



Effect of Economic and Legal Corporate social Responsibility on Firm's Competitive Advantage among Selected Banks in Nairobi County, Kenya

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Abstract

The main purpose of this study is to investigate the effect of corporate social responsibility on firm Competitive Advantage among selected banks in Kenya. The objectives that this study focused on were; to establish the effect of economic responsibility on organizational competitive advantage and to determine the effect of legal responsibility on organizational competitive advantage. In developing these propositions, this study theorizes CSR as a resource-generating activity by creating support networks, relationships and management of perceptions in the form of Social Capital that has an impact on firm competitive advantage. The study was informed by stakeholders Theory by Freeman (1984). Explanatory Research Design was adopted in the study. The target population was 848 employees withdrawn from 25 banks within Nairobi city center. Simple random sampling was used to select a sample size of 183 employees. Questionnaire was a tool for data collection. Factor analysis was used to test content validity. The study used correlation, descriptive and inferential statistics. The study adopted multiple regression analysis to analyze data. The study anticipates showing a positive effect of CSR on organization competitive advantage. Finally major findings from this study revealed that economic responsibility and legal responsibility and have positive relationship to firm competitive advantage. The findings from this study may benefit scholars and futures researchers who may use the findings to find out suggested areas to be researched on or make a comparative study. The investors may also use the findings to ascertain the ideal corporate social responsibility models viable to be considered when investing various projects bank and enable them evaluate the capital appraisal and avoid being distorted by unviable projects.

Keywords: Competitive Advantage, firm, banks, economic and legal responsibility.

INTRODUCTION

In recent years, there has been a growing interest, both in the academic as well as the business world, around the issue of Corporate Social Performance (CSP) (Wood, 2010; Chen and Delmas, 2011) of corporate social responsibility (CSR) that captures firm actions aimed at engaging a broader set of stakeholders and ranging across a wide variety of inputs, internal routines or processes, and outputs (Fortis *et al.*, 2018; McShane and Cunningham, 2012; Kemp *et al.*, 2012). In the literature to date, perhaps the most studied aspect of CSR has been its (potential) link to Corporate Financial Performance (CFP) (Raza *et al.*, 2012; Wang *et al.*, 2016). Much work has focused on understanding this link and a number of theoretical insights and empirical findings have been revealed in the process. However, the causal directionality of this link has by no means been established.

In this study sought to shed more light on the broader issue of whether CSR strategies result in value creation. The overarching argument of my work therefore, is that if socially responsible behavior creates value for firms in the long-run, then such value creation was reflected in the investment recommendations of the analysts. To be more specific, in my primary analysis. The study evaluated the overall impact of CSR strengths and concerns on sell-side analysts' recommendations, and subsequently. The study investigated how analysts' as well as firms' characteristics interact with CSR information to impact analysts' perceptions of value creation and therefore, impact their recommendations. My work will reveal new theoretical and empirical insights by merging theory on CSR with an extensive line of work from accounting and finance on the important role of sell-side.

The scholars have argued that enhanced social performance may lead to obtaining better resources (Ioannou and Serafeim, 2010), higher quality employees (Greening and Turban, 2000), better marketing of products and services (Carmen & José, 2008) and it may even lead to the creation of unforeseen opportunities (Fombrun, Gardberg and Barnett, 2000). Better social performance may also function in similar ways as advertising does, by increasing overall demand for products and services and/or by reducing consumer price sensitivity (Adeyemo *et al.*, 2013; Sen and Bhattacharya, 2001). Moreover, it has been suggested that positive social performance could reduce the level of waste within productive processes (Konar and Cohen, 2001).

CSR strategies had a negative impact on investment recommendations, for later periods the impact reverses, becoming positive and significant: CSR strengths point strongly towards "buy" recommendations. When investigating the focal firm's market visibility, we find that higher visibility firms receive more favorable recommendations for their CSR strategies. We also find that analysts with higher ability to understand CSR are more likely to perceive CSR strengths as value-creating and thus produce more favorable recommendations. Moreover, since higher ability analysts tend to produce more accurate evaluations and influence capital markets more, we effectively document a mechanism via which CSR strategies are indeed perceived as value creating and through the recommendations, are translated into economic value in capital markets. It is against this backdrop that this study sought to find out the effect of corporate social responsibility on organizational competitive advantage in banking sector. The scholars and futures researchers will use the findings to find out suggested areas to be researched on or make a comparative study. The investors may also use the findings to ascertain the ideal corporate social responsibility models viable to be considered when investing various projects bank and enable them evaluate the capital appraisal and avoid being distorted by unviable projects.

