



BEHOLD INTERNATIONAL



SUSTAINABLE INCLUSIVE BUSINESS
THE KNOWLEDGE CENTRE • KENYA

THE STATE OF CSR/SIB IN KENYA

The case of Kenyan Businesses

Friday, 11 November 2016

Research Overview

This research seeks to establish the extent at which Kenyan Corporate Businesses have understood CSR/SIB and if they have embedded it into their strategies. The specific How a CSR/SIB practice is connected to their employees engagement This research targeted businesses which are partners of Sustainable Inclusive Business (SIB) and those they have interacted with.

Research Methodology

To achieve the set out objectives, a [survey](#) was conducted. The survey was largely qualitative with most of the survey questions not providing choices. This was intentional to get the most out of the respondents and avoid leading them on. In some instances company visits were made where interviews were conducted face to face. Other information was collected through telephone calls.

We also relied partly on desktop research as a means of gaining extra knowledge on how businesses undertake CSR.

Importance of the research & set objectives

This research sought to establish the extent at which Kenyan businesses understand and have embedded CSR/SIB and employees engagement in their strategies.

The research sought feedback from 20 respondents of whom 15 are corporates while the other five a large SMEs.

Research Objectives

- Establish the understanding of CSR/SIB within Kenyan companies
- Establish the extent at which CSR/SIB is incorporated in the overall business strategies of businesses in Kenya
- To establish how far CSR/SIB is connected to employees engagement.
- To establish if Kenyan businesses generally report on Sustainability.
- To establish if Kenyan companies have a CSR ambition and what that would be.

Information about the Survey Respondents

This research targeted 20 respondents of who are multinationals or purely Kenyan businesses. Prior to taking the research, the respondents were not asked the extent of their knowledge in CSR/SIB.

KLM is the flag carrier airline of the Netherlands. With over 32000 employees, KLM has embraced sustainability and employee engagement to a large extent.

Equity Bank is a top tier Kenyan bank and considered the largest bank by customer numbers of over 9.2million. The bank employs over 10000 staff in Kenya and other East African countries. Sustainability as a business model is championed by it's social arm, the Equity Bank Foundation.

Faulu Micro Finance Bank LTD is a deposit-taking Micro Finance licensed by the Central Bank of Kenya. The DTM was recently acquired by the Old Mutual group.

Vision Institute of Professionals (VIP) is a top Accountancy and Business Training school in the country. The institution has trained over 5000 Accounting and Business Management Professionals since inception in the year 1998. The institute has an active CSR initiative in the traditional form (charity).

Information about the Survey Respondents

Sapro Planet: works with semi-arid region communities to help them identify their unearthed potential by addressing some of their socio-economic challenges. They work towards enhancing water harvesting for sustainable agriculture in a bid to ensure that the low-income communities are independent on their own.

Aztec Systems: deals with designing tech systems such as web-based systems , and networking infrastructure.

Uniglobe Lets Go Travel: is a leading tour and travel operators company in Kenya. With over 250 corporate clients, it provides comprehensive trip planning in accordance with the requirements set by the clients and ensuring that the accommodations provided are Eco-rated.

Solinc: has achieved market leadership in manufacturing and distribution of solar panels for industrial and home use. Implementation of Kaizen has enabled them to reduce waste and increase efficiency tremendously.

Fresh & Easy: is a subset of Mara Farming of Group of companies (a vegetable and fruit producer and exporter founded in 2013) which focuses on packaging and making available a fresh array of vegetables and fruits.

AON Insurance: is a leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services.

Information about the Survey Respondents

Global Partner Solutions GPS: develops capacity solutions and creates to receive and operate a growth and profit generating business through capacity building. They offer capacity assessment - gap analysis solutions which gauge your staff levels against firm priorities in technical trainings, soft skills and team synergy.

Serena Hotels: is a chain of hotels that comprises of 36 luxury resorts, safari lodges, and hotels located in East Africa and South Asia. Serena Hotels is also a member of the 'Leading Hotels of the World' Group, and acknowledged widely for their exceptional standards of service, efficiency and hospitality.

Chloride Exide: core business is distribution of automotive batteries, solar systems installation, backup systems installation, solar water heating and wind energy systems installations. Chloride Exide Kenya is ISO 9001:2008 certified, and aims to comply with, maintain and continuously improve the effectiveness of the ISO 9001:2008 Quality Management System.

Philips East Africa: comprises of Health Systems, Personal Health and Lighting Solutions businesses serving the East Africa region. Improving lives is the core mission of the company. they have delivered meaningful innovations search as the community life center which has supported hospital infrastructure and access to rural healthcare and energy efficient lighting systems.

