted in the literature review in chapter two of this study. These are the Cause-Branding Approach and the Venture-Philanthropy Approach, which entails the top-down and bottom-up approaches respectively. Whichever method that a firm chooses to adopt; it is believed that this can greatly improve the practice of CSR by companies hence the inherent positive impacts.

The current situation is that firms undertake the practice of CSR out of will but not because they are obliged to. Despite the fact that they face the various challenges, some of which are outlined herein, they still would be expected embrace it; hence in turn experience some of the positive impacts such as improved volume of business and profits as a result of indirect advertisement. They would also have improved work relationships with the society in which they carry out their businesses; and also internally with their employees resulting in reduced employee turnover.

However, these impacts may only experienced or felt by the companies who have embraced the practice so far. For their to be an overall impact in the industry at large which can be felt; all companies undertaking construction should be mandatorily subjected to CSR practice; but given the option to choose the best approach for their set up. This can be achieved by setting up in place legal and institutional frameworks to govern the practice. These institutions can be given the mandate to come up with laws and guidelines on the various types and levels of CSR activities that can be mandatory for various firms; whether small or big; for purposes of ensuring that there is best practice by all for a better economy. This will be in addition to the already existing pieces of legislation on CSR which are currently not intergrated nor

governed by any specific institution set up by the government.

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