General Objective

The main objective of the study was to investigate the effect of corporate social responsibility on organizational competitive advantage in banking sector, Nairobi County, Kenya.

Specific Objectives

- i. To establish the effect of economic responsibility on organizational competitive advantage
- ii. To determine the effect of legal responsibility on organizational competitive advantage

Study Hypotheses

- H₀₁: Economic responsibility has no significant effect on organizational competitive advantage
- H₀₂: Legal responsibility has no significant effect on organizational competitive advantage

LITERATURE REVIEW

Concept of Competitive Advantage

Competitive advantage is a superiority gained by an organization when it can provide the same value as its competitors but at a lower price, or can charge higher prices by providing greater value through differentiation (Baroto *et al.*, 2012). Competitive advantage results from matching core competencies to the opportunities (Kak and Sushil, 2002). Powell, (2001) in his study asserts that a competitive advantage is an advantage gained over competitors by offering customers greater value, either through lower prices or by providing additional benefits and service that justify similar, or possibly higher, prices. New technologies such as robotics and information technology can provide competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business process for example, better identification and understanding of customers (Gloor, 2006). Competitive advantage is the favorable position an organization seeks in order to be more profitable than its competitors. It involves communicating a greater perceived value to a target market than its competitors can provide (Baporikar, 2015). This can be achieved through many avenues including offering a better-quality product or service, lowering prices and increasing marketing efforts. Sustainable competitive advantage refers to maintaining a favorable position over the long term, which can help boost a company's image in the marketplace, its valuation and its future earning potential (Baporikar, 2015).

Concept of Corporate Social Responsibility

Corporate social responsibility (CSR) is company's sense of responsibility towards the community and environment both ecological and social in which it operates (Ashley, 2010). Companies express this citizenship through their waste and pollution reduction processes, by contributing educational and social programs, and by earning adequate returns on the employed resources. Corporate social responsibility (CSR), also called corporate conscience, corporate citizenship or sustainable responsible business/ Responsible Business is a form of corporate self-regulation integrated into a business model (Fontaine, 2013).

CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms (Nishandar, 2015). In some models, a firm's implementation of CSR goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law (Gaurangkumar, 2015). CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others (Carroll & Shabana, 2010).

Many argue that CSR should be secured within core business activities and add value to corporate success (Newell and Frynas, 2007). There are two ways for businesses to implement CSR. The traditional approach is that companies deliver a CSR programme, often seen as charity, which is separated from their core operations. In other words, the

core business focuses on maximizing shareholder value, while the CSR programme addresses specific CSR issues and targets stakeholders.

Carrol (2016) argues that corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management. Management education can be an important source of new ideas about shifting toward an integrated rather than fractured knowledge economy, but this means also that the role and meaning of socially responsible leadership needs to be updated.

Economic Responsibilities and Competitive Advantage

These include the most basic of corporate social responsibilities of conducting business, and some economists see these as the only legitimate social responsibilities of business. In the theory of management and economics competition mechanism is mostly considered as market system i.e. competition advantage consequences are presented through market functioning market prices, income, enterprise profit, market parts and so on (Voss and Voss, 2013). The company with more efficient market prices will gain more competitive advantage than the rest. The enterprise which has presented the produced product to the market cannot change these results especially in a short period. Changes in the production taking into account the market conditions are possible only in the next stages of enterprise activity and the enterprise has to reconcile with present competitiveness consequences as with an experience.

Laursen (2007) argues that a company's first responsibility is its economic responsibility that is to say; a company needs to be primarily concerned with turning a profit in order to harness more competitive advantage. This is for the simple fact that if a company does not make money, it won't last, employees will lose jobs and the company won't even be able to think about taking care of its social responsibilities. Before a company thinks about being a good corporate citizen, it first needs to make sure that it can be profitable.