Introduction: CSR/SIB

Corporate Social Responsibility (CSR) in Anno 2016 is described as a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. It is a way of doing business and being responsible for the full business impact; within your company, throughout the value/supply chain till the end-consumer.

'Sustainable and Inclusive Business' implies that companies take responsibility for the long-term impact of their business activities on people and the environment. They aim to have a (more) positive impact on People, Planet and Profit. 'Sustainable Inclusive Business' is an integral vision of sustainable business practices.

A Sustainable business is a business here to stay for the good (because the business ecosystem will sustain, which only happens because it is good, healthy and not impacting the people and planet in a negative way).

Inclusive business

- Product or service is benefiting low-income communities (BoP),
- Is including the community around the business into benefiting (experiencing a positive impact) by jobs, or improved infrastructure, etc.
- Having a positive impact on your human capital within the company by e.g. having a personal development plan in place, serving healthy lunch, etc.

Employees engagement

Employees Engagement falls under one of the Inclusive Business practices within your business.

Employee engagement is considered one of the most powerful measures of a company's success towards competitive advantage and high performance. It involves creating prospects for employees to attach with their managers, colleagues, work and organizations.

Enhanced levels of employee engagement are certainly needed. According to Gallup's 2013 State of the Global Workplace study, only 13% of employees across 142 countries are engaged at work. Another 63% are disengaged-essentially "checked out." And almost a quarter of all employees -24% are "actively disengaged." Taken together, these disengaged and "actively disengaged" workers outnumber the engaged workers by a ratio of almost 7:1.

Although employee engagement varies widely by region and by economic and cultural conditions, these globally low levels of employee engagement negatively impact not only performance, productivity, and bottom-line results, but also retention -particularly for a company's top performers who have the most employment options. On a macro level, these losses hinder economic productivity and quality of life for economies and countries globally.

Kenya, employees engagement

Employees engagement is measured using the following pillars:

1. Aligned goals - the process of promoting the visibility of business goals up, down, and across the organization so the entire workforce clearly understands the overall goals and involving other stakeholders.
2. Leadership - engagement of executive leaders and building future leaders in the organization and promoting leadership as process rather than a position.
3. Opportunity for growth - both horizontal and vertical growth is important for employees for instance in talent management and skills development.
4. Enabling systems - efforts for the workplace have an enabling environment for employees to thrive and create an inclusive environment.
5. Team work - the combined action of a group of people, especially when effective and efficient
6. Meaningful work - the degree to which people find their work to have significance and purpose, the contribution work makes to finding broader meaning in life, and the desire and means for one's work to make a positive contribution to the greater business goal.
7. Morale - self-confidence, enthusiasm, and/or loyalty to the organization. Morale flows from the people's conviction worth of their actions future rewards.

Kenya, CSR/SIB and employees engagement

Kenya ranked employee engagement and retention as their number one objective according to a study done by Deloitte East Africa. Engaging people has become even more of a business imperative in uncertain times. Organizations in Kenya are under unprecedented pressure to deliver greater value to their customers and shareholders. This value - in all its forms - is created by harnessing the discretionary efforts of employees.

Despite the absolute understanding of the importance and the impact on the business, companies will not give it the priority and attention they would like to give it. The other issue is that companies don't really know how to start and make it part of their business DNA and strategy.

