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Mutisya, E. N.,[*1] Gathenya, J.,[2] & Kihoro, J. M.[3]

[*1] Ph.D. Scholar, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Nairobi, Kenya
[2] Ph.D., Jomo Kenyatta University of Agriculture & Technology [JKUAT], Nairobi, Kenya
[3] Prof., Co-operative University of Kenya, Nairobi, Kenya

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ABSTRACT

The Kenya banking industry is highly competitive and dynamic sector owing to globalization, advancement of technology, deregulation of financial services and privatization of banks that were initially public. The overall goal for the banks is to achieve a sustainable competitive advantage. This, however, is a challenge because banks' products and services are homogenous. The purpose of this study was to investigate the influence of CSR resources on competitive advantage in commercial banks in Kenya and to establish the influence of bank size in the relationship between CSR resources and competitive advantage in commercial banks in Kenya. The study results should assists managers in the commercial banks to strike a balance in strategic corporate social responsibility resources. A descriptive cross-sectional survey was used to collect data. The target population was 305 branches within Nairobi County, a sample size of 170 branch managers and community champions were randomly selected. Inferential statistics was used in this study. The findings showed that resources are sufficiently supplied in commercial banks in Kenya and that bank size had a moderating effect on CSR resources and competitive advantage in the commercial banks in Kenya. The study recommended that commercial banks in Kenya should strike a balance not to oversupply resources to allow them to remain competitive. Further research should be done in commercial banks in Kenya to investigate level of CSR resources that will lead to greatest influence in building competitive advantage and invest in them.

Key words; *Commercial Banks, Strategic Corporate Social Responsibility, Strategy, Competitive Advantage, Resources*

INTRODUCTION

The Kenya banking sector encompasses commercial banks, microfinance institutions and most recently telecommunication companies. Research shows that 8.6 million accounts are active in commercial banks with the majority of the population relying on the other players in the market (Chege, 2013). According to Nzovah, (2012) competition is solid in the sector with aggressive sales and marketing activities, products/ services development and continuous innovation breakthrough being employed with the goal of gaining a sustainable competitive advantage.

The sector consists of homogenous products and services despite the different undertaking with ease of duplication in case of new products and therefore competitive advantage is not long lasting (Mbithi,2015). According to Zekiri and Nedelea (2011), firms use different strategies to achieve competitive advantage. The strategies include differentiation strategies which involve offering different products and services, different delivery system or using different marketing approach to achieve competitive advantage. A differentiation strategy that can provide a competitive advantage with long-term benefits is the understanding, structuring and optimizing on Corporate Social Responsibility. Effective use of CSR can act as a differentiator as it is not easily duplicated and can provide a lasting positive impact on an organization (Chege, 2013).

Corporations are currently more concerned with social responsibility (Halme, Roome, & Dobers, 2009). There is a trend towards promoting corporate changes with deep strategic implications that must be associated with strategies in the company in order to be efficient (Coutiho & Maledo-Soares, 2002).

Studies done by Chandler (2014) and Sousa (2010) states that strategic CSR is increasingly becoming central to business success in the twenty-first century and understanding, adopting and implementing strategic CSR is the source of sustainable value creation for the business. Strategic CSR provides companies with solutions for balancing the creating of economic value with that of societal value, how to manage their stakeholders' relationships especially those with competing values, identifying and responding to threats and opportunities facing stakeholders, developing sustainable business practices and deciding the organization's capacity for philanthropic activities.

Statement of the Problem

Kenya banks overall goal is to achieve a sustainable competitive advantage. This, however, is a challenge because banks products and service are homogenous, that is, they are of similar offering amongst players in the industry (Chege, 2013). Husted and Salazar (2006) examined CSR strategies infirm with the objective of maximising both profits and social performance through a comparison between firms, the authors identified three types of social investment concluding that strategic investment creates better results for companies that try to simultaneously achieve the maximisation of both profit and social performance.

Strategic investment consists of additional benefits such as an enhanced reputation, better and more qualified labour, the differentiation of products and extraction of a premium price. The conclusion of this study points out that a company can add value and obtain competitive advantage through socially responsible activities, but it must act strategically and CSR should be connected with corporate strategies. Therefore, banks' action should be seen as adding value to products in the eyes of the public and should also improve the local business environment (Porter and Kramer, 2006).

However, the Kenya banking industry is highly competitive and dynamic sector owing to globalization, advancement of technology, deregulation of financial services and privatization of banks that were initially public (Achua,2008). Lack of differentiation in the sector has led to no significant and impactful long-term competitive advantage. Studies show that if CSR is used strategically, it can provide an avenue for differentiation in the homogenous industry (Chege, 2013; Sousa, 2010; Porter & Kramar, 2006). Unlike the strategies currently employed that can be easily duplicated, strategic CSR is not easily duplicated and can, therefore, have long-term benefits to the banks (Mbithi, 2015).