Economic responsibilities allow estimation, election and coordination for the future of factors of competitive advantages by means of which a businessman can expect reduction of average fixed costs of production, enabling to form competitive advantages. Strategy of factors of product's scope economy is an estimation, selection and coordination for the future of factors received from a synergy by means of which the businessman can expect reduction of average total costs of production, enabling to form competitive advantages (Morrone, 2006)

Economic responsibilities and strategies enable planning cost reduction measures typical to them in order to create corresponding enterprise competitive advantages which in its turn create opportunities for further increase of economy scale producing bigger income and profit. Peculiarity is that the decisions planning cost reduction measures are adopted in the enterprise till the produced goods are not entered to market and till the final result income and profit has not been obtained. Economy scale strategies can be accepted and changed before the end of the good production and selling process (Harmon, 2003).

Economies of scale are return of increasing production factors' enabling to form competitive advantages in decreasing average fixed costs. Diseconomies of scale is contrary to economies of scale and is formed by factors which reduce enterprise competitive advantages when increasing the scale of production decrease of production

fixed costs get slower or even increase when costs are fully or partly not affected by scale of production strategies of decreasing costs (Morroni, 2006).

Legal Responsibilities on Competitive Advantage

Callster (2005) in her study asserts that legal responsibilities reflect the company's obligations to comply with the laws that regulate day-to-day business activities. The legal responsibilities are supplemental to the requirement that businesses and their employees comply fully with the general and criminal laws that apply to all individuals and institutions across the country hence creating greater competitive advantage. These include labor laws, insider trading and self-dealing, falsifying statistics, inflating revenues, hiding expenses, and defrauding investors and regulators. In recent years failures to adhere to the law have recently produced some of the greatest scandals in the history of American free enterprise.

Anderson (2006) asserts that a company's legal responsibilities are the requirements that are placed on it by the law. Next to ensuring that company is profitable, ensuring that it obeys all laws is the most important responsibility, according to the theory of corporate social responsibility. Legal responsibilities can range from securities regulations to labor law, environmental law and even criminal law and adhered to help a company gain competitive advantage.

All modern societies lay down ground rules, laws and regulations that businesses are expected to follow in order to gain greater competitive advantage. Legal responsibility defines what society deems as important with respect to appropriate corporate behavior. Businesses are expected to fulfill their economic goals within the legal framework (Gunningham, 2009). Legal requirements are imposed by local councils, state and federal governments and their regulating agencies. Organizations that knowingly break the law are poor performers in this category. Intentionally manufacturing defective goods or billing a client for work not done is illegal. Legal sanctions may include embarrassing public apologies or corporate confessions (Latif, 2001).

Society has not only sanctioned business to operate according to the profit motive; at the same time business is expected to comply with the laws and regulations promulgated by federal, state, and local governments as the ground rules under which business must operate thus enhancing competitive advantage (Kostyuk et al., 2013). As a partial fulfillment of the social contract between business and society firms are expected to pursue their economic missions within the framework of the law. Legal responsibilities reflect a view of codified ethics in the sense that they embody basic notions of fair operations as established by our lawmakers. They are depicted as the next layer on the pyramid to portray their historical development, but they are appropriately seen as coexisting with economic responsibilities as fundamental precepts of the free enterprise system (List and Pettit, 2002).

Conceptual Framework

This study used a conceptual framework. In using the conceptual framework, the study classified financial planning steps techniques as independent variable which can be manipulated to influence the level of profitability of the company. On the other hand, profitability levels was classified as a dependent variable. Financial steps techniques include: current profit margins, reducing costs, holding and collect period, cut down on cost, equity borrow and prudent debt- Profitability levels can be measured using the level of revenue and the level of profits.