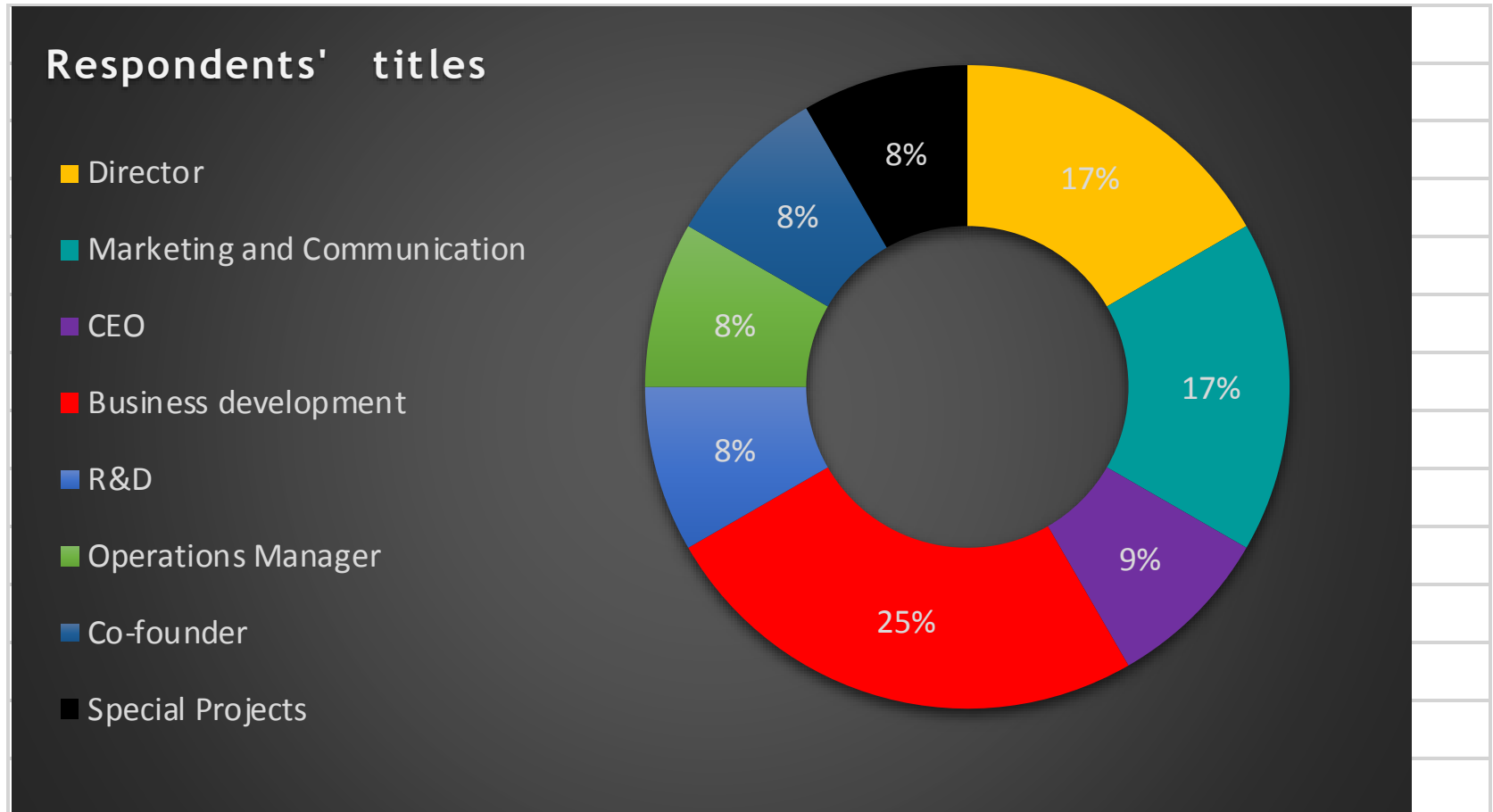
CSR activities (outside companies' activities, community work, charity) are considered part of the employees engagement under the pillar 'team activities'. SIB practices and employee engagement is part of SIB. On top of that SIB could be specifically connected to meaningful work and aligned responsibilities and goals. This is because improvement on waste, electricity use, selecting responsible suppliers, communicating transparently within the teams is all part of running the business in a Sustainable Inclusive way.

Research Findings and Conclusion

- CSR/SIB is a powerful employee and corporate engagement tool to build on employees' connectivity, team spirit and morale.
- Companies are gradually embedding CSR into their overall strategies. This has however not been integrated in its modern form (SIB) as a business model that allows businesses to make money and not just help communities.
- In stride, more companies are creating CSR policies in either the tradition or the new forms.
- There is a clear understanding of what employees engagement is, however there is not a clear understanding of what employees engagement pillars and tools could entail.
- A sizeable proportion of businesses in Kenya understand CSR but practice in its old form.
- More and more businesses have CSR/SIB activities and continue to involve a sizeable proportion of their employees.
- Kenyan businesses are allocating financial resources towards CSR activities. The amounts however differ from company to company based on the size.