In recent year scholars have devoted considerable attention to the managerial implication of CSR. Although there has been considerable discussions about the moral choices managers face when encountering CSR(McWilliams & siege,2001) most CSR studies in the management literature focus on the relationship between CSR and firm performance (Margolis &Walsh,2001; McWilliams & Siege,2000;Chege 2013; Muchiri, 2011) which can help us understand whether banks benefit financially on average from engaging in this activity. However, there is a paucity of direct theoretical or empirical evidence on the strategic aspects and benefits of CSR and the gains to society from these actions. From a theoretical standpoint, there are little considerations of strategic aspects of CSR. On the empirical side, it is difficult to evaluate the benefits of CSR because such actions typically constitute an intangible resource or capability. Furthermore, the provision of CSR is often bundled with product attributes or linked additional value or existing managerial practices making it difficult to quantify the additional value contributed by socially responsible activities. Lastly, there has been little consideration of the conditions under which CSR resources can contribute to sustainable competitive advantage.

Therefore this study focuses to investigate the influence of strategic CSR resources on competitive advantage on commercial banks in Kenya. Andrew (2011) points corporate resources to the components of the strategic CSR which was supported by Husted and Allen (2001) in their business strategy tools and concepts to formulate new models of society strategy. Hence the study sought to understand what Corporate Resources have on competitive advantage on commercial banks in Kenya.

Study Objectives

- To determine influence of CSR Resources on competitive advantage in commercial banks in Kenya
- To establish the influence of bank size in the relationship between CSR resources and competitive advantage

LITERATURE REVIEW

Theoretical Review

Resource based Theory

The RBV maintains that the only sources of competitive advantage in a firm are the resources. Further it explains the qualities and characteristics that these resources must possess in order for them to first be a source of competitive advantage and second for this source of competitive advantage to be sustainable. Barney (1991) argued that firms that possessed resources that were valuable and rare would attain competitive advantage and enjoy improved performance in the short term. In order for a firm to sustain these advantages over time its resources must also be inimitable and non-substitutable. According to Newbert (2008) the RBV sees exploitation of valuable rare resources as the main contributor to a firm’s competitive advantage which in turn contributes to its performance. According to Hoffer and Schendel (1978), resources possessed by a firm are the primary determinants of its performance and they may contribute to a sustainable competitive advantage of the firm.

Conceptual Frame Work

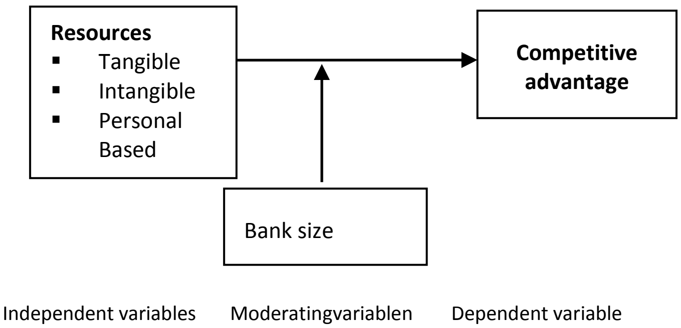

Figure 1: Conceptual framework

Empirical Review
CSR Resources

Banks engage in corporate social responsibility because they consider that some kind of competitive advantage occurs to them. From a resource-based perspective, CSR is seen as providing internal or external benefits or both. According to Branco et al., (2006) Investments in socially responsible activities may have internal benefits by helping a firm to develop new resources and capabilities which are related. According to Barney (1991), the creation of competitive advantage occurs through the implementation of strategies that add value and create benefits for one company when another company fails to do so. Competitive advantage can be achieved through internal resources from the bank. However to obtain this advantage the bank's resources must be valuable, rare, not easily imitated by rivals and not easily bought or sought (non-substitutable).

According to Barney (1999) resources are most difficult to imitate when they are path dependent, casually ambiguous that is the action to create them are not fully known and socially complex. Banks are social actors embedded in society. They are responsible for carrying out social activities to provide members the products and services that will fulfil their needs (Mathew, 2002). These activities are seldom performed by the single bank. They control the resources needed for such activities, build the processes through which resources are used and establish relations with each other and other economic agents, making choices about all these things in terms of their own goals. Resources are seen as the basic constitutive elements out of which firms transforms inputs into outputs, or generate services (Mathew, 2003).

