

**THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ON
ORGANIZATIONAL DEVELOPMENT OF BANKS IN UGANDA.**

A CASE OF CENTENARY BANK, PAIDHA BRANCH

Ocida Rovian¹, Dr Ariyo Gracious Kazaara², Dr Arinaitwe Julius³

1, 2, 3 Metropolitan International University

Abstract: *The following goals served as the study's guidelines as it examined the impact of corporate social obligation (csr) on the organizational growth of banks in Uganda using the example of Centenary Bank's Paidha branch: To determine the CSR efforts in which Centenary Bank is involved, to determine the advantages of CSR in advancing the growth of Centenary Bank, and to learn more about the difficulties that Centenary Bank encounters while putting social responsibility (CSR) efforts into practice. According to the results, 40% (90) of the people polled strongly agreed with this assertion, and 57% (129) agreed with it. Wanjala (2011) discovered that CSR does, in fact, improve the business's reputation. This concurs with Keinert's (2008) finding that CSR improves the appealing qualities of the company's image to consumers. There was unanimous agreement in responding to the question about Centennial Bank and connections to the community, with 67.1% (151) strongly agreeing and 31.1% (70) agreeing that CSR strengthens relationships between the Organization and the community. This study suggests that effective legislation, which requires all businesses to behave as ethical businessmen by contributing back to the community, is something that lawmakers should actively pursue.*

Key words: *corporate social responsibility (csr) and organizational development*

Background of the study

Early in the 1970s, corporations were pressed to take into account interests other than those of their shareholders, which gave rise to the theory of stakeholders. This concept offers an essential conceptual framework for this research. Greater social accountability was demanded by civil

society activity in the 1990s (Bendell, 2004; Elkington, 2004; Visser quoted in Heemskerk, 2012). Partly in reaction to this the pressure, CSR discussions and initiatives evolved (Welford, 1998). In the 2000s, strategic CSR became more popular.

The motivations of corporations for participating in socially responsible practices and projects can be interpreted from a variety of philosophical angles. The cornerstones of the conceptual structures for CSR have been recognized as consumers, trustworthiness, political-economic, social contract, and obligation frameworks (Gray et al., 1995a; Gray et al., 1996; Deegan, 2002).

Stewardship theory's central concept, for instance, is the management of competing objectives within businesses, which can be accomplished by striking an agreement between consumers' both inside and outside needs (Freeman, 1984; Neu et al., 1998).

According to Waddock (2003) and Hohnen (2007), corporate accountability (CR) is a set of appropriate behaviors for various sorts of constituents that stem from an organization's awareness of the effects of its activities on society. In its financial statements for 2021, Centenary Bank acknowledges that generating long-term accomplishments that strike a balance between the interests of all stakeholders depends on its achievements on social and environmental issues.

Statement of the Problem

Most firms have recently adopted their corporate social responsibility (CSR) initiatives as a trend. This has led to many organizations putting other priorities ahead of boosting the wealth of its shareholders. One of the organizations that has actively participated in its corporate social responsibility (CSR) measures is Centenary Bank. The bank's CSR outreach reached 28 million people in 2018, up 27% from 22 million in 2017. Additionally, the investment went from UGX 1.06 billion to UGX 1.1 billion, an increase of 4%. 1 600 employees participated in CSR activities in 2017; 1900 employees did so in 2018. The staff liked taking part in social occasions where the locations were located and in CSR outreach initiatives like Crossing the Cancer Gap.

Specific Objectives

1. To identify the CSR initiatives that Centenary Bank participates in.

2. To establish the benefits of CSR in the development of Centenary Bank.
3. To find out the challenges Centenary Bank faces during its implementation of CSR initiatives.

Research Questions

1. What are the CSR initiatives that Centenary Bank participates in?
2. What benefits does Centenary Bank achieve from CSR initiatives in relation to its development?
3. What challenges does Centenary Bank face during implementation of CSR initiatives?

Methodology

Research Design

In accordance with Mugenda & Mugenda (2005), the methods and processes for gathering and interpreting the required data are specified by the investigation's design. It identifies a structure or plan for the study as well as the techniques that are used to find the knowledge required. A descriptive methodology was used in this study. Studying the effect of social responsibility campaigns on the internal development of commercial banks required a design that was descriptive in nature. This was mostly due to the fact that a descriptive study enables a vivid analysis of both the issue and the solution under study.

Population and Sampling Design

According to Saunders et al. (2009), a community is a group of people, things, or data from whom a sample for statistical purposes can be taken. All of the people who are currently employed by the company, as well as other interested parties like consumers and the governing body, were included in the sample of participants. These people were thought to be in possession of the knowledge needed to understand the various tactics the bank used, which was crucial for the current research.