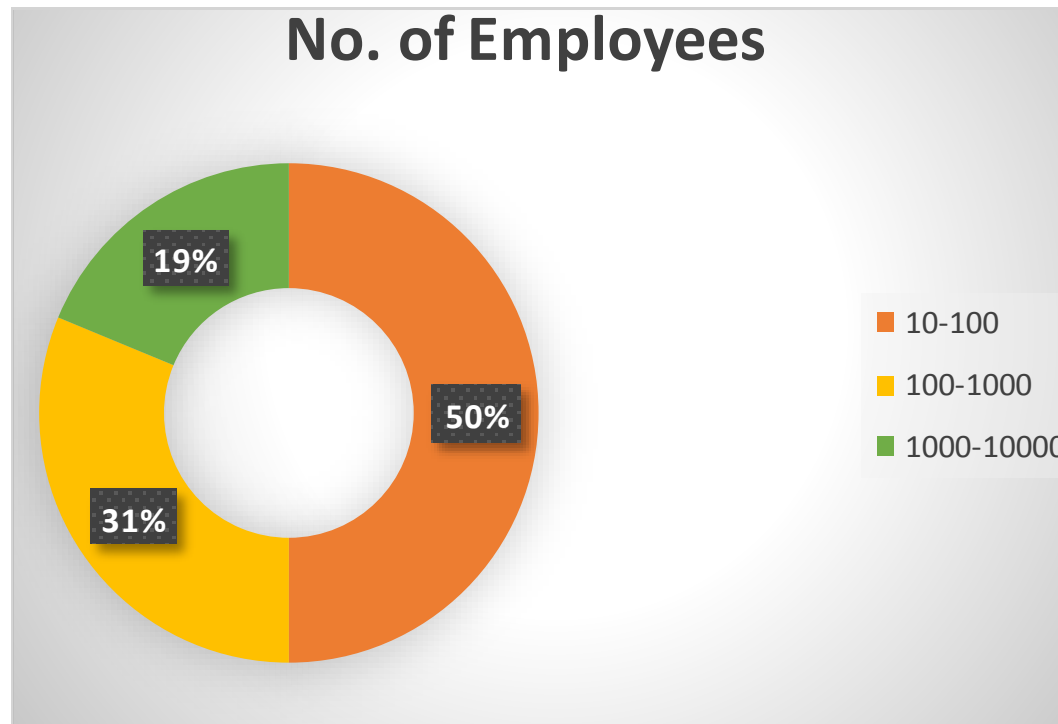
Summary of Results

Respondents' Departments



Size of companies surveyed

Most of the companies which did the survey are medium-sized and large companies. 19% have over 1000 employees, 31% have up to 1000 while the rest have upto 100 employees.



Sustainability acknowledged

The missions of some of the companies that responded to the survey indicate knowledge in modern CSR & SIB and the will to embed in the overall organisational structure. Here are some of the interesting missions:

Company	Mission
Uniglobe Lets Go Travel	To provide a professional thorough Travel experience that more than pleases the client.
Equity Bank	We offer Inclusive Customer focused financial services that economically and socially empower our clients and other stakeholders.
Solinc	Reliable renewable energy solutions that enhance humans life
Chloride Exide	Energy solutions for all!
Philips	To make the world healthier and more sustainable through innovation
V.I.P	To provide quality training and professional skills in Accountancy, Finance, Information and Communication Technology, Management and related areas through training, research and consultancy in order to produce professionals and managers of integrity.

Sustainability acknowledged

Company	Mission
Faulu Kenya MFB	Empowering Kenyans by giving them a hope and a future through relevant financial solutions
Serena Hotels	Our Mission is to create outstanding facilities faithfully reflecting ethnic designs that offer the highest standards of product and service and to provide Management and staff with an environment that enables them to deliver operating standards beyond the level of our guests expectations, resulting in satisfactory returns to our stakeholders.

Activities within CSR/SIB

Respondents seem to have CSR/SIB activities going on in their organisations. Notable ones are:

- Partnerships e.g. A bank partnering with schools and community based organisations to identify the most needy and bright students. These students are then awarded scholarships.
- Community engagement e.g. Engaging with local communities to provide basic amenities like water to a school in Limuru in Kenya's Kiambu county.
- All respondents but two also engaged employees in at least one CSR project. One of the respondents' has 20 SIB/CSR projects that involve employees.
- 100% of the respondents said that CSR/SIB costs them money ranging from USD 1000 to 10000. One of the respondents could not quantify as most of the CSR activities are coordinated from the head-office which is not based in Kenya.

CSR/SIB is the way to go

Old way CSR

- CSR is giving to the poor
- Helping people
- Doing good and supporting the less fortunate
- Activity outside your core business

New way CSR

- Being responsible across your value chain
- Actively promoting Sustainable along the company's value chain
- Getting practical and innovative ways to come up with solutions that lead to business and industrial growth.

Interpretation:

Respondents show a clear understanding Of CSR/SIB with **50%** seeing it as the traditional **CSR** e.g. Helping the poor, allocating part of Company profits towards supporting disadvantaged communities.