Resources include the assets that banks use to accomplish the activities they are engaged into converting inputs to outputs and can be classified as tangible or intangible. However according to Russo and Fouts (2006) resources are not productive of their own and can only be a source of competitive advantage if they are used by the banks to perform their activities. Branco et al (2006) argue that capabilities are seen as referring to the actions through which resources are used and that banks engage to get something to accomplish their objectives. Therefore, they refer to a bank's capacity to deploy different resources in a coordinated fashion to achieve a competitive advantage.

Capabilities are the outcome of organizational learning. They belong to the organization as a whole and are built from learning individual members or individual business units. The capability is seen in terms of banks' ability to integrate and extend the learning and experience of its individual members (Mathew, 2003). Capabilities refer to organizational processes, engaged in by people which must endure over time as people flow in and out of the firm (Wright et al., 2001).

Resources are used by banks to develop and implement their strategies. Since different banks have different bundles of resources and some of them are difficult or even impossible to imitate, their ability to implement any given strategy will differ. Branco et al., (2006) state that management task can be seen as being that of assembling a bundle of resource and develop capabilities needed to capture as many of the services from these resources as possible.

According to Galbreaths (2005) resources are divided into tangible resources, intangible resources and personal based. Intangible resources are defined as non-physical factors that are used to produce goods and services or otherwise expected to generate future economic benefits for the bank (Branco and Rodrigues, 2006). They include intellectual property assets, organizational assets, and reputational assets. Intellectual property asset such as copyright, patents, registered designs, and trademarks are afforded legal protection through property rights. Such legal protection can be used by banks to create barriers to competitive duplication. Many academic types of research view corporate social responsibilities as a valuable internal intangible resource or as a group of resources that can be a source of competitive advantage where social initiatives of a given firm cannot be imitated by their competitor (McWilliams et al., 2006)

Personal based resources involve concerts such as culture, training, commitment, loyalty, and knowledge. Organisational assets such as culture, human resource management policies and organizational structure can also resist the imitation efforts of competitors as they represent high levels of asset specificity and time compression diseconomies. These assets are seen as contributing order stability and quality to the banks. Contracts such as franchise or licensing agreement may be important resources for the banks as they are legally enforceable and thus competitors may be prevented from replicating the benefits demanded from such agreements (Mathew, 2003).

Reputational assets though not legally protected by property rights can be path dependent assets characterized by high levels of specificity and social complexity, thus creating a strong resource position barrier to the competitors. Reputation is built not bought, thus being a non-tradable asset that may be much more difficult to duplicate than the tangible assets. These assets can inform external constituents about the trustworthiness, credibility, and quality of the bank (Branco et al, 2006; Mathew, 2002). Therefore reputational assets can be key drivers in the CSR of external constituents with positive reactions towards the bank visa a vis its competitors, thus impacting positively on banks success.

According to Moldaschl and Fischer (2004) tangible assets, whether physical or financial assets are easiest to imitate or substitute even if they are valuable and rare. On the other hand, intangible resources are difficult and costly to create because they tend to be historically contextualized path dependent, socially complex and causally ambiguous (Barney, 1991). Therefore they are a source of competitive advantage for the banks than tangible assets. Intangible resources and capabilities as suggested by Barney (1991) are accumulated over a period of time and cannot be acquired on tradable factor markets. These aspects make them almost impossible to imitate and contribute to banks' competitive advantage.

According to Branco et al., (2006) social capital refers to the relationship among individuals through which institutions influence resource flow. Social capital leads to the identification and shared representations, interpretation and system of meaning among parties and play a fundamental role in understanding how engaging in CSR may contribute to a bank’s long-term survival and success. The RBP suggest that banks generate sustainable competitive advantage. They do this by effectively controlling and manipulating their resources and or capabilities that are valuable, rare, imitable and non- substitutable.

Human resource activities include those which improve employees' attitudes on workplace quality for they are seen as fulfilling these four characteristics (Ballow et al, 2003; Wright et al, 2001; Fulmer et al, 2003). Human resources activities can thus create competitive advantage by developing a skilled workforce that effectively carries out the banks CSR strategy leading to improved financial performance and sustainable competitive advantage. Effective human resource management can cut costs and enhance employee's productivity. In effect CSR can have positive effects on employees' motivation and morale as well as on their commitment and loyalty to the bank.

Study done by Fulmer et al (2003) suggest that socially responsible employment practices such as fair wages, a clear and safe working environment, training opportunities, health and education benefits for workers and their families, provision of baby care facilities, flexible work hours and job sharing can bring direct benefits to the bank by increased morale and productivity while reducing absenteeism and staff turnover. These benefits lead to the banks to save on the cost of recruitment and training of new employees. Research shows that banks' social responsibility actions matter to its employees (Backhaus et al, 2002; Peterson, 2004).