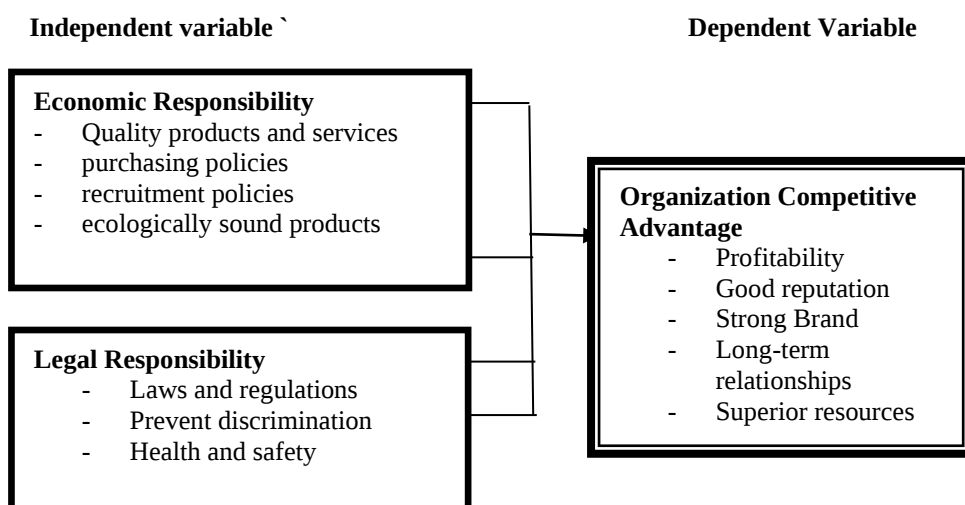


Figure 1: Conceptual framework

Source: Author, 2016

METHODOLOGY

Explanatory research design was used in this study. Explanatory research design shows the cause effect relationship between the independent variables and dependent variables. The study was carried out in Nairobi County, Kenya within the Central Business Center. Nairobi is the capital city of Kenya and most of bank's headquarters are located in the city. The total population of the study comprised of 848 employees from 25 banks within Nairobi CBD which were rated as being large by the central bank of Kenya. The sample size was obtained using the same formula used by Nassiuma (2000). Using this formula, a sample of 183 employees was selected for the study. The respondent who was employees of the 25 selected banks was selected randomly from each bank, where by the sample frame of the study stratified the banks into 25 banks. Neyman allocation formula was used to allocate employees into 25 banks (stratus) where main branches were selected.

The data collection instruments used in this study was developed. The study used the questionnaire in data collection. The data that was collected was both from primary and secondary sources. The questionnaire included both structured and semi-structured questions. Likert scale was useful in analyzing data in questions that directly involves the attitudes of the respondents. Before collecting data, the researcher sent a letter to the sampled banks to allow her collect data in the firms. The researcher also sought permission from the managers of the selected banks after introducing herself and explaining the purpose of the study.

In order to ascertain validity of the research instruments, the researcher conducted a pilot test of the instruments by distributing ten (10) questionnaires to other Banks in Eldoret town, which was not be part of the Institutions to be sampled.

The results of the piloted questionnaires enabled the researcher to determine the consistency of responses to be made by respondents and adjust the items accordingly by revising the document. Further factor analysis was used to test internal consistency of the study variables.

The reliability of data collection instruments was determined from the pilot study where the researcher administered the research instruments to the other Banks in Eldoret town. The Cronbach's coefficient alpha was applied to test reliability of the research instrument. Cronbach's coefficient Alpha of the entire construct should be above 0.7 as recommended by Joppe (2000).

Data Analysis

The study initial data analysis was done using simple descriptive statistical measures such as, mean and standard deviation to give glimpse of the general trend. Also, correlation analysis and multiple regression analysis was also employed to test the hypotheses. The study utilized variable inflation factor (VIF) to handle the issue of multi-Collinearity.

The beta (β) coefficients for each independent variable were generated from the model, subjected to a t –test, in order to test each of the hypotheses under study. The regression model that was used to test is shown below:

$$y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \varepsilon$$

Where, Y = employee performance

α = Constant

$\beta_1 \dots \beta_2$ = the slope representing degree of change in independent variable by one unit variable.

X_1 = Economic Responsibility

X_2 = Legal Responsibility

ε = error term

All the above statistical tests were analyzed using the Statistical Package for Social Sciences (SPSS), version 20. All tests were two-tailed. Significant levels measured at 95% confidence level with significant differences recorded at $p < 0.05$

RESULTS

Dimension Reduction: Factor Analysis

An exploratory factor analysis was used to reduce the dimensionality of the data set into more manageable new sets of dimensions. This analysis is essential since it can detect patterns from the original data and extracted them into more meaningful underlying dimensions, known as factors (Jolliffe, 1986). It enabled to identify separate dimensions and further permits understanding as to what extent the construct is explained by each dimension (Hair *et al.*, 2006). In other words, it seeks sets of factors that can account for all common or unique variances in a given set of variables (Lu *et al.*, 2007). The analysis was conducted to each and every individual latent construct and the results of the analysis are described in the next sub-section.