The other **50%** are the more liberal with a modern outlook on CSR. Some describe CSR/SIB as:

- Actively promoting Sustainable along the company's value chain
- Having Innovation and multi stakeholder approach
- Positive impact on People, Planet & Profit.
- Responsible for your full business impact

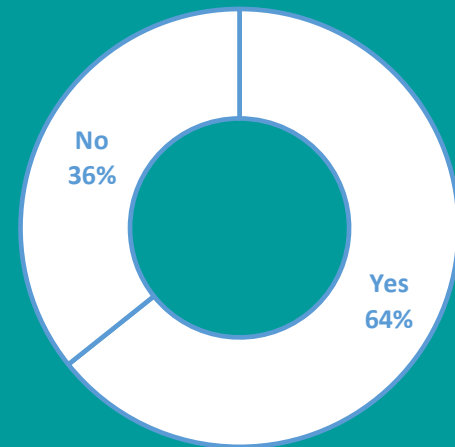
Existing CSR Policies

At least 64% of the respondents have an existing CSR policy while the 36% do not but clearly in the Line if developing one. In some of the companies e.g. Equity bank, the CSR policy is championed by the foundation.

Uniglobe Let's Go Travel: Innovation Enhancement to achieve Sustainable Development

Serena Hotels: Working on this now. Management are currently documenting Serena Hotels Business Model in a formal & holistic manner incorporating its CSR, Eco-Practices and Sustainability Strategy going forward. Given Serena Hotels history & pioneering role since the 1970s, Serena is currently preparing its Development Impact Measurement Strategy that will enable various stakeholders to understand the group's initial strategy and the ethics associated, together with the contributions to the regional hotel market and activity. Also a formalized and standardized system is currently being developed allowing for systematic measurement of the local footprint and contribution to local development and economic activity generated by Serena Hotels in Africa.

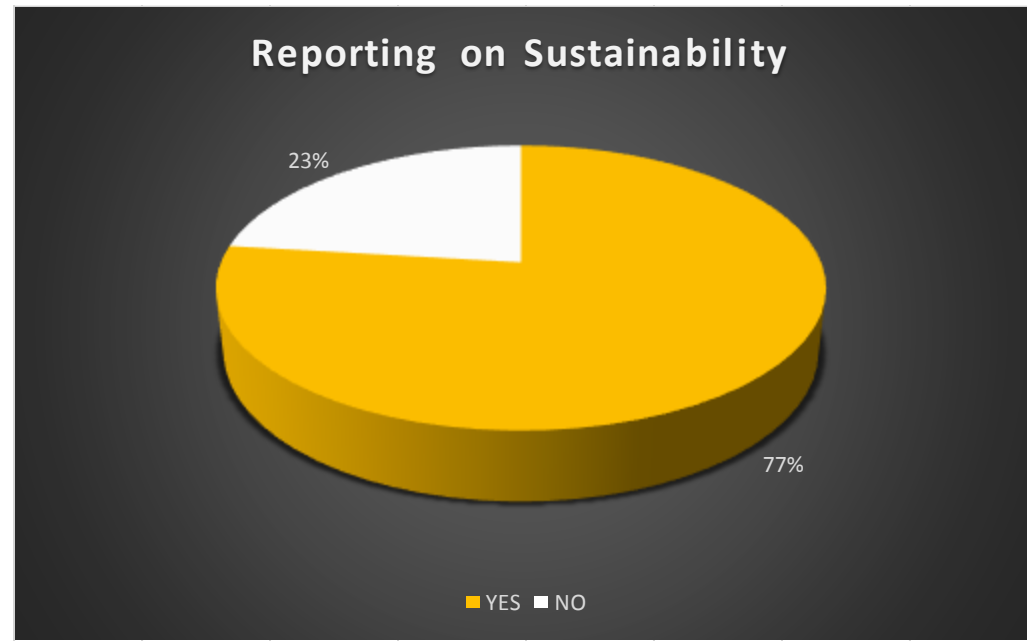
EXISTENCE OF A CSR POLICY



Sustainability Reporting

Reporting on CSR/SIB is a growing trend amongst Kenyan Businesses. From the respondents' feedback, **77%** said they report on CSR/SIB.