Competitive advantage

According to Cole (2008) competitive advantage is an advantage gained over the competitors by offering customers greater value, either through lower prices or by providing additional benefits and service that justify similar or possibly higher prices. A study done by Papulova and Papulova (2006) states that real competitive advantage implies companies are able to satisfy customer needs more efficiently than their competitors. This can be achieved if and when the real value is added for customers and this can only be through strategic corporate social responsibility. The company's competitive strategy shows the route to creating and maintaining the firm's competitive advantage (Porter, 1998) by helping firms create and manage effectively resources. Different CSR activities contribute to different types of competitive advantage facilitating the bank's expansion and growth (Branco & Rodrigues, 2006). CSR activities are more likely to contribute to firm's growth if they are brought in line with firm's competitive strategy, no matter whether it involves cost leadership or differentiation. According to Branco & Rodrigues, (2006) states that to fully captive competitive advantage, the bank must be or at least appear to be engaging in CSR for the right reasons and approach decision about CSR initiatives strategically as it would other core business decisions.

According to McWilliams & Siege (2001) strategic CSR enhances product differentiation and also constitutes a barrier to entry. Strategic CSR may be a specialized asset that makes other assets more valuable than they otherwise would be an example being reputation. As state by McWilliams and Siege, (2001) having a reputation for quality has been as shown to be valuable to the firm. Strategic CSR attributes and activities increase perception and therefore the value of quality for this has been identified as a source of sustainable competitive advantage.

Study done by Adams(2015) shows that a bank that uses some of its CSR budgets to help educate young adults in financial literacy is strategic because adults who are financially literate will usually go into unplanned debt less frequently and will realise their need for a range of financial products, many of which will be provided by the banks. So by supporting initiatives to increase financial literacy, the bank might be indirectly reducing bad debts and also increase demand for its own products.

A number of empirical studies done on Competitive advantage suggest that each organization have one or more of the following capabilities when compared to its competitors such as lower prices, higher quality, higher dependability and shorter delivery time. These capabilities enhance the organization's overall performance (Mentzer et al, 2000). Strategic CSR leads to co-creation of value based on the competencies of the company and the customer which leads to resources that are hard to imitate (Arungai, 2015). Cole (2008) contends that quality is an underlying factor in competitive advantage and arises from a product offered being perceived as of higher physical quality than the competitor's product or from providing excellent customer service.

METHODOLOGY

The researcher used a descriptive cross-sectional survey research design. Arungai (2015) applied a descriptive research design to assess the role of service innovative on competitive advantage in the banking sector. Descriptive cross-sectional approaches as applied in this study was aimed at making predictions regarding the occurrence of the phenomenon under the study and by taking a sample of the population at one point at a time (Elahi & Dehashti, 2011).

The target population was 305 branches within Nairobi County in 27 commercial banks that were willing and carried out CRS at branch level. The study randomly selected 170 branch managers and community champions who formed sample size.

The sample size determination formulas and procedures for categorical data (Cochran, 1977; Bartlett et al, 2001) was adopted and calculated according to the following formula:

$$\mathbf{n} = \frac{\mathbf{z^2} \times \mathbf{p\ (1\text{-}p)}}{\mathbf{e^2}}$$

Where: **n** = required sample size

z = Confidence Level at 95% (standard value of 1.96)

p = population reliability; where p is 0.5 which is taken for all developing countries population

e = Margin of error at 10% (standard value of 0.1)

$$\mathbf{n} = \frac{1.96^2 \times \mathbf{0.5(0.5)}}{\mathbf{0.1^2}}$$

=96.04

$$= \frac{96.04*305}{96.04+305}$$

= 73.04

Equation 2

$$\text{Adj n} = \frac{nN}{n+N}$$

N is known 385

$$n = \frac{305*385}{305+385}$$

= 170 branches

FINDINGS AND DISCUSIONS

Measurement of CSR Resources

Influence of Resources on competitive advantage of commercial banks

The study sought to establish the influence of CSR Resources on competitive advantage. This section drew respondents to answer statements on the influence of CSR resources on competitive advantage on commercial banks in Kenya. As reported in Table 2 majority (83.2.1%) of respondents agreed that there was an adequate budget allocation for staff recruitment to carry on CSR activities. This is supported by the number of employees each branch has. The findings indicate that branches allocated adequate budget for both staff training and development as attested by the majority of the respondent at 91.6%. This was evidenced by table 2 below. Health and safety of staff were crucial in the branches as supported by most of the respondents at 85.9%. There is still some room to take care of the staff health and safety. There was a great level of employee trustworthiness as portrayed by most of the respondents in the branches. This was evidenced by 90.7% of the respondents. From the findings, a unilateral opinion according to 83.2% of the respondent agreed that there was a great level of efficient execution of innovative social projects by the employees. This meant that employees are allowed to come up with innovative ideas on corporate social responsibility.