Factor Analysis

Principal Component Analysis (PCA) was used to reduce the number of variables and to detect structure in the relationships between variables. The Kaiser Criterion of retaining only factors with eigen value greater than 1 was employed. To check the adequacy of the data for extraction of principal components, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and the Bartlett's test of sphericity were used. Consequently, a value of 0.5 and above for the KMO statistic and a significant measure of sphericity were acceptable as suggested by Tabachnick and Fidell (2001).

Table 1: KMO statistics

Test	Value
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.681
Approx. Chi-Square	2512.7
Sig.	0.00

Source (survey data, 2016)

Table 2 shows the factor loading for each item, they are sorted by size. Any item that fails to meet the criteria of having a factor loading value greater than 0.5 and loads on one and only one factor is dropped from the study (Liao *et al.*, 2007; TohTsu Wei *et al.*, 2008). The study requested that all loading less than 0.5 be suppressed in the output, hence providing blank spaces for many of the loadings. Thus, from the findings all values for all the factors were more than 0.5 reflecting the accepted value of factor loading.

Table 2: Factor Analysis

	x1	x2	x3	x4
Economic Responsibility				
quality products and services for customers with reasonable price	.77			
purchasing policies that favor the local communities	.73			
have recruitment policies that favor the local communities	.3			
ecologically sound products, use low-polluting technologies	.84			
organization use environmentally friendly packaging / containers	.67			
	.3			
	.600			
Legal responsibility				
		.60		
The bank operate under the laws and regulations when selling its services.		.8		
The bank take advantage of regulatory requirements to innovate products		.75		
Firm ensure adequate steps are taken against all forms of discrimination		.5		
The bank is committed to the health and safety of employees		.51		
The bank considers environmental impact when developing new products		.9		
		.26		
		.4		
		.79		
		.7		

Source (survey data, 2016)

The principal component analysis with varimax rotation churned out six factors with Eigenvalues greater than 1.0. The six factors extracted accounted for cumulatively 87.51% of the variance explained in outsourcing motives.

Table 3: Total Variance Explained

	Component			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Eigen values	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	17.033	48.666	48.666	17.0			14.78	42.227	42.227
2	5.406	15.447	64.113	5.40	15.447	64.113	4.84	13.85	56.077
3	3.528	10.08	74.193	3.52	10.08	74.193	4.058	11.594	67.671
4	3.213	9.181	83.374	3.21	9.181	83.374	3.702	10.578	78.249
5	1.856	5.302	88.675	1.85	5.302	88.675	3.241	9.261	87.51
6	1.806	5.161	93.836	1.80			6		

Rotation Method: Varimax with Kaiser Normalization.

Source (survey data, 2014)

Correlation Results

Correlation analysis is a technique of assessing the relationship between variables: economic responsibility and legal responsibility with firm competitive advantage. Thus, the study analyzed the relationships that are inherent among the independent and dependent variables. The results regarding this were summarized and presented in Table 4.

Findings revealed that economic responsibility was positively and significantly associated with firm competitive advantage ($r = 0.485$, $\rho < 0.01$) indicating positive relationship with firm competitive advantage, economic responsibility is also expected to influence firm competitive advantage by 23.52% basing on coefficient of determination of correlation.

Legal responsibility was also found to be positively correlated with firm competitive advantage ($r = 0.623$, $\rho < 0.01$) an indication of positive relationship with firm competitive advantage, legal responsibility is also expected to influence firm competitive advantage by 38.81% basing on coefficient of determination of correlation. This implies that economic responsibility and legal responsibility are expected to influence firm competitive advantage committee ethics.

Table 4: Correlation Results

		FC	ER	DR	LR	ER
FC	Firm competitiveness	1				
ER	Economic Responsibility	.485**	1			
LR	Legal responsibility	.623**	.398**	.687**	1	

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

Source: (survey data, 2016)

Regression Results

The study utilized a multiple regression model to analyses data. Before data analyses the following regression assumption was tested

Assumptions of Regression Model

Multiple regression analysis makes the following assumptions:

Test of Normality

The normality tests are supplementary to the graphical assessment of normality. Kolmogorov-Simonov test and Shapiro Wilk was used to test normality of the data. The test statistics are shown in table 5. Testing if the data comes from normal distribution: To examine the suitability of the data distribution Simonov test and Shapiro Wilk test was carried. In this study, the p-values are more than 0.05. Therefore, the study concluded that the data is from a normal distribution.