Sampling Design

A research sampling design is that part of the research plan that indicates how cases are selected for observation. The design therefore mapped out the procedure followed to draw the study's sample. According to Cooper and Schindler (2011), a good sample should be a representative of the population. This study used sampling for compelling reasons of lower cost, greater accuracy of results, greater speed of data collection, and availability of population elements.

Sampling Technique

According to sampling strategy, this approach is appropriate when an investigator wishes to find out whether a particular harmonica's properties are consistent across observational units with the greatest variation (Mugenda & Mugenda, 2005). To gather more data from the questionnaire, the method of sampling technique employed simple random sampling. This ensured all individuals had an equal opportunity to take part in the study, which was an evaluation poll.

Sample Size

Ligthelm and Van Wyk (2005) describe the sample size as a smaller set of the larger population. A sample size is typically one that bears some proportional relationship to the size of the population from which it is drawn. In order for the researcher to get a representative sampling size, then, the sampling size must be large (Cooper et.al, 2001). The researcher looks forward to using a sufficient and representative sample size from the entire population. The formula below was employed:

$$n = \frac{N}{1+N(e)^2}$$

Where **n** is the sample size, **N** is the population size and **e** are the margin error (+10/-10).

Data Collection Methods

Data collection is defined as a procedure that eliminates editing and coding, reduces errors, saves time and produces all the required statistics (Kottler & Lane, 2009). The data collection method that was adopted in the study was primary data collection method.

Questionnaires

According to Kothari (2004), a questionnaire refers to a set of printed/typed questions in a definite order that are given to respondents to answer. The study comprised of both open and closed ended questions. These questions were formed from the research objectives.

Interviews

The second data collection instrument was interviewing guide obtain into depth information concerning CSR. This was due to the fact that in-depth interviews help complement the questionnaire by giving the researcher an opportunity to study not only rich sources of information but also ask additional questions where there was need for clarification. The interview guide was developed in line with the study objectives.

Data Analysis

When doing data analysis using SPSS version 23, the investigator used statistical methods such mean, mode, median, percentages, tables, and distributions of frequency. The survey form was coded in accordance with every variable being studied to facilitate straightforward analysis. In this investigation, descriptive numbers were used. McDanile and Gates (2001) claim that descriptive statistical analysis entails the conversion of a large amount of raw data into tables with a distribution of frequencies and proportions, which were essential for understanding the data.

RESULTS

Reliability of the Questionnaire

The study targeted a total of 125 respondents, inclusive of internal and external stakeholders. Table 1 is an illustration of the response rate.

Table 1: Response Rate

Questionnaires	Respondents	Frequency	Percentage
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Returned	Internal	24	19.2
	External	98	78.4
Unreturned	Internal	1	0.8
	External	2	1.6
Total		125	100

From table 1 above, A total of 125 (100%) questionnaires were shared with the respondents: 25 (20%) administered to internal stakeholders at the branch, while 100 (80%) were given to external stakeholders of the bank. A total of 24 (19.2%) questionnaires were returned from the internal stakeholders. Out of the 100 copies of the questionnaires distributed to external stakeholders, 98 (78.4%) were filled and returned as shown in Table 1. This was considered to be a good response rate for the study, in view of Mugenda and Mugenda's (2003) assertion that a 50% response is adequate, 60% is good, and 70% is excellent.

Demographics

This section gave background information of the respondents such as gender, age, and education level. These characteristics were put in various groupings, and respondents were asked to tick where appropriate.

Gender of Respondents

Table 2: Respondent's gender

Gender	Internal		External		Total	
	n =	%	n =	%	n =	%
Male	14	11.2	55	44	69	55.2
Female	10	8	43	34.4	53	42.2

As shown in table 2, above 55.2% (69) of the total respondents were male, while 42.2% (53) were female. From the foregoing, it can be concluded that even though the male gender was slightly

higher than the female gender, both genders were represented in the study, portraying a balance of findings devoid of gender bias.

Respondent's Age Bracket

Table 3: Respondents' Age Bracket

Ages	Internal		External		Total	
	n =	%	n =	%	n =	%
51 above	1	0.8	15	12	16	12.8
41-50	3	2.4	15	12	18	14.4
31-40	15	12	43	34.4	58	46.4
21-30	5	4	25	20	30	24

As depicted in Table 3 above, a majority of the respondents lay within the age bracket of 31-40 years, with 58 respondents, representing 46.4% of the total number of respondents. From the table, the distribution of age across all age groups is indicative of a diversity of perceptions on Centenary Bank's CSR from all age groups.

Respondents' Education Level

Table 4: Respondents' Education Level

Education	Internal		External		Total	
	n =	%	n =	%	n =	%
Postgraduate	4	3.2	15	12	19	15.2
Under Graduate	17	13.6	45	36	62	49.6
Diploma	1	0.8	22	17.6	23	18.4
Certificate	2	1.6	10	8	12	9.6
O-Levels	0	0	6	4.8	6	4.8

As shown in Table 4 above, the majority of the stakeholders had at least a bachelor's degree. This is depicted by 49.6% (62) of the respondents with an undergraduate degree and 15.2% (19) at the postgraduate level. 18.4% (23) of the respondents stated that they had diploma level of education. The O-Levels and certificate levels had a representation of 4.8% (6) and 9.6% (12), respectively.