Most of the respondent agreed that their bank's employees had a great level of experience and skills on banks products and CSR activities which was confirmed by 96.3%. That the bank's employees have a great level of commitment and loyalty was established by 95.3% of the respondent. Finally, the study findings indicated that 95.4% of the respondents observed that the employees had a great level of knowledge on banks products and CSR activities. From the study, findings indicated that personal based resources; that are employee experience and skills, employee commitment and loyalty and lastly employee's knowledge of the bank's products represent high levels of specificity. This is because they have the majority support of the respondent as supported by a study done by Mathew (2003) that stated that personal based asset is seen as contributing order stability and quality to the firm. From the findings, a unilateral opinion according to 79% of the respondents who stated that there was a low level of budget allocation for employee health and safety to support those commercial banks in Kenya took the issue of health and safety seriously.

The high mean and standard deviation support the holistic resource allocation. These findings agree with Branco at el., (2006) who consider investment in socially responsible activities have internal benefits by helping a firm develop new resources and capabilities which are related.

Table 1: Resource Allocation

	SD	D	NS	A	SA		
	%	%	%	%	%	Mean	Std. Deviation
Budget Allocation for staff recruitment	1.9	3.7	11.2	41.1	42.1	4.1714	.91417
Budget allocation for staff training and Development	1.9	2.8	3.7	41.1	50.5	4.3714	.81166
Budget allocation for Health and Safety for staff	1.9	1.9	10.3	27.1	58.9	4.3905	.89330
Great level of employee trustworthiness	2.8	1.9	4.7	34.6	56.1	4.4000	.89443
Great level of efficient execution of innovative social projects	1.9	6.5	8.4	41.1	42.1	4.1524	.96855
Great level of experience and skills by employees	1.9	.9	.9	32.7	63.6	4.5524	.74654
Great Level of employee commitment and loyalty	.9		3.7	48.6	46.7	4.4000	.65925
Great level of employee knowledge on banks product	2.8		1.9	50.5	44.9	4.3333	.78037
Low level of budget allocation for employee health and safety	67.6	11.4	5.7	7.6	7.6	1.7619	1.29736

SA= Strongly Agree, A= Agree, N=Not sure, D=Disagree, SD=Strongly Disagree, n=107

The researcher sought to establish some of the resources their branches used to achieve its CSR activities. Using open ended questions whose response was analysed using content analysis. Majority of the respondents were of the opinion that the branches needed money and availability of human resources to accomplish the task of CSR. This was evidenced by Table 2 that there is adequate budget allocation and human expertise in terms of staff skills, experience and trustworthiness.

Cronbach alpha for the items and Aggregation of the items

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
.717	9

The study reported an overall Cronbach's alpha value of 0.717 for the questionnaire instrument (Table 2) above. These value is above 0.70 thresholds as recommended by Zinbarg, (2005) implying that the data collected had achieved a relatively high level of consistency and could be generalised to be representative of the target population and could be used for further analysis.

Normality Test

Regression can only be accurately estimated if the basic assumptions of multiple regressions are met. To test normality assumption Kolmogorov-Smimov and Shapiro-Wilk tests were used. The results were as shown in Table 3.

Table 3: Results Kolmogorov-Smirnov and Shapiro-Wilk Normality Test

Tests of Normality						
	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
CSR Resources	.169	107	.000	.908	107	.000
Competitive advantage	.131	107	.000	.960	107	.000
a. Lilliefors Significance Correction						

Kolmogorov-Smimov and Shapiro-Wilk tests were used to test whether the distribution as a whole deviated from a comparable normal distribution. According to Field (2009), if the test is non-significant ($p > .05$) it means that the distribution of the sample is not significantly different from a normal distribution (that is, it is probably normal). If, however, the test is significant ($p<.05$) then the distribution in question is significantly different from normal distribution (i.e. it is non-normal) with ($p<.05$) for CSR resources. The results were significant even after conversion. This then means that the distribution was different from normal.

To test the significance of parting from normality, Q-Q plots were done and the results were shown in figures 2.