Table 5: Test of Normality

	Kolmogorov-Smirnov (KS) test			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Firm competitive advantage	0.243	119	0.061*	0.849	119	0.841*
Economic Responsibility	0.136	119	1.141*	0.912	119	0.072*
Legal responsibility	0.153	119	0.112*	0.918	119	0.311*

a Lilliefors Significance Correction, significant $p > 0.05$

Source: (Survey data, 2016)

Linearity means that the amount of change or rate of change, between scores on two variables is constant for the entire range of scores for the variables. From the above table 5 the graphical methods was used to examine the scatter plots which was within the trend line.

Test of Multicollinearity

Multicollinearity test was carried out to establish if the one or more predictor variables in a multiple regression model are highly correlated so that one can be linearly predicted from the others. Variance Inflation Factor (VIF) and coefficient of correlation between variables was used to test Multicollinearity. Table 6 results showed that the entire variable had VIF which were greater than 1 and less than 10 (Haire *et al.*, 2006). Hence, we conclude that there was no multicollinearity. Also, all the coefficients of correlation were less than 0.8 in table 4.8 as recommended by Haire *et al.*, (2006).

Test of Homoscedasticity

Homoscedasticity refers to the assumption that the dependent variable exhibits similar amounts of variance across the range of values for an independent variable.

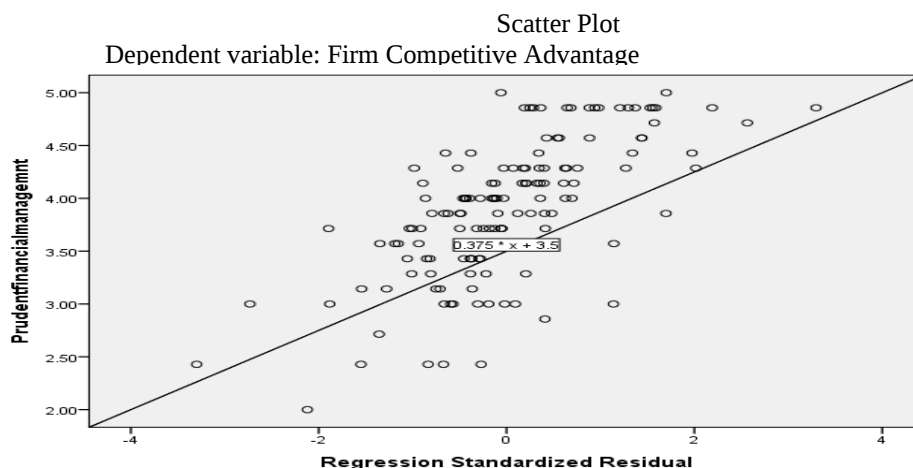


Figure 1: Scatter Plot

The findings in figure 1 shows spread of predicting variables are along the normal plot

Model Summary

Table 6 illustrates the model summary of multiple regression model, the results showed that all the four predictors (multiple sourcing, Supply chain financing, Supply relation and risk sharing clause) explained 39.8 percent variation of organization performance. This showed that considering the three study independent variables, there is a probability of predicting supply chain performance by 39.8% (R squared =0.398).

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.631 ^a	0.398	0.377	0.43546	1.363

a. Predictors: (Constant), economic responsibility, discretionary responsibility, legal responsibility and ethical responsibility

b. Dependent Variable: Firm competitive advantage

Source (survey data, 2016)

Analysis of Variance

To test the suitability of the research model in examine the suitability of the multiple regression model for analysis, the distribution F-statistic test was used, using the following two hypotheses were hypothesis H0 was rejected:

H0: The model is not appropriate; when the independent variables do not affect the dependent variable.

H1: The model is appropriate; when the independent variables do affect the dependent variable.

Study findings in ANOVA table 7 indicated that the above discussed coefficient of determination was significant as evidence of (Sig. F) ratio of 247.8152 with p value 0.000 <0.05 (level of significance) and so we accept the alternative hypothesis and we conclude the model used is appropriate to predict firm competitive advantage using economic responsibility and legal responsibility.