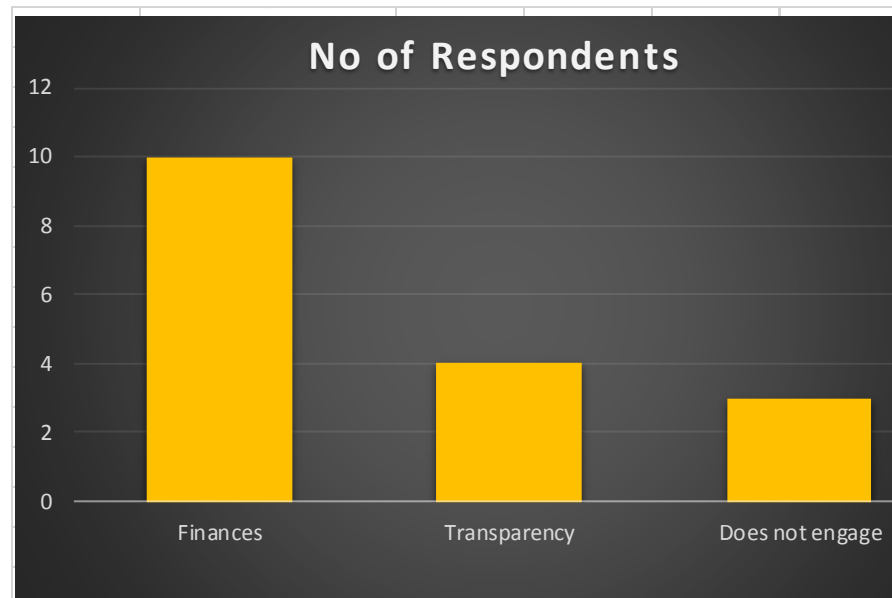
However reporting is not structured using the existing CSR/SIB reporting Indexes.



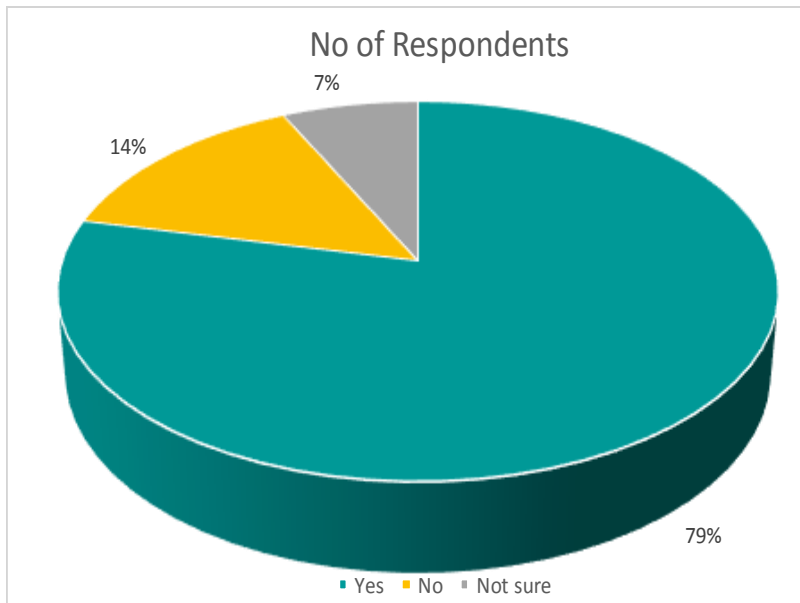
Challenges when carrying out CSR

There are two main challenges in implementing CSR as highlighted by the respondents;

- Finances - respondents said that they were unable to factor in CSR into their budgets while in most cases the money was not enough.
- Transparency - Respondents that see CSR in its traditional form had a transparency issue where identifying those who would benefit the most from CSR is in most cases embroiled in corruption.



Employees Engagement



79% of the respondents said that they engage in employee engagement while **14% don't**. The other 7% are not sure. Most of the engagement programs contained CSR activities in which 72% of them were charity.

In general, respondents see employee engagement as:

- Employee Motivation
- Employee involvement in company affairs
- Emotional Commitment that employees have to their work
- A good working environment for employees
- Engaging employees in CSR activities.

It is therefore clear that the understanding of what employees engagement is differs from company to company.

Communication on CSR/SIB activities is largely communicated to employees during staff meetings, job trainings, emails and through various departments.

Conclusion

- Old CSR activities are having a positive impact on engagement pillar 5. teamwork and 7. employee morale.
- New way CSR will have a positive impact on all engagement pillars.

Advise on companies to visit:

- Faulu Micro Finance Bank LTD
- Serena Hotels
- Uniglobe Lets Go Travel

*SIB shall provide the contacts and direct links at the point of visit.