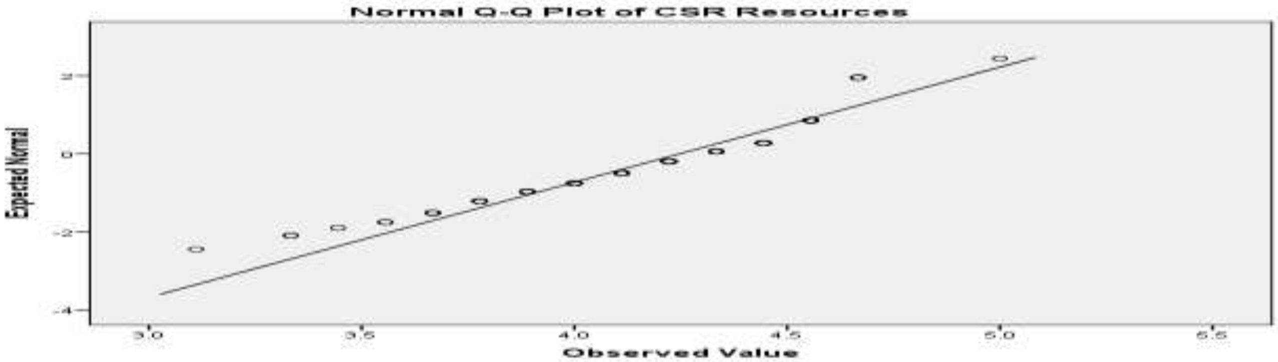

Figure 2: Normal Q-Q Plot for CSR resources

Figure 2 demonstrated that the departing from normality for CSR resources was not ample, consequently indicating that the data was close to normal and could thus be used to run regressions.

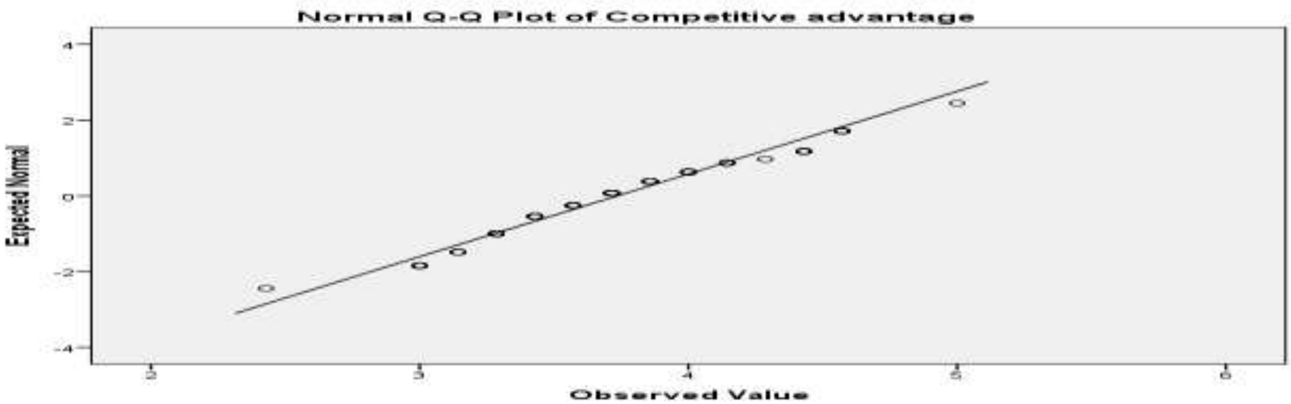

Figure 3: Normal Q-Q Plot OF Competitive Advantage

Figure 3 showed that the departure from normality for competitive advantage was not much, indicating that the data was bordering to normal and therefore could be used to run regressions.

Inferential analysis for resources and competitive advantage

There was no correlation between resources and competitive advantage in commercial banks in Kenya as shown in table 4. This was evidenced by (r =0.077, p =0.433). The study concludes that there is a negative relationship between resources and competitive advantage. As the level of resources increases, competitive advantage decreases.

Regression analysis was carried out for resources and competitive advantage in commercial banks in Kenya as shown in Table 5.

Table 4: Correlations

		X1	Bank Size	Y
X1	Pearson Correlation	1	.039	.077
	Sig. (2-tailed)		.692	.433
	N	107	107	107
Bank Size	Pearson Correlation	.039	1	-.175
	Sig. (2-tailed)	.692		.071

	N	107	107	107
Y	Pearson Correlation	.077	-.175	1
	Sig. (2-tailed)	.433	.071	
	N	107	107	107

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 5: Regression analysis of Resources and competitive advantage

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.077[a]	.006	-.004	.81831

a. Predictors: (Constant), X1 (Resources)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.415	1	.415	.619	.433[b]
	Residual	70.311	105	.670		
	Total	70.726	106			

a. Dependent Variable: Y= Competitive advantage
b. Predictors: (Constant), X1 Resources

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.015	.652		4.623	.000
	X1	.125	.159	.077	.787	.433

a. Dependent Variable: Y (Competitive advantage)

A simple regression was fitted to the data and was found to be just below significant ($F (1,105) = 0.619$, $p=0.433$). The hypotheses H_{01}: $\beta_{01} =0$ (the extent of Resources used in CSR does not influence competitive advantage in commercial banks in Kenya) is therefore rejected, since $\beta_1= 0.077$ and it is positive as shown in table 4 above.