Position at Centenary Bank (internal stakeholders)

This question was directed towards internal stakeholders of Centenary Bank. The responses were as depicted in Table 5 below.

Table 5 Internal Respondents' Position at Centenary Bank

Position	Frequency	Percentage
Manager	2	1.6
Clerk	8	6.4
Customer service Officer	4	3.2
Corporate affairs Officer	2	1.6
Business Analyst	2	1.6
Retail	2	1.6
Finance	3	2.4
Secretary	1	0.8
Intern	0	0
Total	24	19.2

As demonstrated in Table 5 above, it is apparent that there was a diverse representation of Centenary Bank's internal stakeholders in the study. This shows that all sections of Centenary Bank's internal stakeholders, both across departments and in the different employee ranks, were adequately represented.

CSR Benefits to Centenary Bank

In evaluating what respondents perceived as the benefits of CSR to Centenary bank's development, various items were presented in the questionnaire, with respondents asked to state whether they strongly agree (SA), agree (A), disagreed (D), or strongly disagreed (SD) with them. The items were analysed and the findings were as presented in Table 4.8.

Table 6: CSR Benefits to Development of Centenary Bank

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
	%	%	%	%	%
CSR develops skills within the community	49	51	0	0	100
CSR creates a better life for future generations	45	55	0	0	100
Earns goodwill hence enhances centenary bank's corporate image	40	57.3	2.3	0.4	100
CSR improves centenary bank's community relations	67.1	31	1	1.4	100
CSR improves the wellbeing of the society	36.4	57	6.2	0.4	100
CSR brings in more customers for centenary bank	54.2	45.3	0.4	0	100
CSR earns the bank more media coverage	43	50	4.9	3.1	100
Boosts employee morale, improving teamwork	40.4	57.8	1.8	0	100
It protects the environment	39.1	55.1	5.3	0.4	100
Benefits employees	16	45.3	30.7	8	100

As seen in Table 6 above, every participant believed that Centenary Bank's CSR contributed to the development of community skills, with 49% (111) of the participants strongly agreeing and 51% (114) agreeing. None of the respondents expressed disagreement. This demonstrates that there was a widespread perception that Centenary Bank's CSR aids fellow citizens in advancing their professions through education.

Participants agreed that CSR improves the future of community members, with 45% (101 participants) confirming this view and 55% (124 participants) agreeing. The lack of opposing opinions is a sign that CSR is respected and is thought to improve community life. This is consistent with Urip's (2010) contention that CSR enhances civic engagement.

Participants also indicated in their affirmative responses that CSR helps improve the business's public perception. 40% (90) of the people surveyed strongly agreed with the statement in question, while 57% (129) agreed with it. Wanjala (2011) discovered that CSR does, in fact, improve an organization's reputation. This concurs with Keinert's (2008) finding that CSR improves the appealing qualities of the company's image to consumers. There was unanimous agreement in regards to the question about Centennial Bank and community connections, with 67.1% (151) strongly agreeing and 31.1% (70) agreeing that CSR strengthens relationships between the Organization and the surrounding area.

Participants who were asked about the impact of CSR on society's social welfare agreed that CSR enhances neighborhood social welfare. All of the participants made this claim, with 36.4% (82) strongly agreeing and 57% (128) agreeing. Participants concurred that CSR safeguards contributed in environmental problems. Furthermore, 40.4% are in agreement and 57% believe that CSR improves staff morale. This demonstrates the high appreciation consumers have for Centenary Bank's CSR.

Finally, there were additionally some disagreeing views when assessing whether CSR benefits employees, and this amount of 37.8% (87) cannot be disregarded. A higher percentage, 61% (138), nonetheless concurred that CSR does benefit employees.

Interviewees stated that CSR had various benefits. They believed that the bank's CSR activities helped empower members of the society. Through CSR, the bank earns some goodwill from its various stakeholders. This, the interviewees believed, has the potential to attract customers to the bank. They also believed that CSR helps in the building of the bank's corporate image.

Conclusion

CSR plays a fundamental role in the organizational development of banks. Consequently, the organizations need to fully evaluate the activities they set to engage in, as this will enable them to have the benefits of positive perception which generates positive corporate image.

Centenary bank engages in CSR activities proven by other studies, which affects the organization's development.

Recommendations

This study recommends the need for the government to take up an active role in ensuring adequate regulation, which mandates all organizations to become responsible corporate citizens by giving back to the society. This is one way of lessening the government's burden towards its citizens.

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