Table 7: ANOVA Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.290	4	3.573	18.840	0.000 ^b
	Residual	21.617	114	0.190		
	Total	35.907	118			

a. Dependent Variable: firm competitive advantage,

b. Predictors: (Constant), economic responsibility, , legal responsibility and ethical responsibility

Source (survey data, 2016)

Test of Hypotheses

Rule of the thumb when accepting or rejecting a hypothesis is accept when p-value is more than α and reject a hypothesis when p-value is less than α . For this study $\alpha = 0.05$ and was compared with p-values applicable to the stated hypotheses as below (Sekaran, 2003).

Hypothesis 1(**H0₁**) stated that there is no statistically significant effect between economic responsibility and firm competitive advantage. Findings showed that economic responsibility had coefficients of estimate which was positively associated to firm competitive advantage and had a significant effect basing on $\beta_1 = 0.038$ (p-value = 0.038 which was less than $\alpha = 0.05$), which implied that with one unit increase in economic responsibility by the organization firm competitive advantage will increase by 0.038 units as shown in table 9. Therefore, the null hypothesis was rejected and it was concluded that economic responsibility has a significant effect on firm competitive advantage.

Hypothesis 2 (**H0₂**) stated that there is no statistically significant effect between legal responsibility and firm competitive advantage. Findings showed that legal responsibility had coefficients of estimate which was positively associated to firm competitive advantage and had a significant effect basing on $\beta_3 = 0.433$ (p-value = 0.001 which was less than $\alpha = 0.05$), which implied that with one unit increase in legal responsibility by the organization firm competitive advantage will increase by 0.433 units as shown in table 8. Therefore, the null hypothesis was rejected and it was concluded that legal responsibility has a significant effect on firm competitive advantage.

Table 8: Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.504	0.366		4.113	0.000		
ECR	0.024	0.052	0.037	0.471	0.038*	.845	1.184
LR	0.344	0.065	0.433	5.316	0.000*	.796	1.257

a. Dependent Variable: firm competitive advantage, * significant at $p < 0.05$

b. ECR=economic responsibility, LR=legal responsibility

Source (survey data, 2016)

The rule of thumb was applied in the interpretation of the variance inflation factor. From table 8 above, the VIF for all the estimated parameters was found to be less than 10 which indicated the absence of multicollinearity among the independent factors (Hair *et al.*, 2010). This implied that the variation contributed by each of the independent factors was significant independently and all the factors were included in the prediction model.

CONCLUSION

Relationship with the community is more significant in the implementation of corporate social responsibility, the promotion of corporate image and reputation influences the adoption of corporate social responsibility practices by firms have adequate manpower to implement and oversee the corporate social responsibility initiatives. Adequately trained staff takes care of the implementation of corporate social responsibility activities and most banks allocates appropriate budget for their various corporate social responsibility initiatives. The findings from this study revealed that corporate social responsibility is an effective catalyst to bringing about positive societal change and corporate social responsibility better community relations result in better profit for banks. From the hypotheses tested, corporate social responsibility (corporate social responsibility) influences organizational reputation in firms. Corporate social responsibility adoption influences firm's performance and profitability. Economic,

social and environmental factors influence the performance of corporate social responsibility. Finally major findings from this study revealed that economic responsibility, and legal responsibility have positive relationship to firm competitive advantage.

RECOMMENDATIONS

Based on the findings from the study the study makes the following recommendations:

1. Leaders are tasked to ensure all the firms and company's adoption of corporate social responsibility is at an optimal level; they are expected to communicate the usefulness of corporate social responsibility adoption throughout all firms and organizations.
2. Employees should be properly trained and educated, in order to maximize benefits of corporate social responsibility to enhance rapid improvement of corporate reputation and business delivery system.
3. Furthermore, firms must also put in place market parameters that will enable them to be informed about being socially responsible to make corporate social responsibility adoption successful and to make their services and products meet expected economic, social and environmental needs.
4. Key stakeholders at every level should have the same focus and concern if they want to be effective and successful in any firm.
5. Firms should know or realize that corporate social responsibility is the means by which they can achieve their corporate mission and goals.
6. Firms should continue to monitor and maintain a positive adoption and implementation of corporate social responsibility which could reduce attrition within their firms; this could contribute to increases in firm's efficiencies.

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