The value of $R^2 = 0.006$ as shown in table 5 above which means resources explains 0.6. % of the variance in competitive advantage in the Commercials banks in Kenya. Resources have a positive influence on competitive advantage in commercial banks in Kenya. The model equation generated for Resources and Competitive advantage is $Y= \beta_0 + \beta_1X_1$; which implies that

$Y =3.015 +0.125X_1$……………………………………………………………1

Since Y is competitive advantage and X_1 is Resources, this means competitive advantage =3.015 +0.125(Resources). It further denotes that any one unit increase in Resources, competitive advantage increases by 0.125. This demonstrates that resources in the banks are sufficiently supplied and there are other factors which affect competitive advantage in commercial banks branches in Kenya.

The objective that the extent of Resources used in CSR influences competitive advantage in commercial banks in Kenya was not found to be statistically significant. This was evidenced by (F (1,105) = 0.619, p=0.433). There is no correction between resources and competitive advantage (r= 0.077, p= 0.433). This was in variation with a study done by Branco & Rodrigues, (2006) argued, there is a relationship between resources used in CSR and competitive advantage. Resources are the means through which banks accomplish their activities. They were seen as basic constitutive elements out of which firms transforms inputs into outputs or generate services as stated by Mathew (2002). This study supported this argument because commercial banks seem to have enough resources evidenced by the Mean above 4 and standard deviation. At this level, commercial banks in Kenya, competitive advantage is affected by other factors other than resources. According to Fulmer et al (2003) socially responsible employment practices such as fair wages, clear safe working environment, training opportunities, health and education benefits for workers and their family brings direct benefits to the banks by increased morale, productivity while reducing absenteeism and staff turnover. Majority of the respondents agreed that staff training, Health and safety, commitment and loyalty were paramount as evidenced by 91.6%, 85.9% and 95% of the respondents. Therefore, this study supports the findings of Fulmer et al (2003).

The moderating effect of bank size in relation to CSR resources

Table 6: Moderating effect of bank size in relation to Resource

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.077[a]	.006	-.004	.81831	.006	.619	1	105	.433
2	.200[b]	.040	.022	.80794	.034	3.711	1	104	.057
3	.350[c]	.122	.097	.77637	.082	9.633	1	103	.002

c. Predictors: (Constant), X1, Bank Size, Size*Resources

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.415	1	.415	.619	.433[b]
	Residual	70.311	105	.670		
	Total	70.726	106			
2	Regression	2.837	2	1.419	2.173	.119[c]
	Residual	67.889	104	.653		
	Total	70.726	106			
3	Regression	8.643	3	2.881	4.780	.004[d]
	Residual	62.082	103	.603		
	Total	70.726	106			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.015	.652		4.623	.000		
	X1	.125	.159	.077	.787	.433	1.000	1.000
2	(Constant)	3.173	.649		4.888	.000		
	X1	.127	.157	.078	.807	.422	1.000	1.000
	Bank Size	-.302	.157	-.185	-1.926	.057	1.000	1.000
3	(Constant)	6.575	1.261		5.213	.000		
	X1	-.711	.309	-.434	-2.298	.024	.239	4.190
	Bank Size	-.300	.151	-.184	-1.993	.049	1.000	1.000
	Size*Resource	1.100	.355	.586	3.104	.002	.239	4.190

a. Dependent Variable: Y

The study found that bank size had a moderating effect on CSR resources and competitive advantage in the commercial banks in Kenya. The model was found to be significant ($F(1,103) = 4.780$, $P=0.004$). The hypotheses H_{01}: $\beta_{01} = 0$ (The relationship between Resources and competitive advantage by commercial banks in Kenya is not influenced by bank size banks) is therefore rejected, since $\beta_1 = 1.100$ and it is positive as shown in table 6. The value of $R^2 = 0.122$ below which means resources explains 12.2 % of the variance in competitive advantage in the Commercials banks in Kenya.

The effect of moderating variable bank size on resources and competitive advantage was represented by the Figure 4 below.

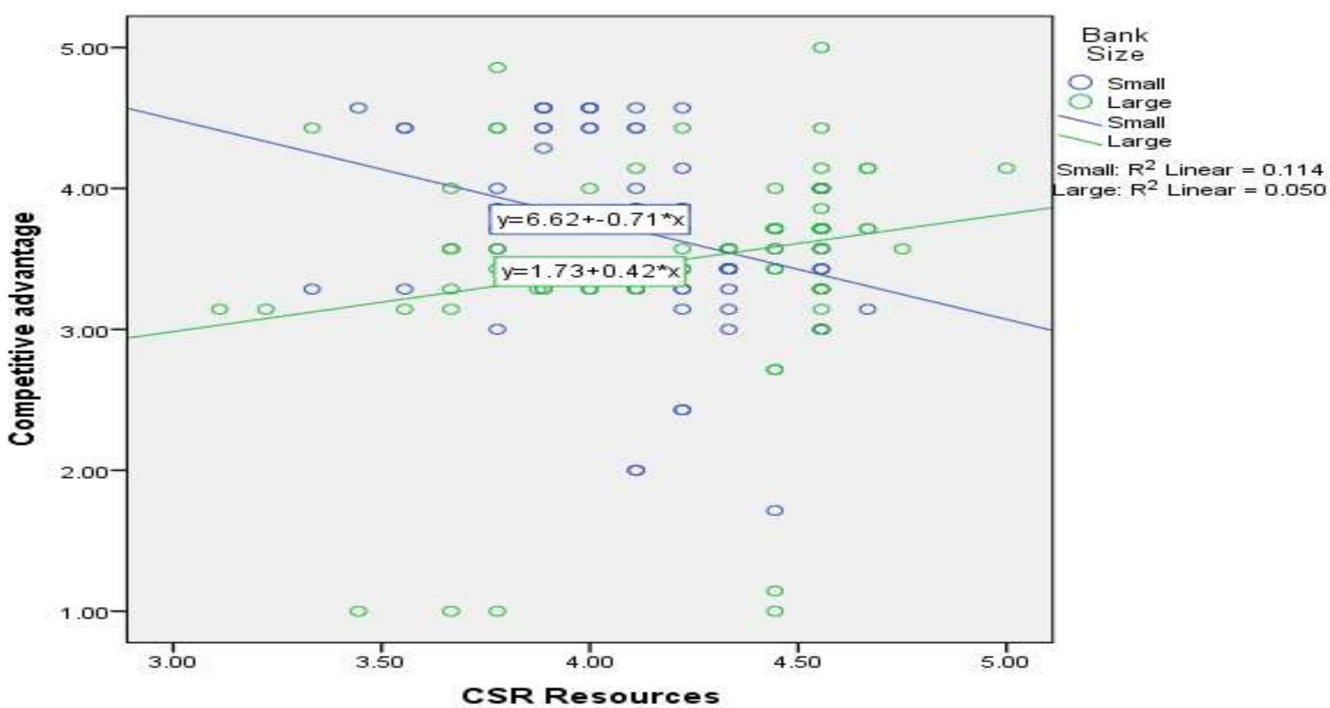

Figure 4: Regression lines of CSR resources and competitive advantage

When CSR resources are low in the small banks, they outperform the large banks. As you increase resources, large banks seem to become more competitive compared to small banks. This is reflected in the above graph. At 4.5 units of resource small banks competitive advantage decrease while large banks competitiveness increases and overtakes small banks.

At the beginning resources look like not a factor in the small banks and therefore competitive advantage is not an issue that explain 1st model is significant

Conclusion and Recommendations

Conclusions

The study concluded that CSR resources do not influence competitive advantage of commercial banks in Kenya. This shows that lack of access to more resources within the branches will not have any impact on competition of commercial banks. The null hypothesis, therefore, was accepted. Most of the branches had enough staff to accomplish CSR activities and were satisfied with the funding they receive from their head office. When the CSR resources are very low, the small banks will perform better than the big banks. As you increase the CSR resources the large banks will overtake the small banks. This can be supported by what Cowen et al (1987) stated that large banks tend to have a bigger social impact given the scale of their activities, for it deems equitable that the onus to be socially responsible also falls on them, rather than the small ones.

Recommendation and areas of further study

Based on the findings of the study, resources are sufficiently supplied and commercial banks in Kenya should strike a balance not to oversupply. Heads of commercial banks in Kenya should sustain the same level of resources so as to remain competitive. The researcher recommended that further studies should be carried out to explore other CSR activities that have influence in building competitive advantage in commercial banks and invest in them.

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