Journal of Strategic Management

Corporate Social Responsibility, Bank Size and Customer Trust amongst Commercial Banks in Kenya

Joseph Obare Mogoki, Sr. Dr. Lucy Wanza & Dr. Pamela Eng'airo

ISSN: 2616-8472

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 3||Page 74-99||September||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Corporate Social Responsibility, Bank Size and Customer Trust amongst Commercial Banks in Kenya

***[1]Joseph Obare Mogoki, [2]Sr. Dr. Lucy Wanza & [3]Dr. Pamela Eng'airo**

[1]Post graduate Student, The Catholic University of Eastern Africa

[2,3]Lecturers, The Catholic University of Eastern Africa

*E-mail of corresponding author: **josephobare1@gmail.com**

How to cite this article: **Mogoki, J. O., Wanza, L. & Eng'airo, P. (2024), Corporate Social Responsibility, Bank Size and Customer Trust amongst Commercial Banks in Kenya,** ***Journal of Strategic Management, 8*****(3) pp.74-99.** https://doi.org/10.53819/81018102t4291

Abstract

Despite the commercial banks' significant position in Kenya's ever growing economy there is limited study on the influence of Corporate Social Responsibility (CSR) on consumer trust in the commercial banking industry. This study therefore sought to explore the impact of Corporate Social Responsibility (CSR) on customer trust in the commercial banking sector of Kenya. With focus on commercial banks, this research delved into how community investment, sustainable initiatives, stakeholder engagement, social welfare, and bank size influence customer trust. This study was anchored on Stakeholder Theory. A correlational research design was employed, targeting all the 39 commercial banks in Kenya. The analysis was centered on the banks as units of analysis, while observations were drawn from both customers and bank managers. The study used stratified sampling to select 384 bank customers population exceeding 1 million. Data was gathered through structured questionnaires and Key Informant Interview (KII), ensuring reliability and validity through Cronbach's Alpha test and content/construct validity testing. Analysis was conducted using descriptive and inferential statistics, including regression analysis and ANOVA. The results were presented on tables, charts and bars. The findings revealed a coefficient of determination (R^2) of 0.605 indicating that the CSR activities used in this study explain 60.5% of the variation in customer trust, suggesting a strong relationship between CSR and customer trust. The regression analysis demonstrated significant positive effects, with community investment ($\beta = 0.354$, $p = 0.000$), sustainable initiatives ($\beta = 0.235$, $p = 0.003$), stakeholder engagement ($\beta = 0.275$, $p = 0.000$), and social welfare ($\beta = 0.329$, $p = 0.000$) all positively influencing customer trust. Based on the findings, the study concludes that corporate social responsibility (CSR) activities, including community investment, sustainable initiatives, stakeholder engagement, and social welfare, significantly influence customer trust among commercial banks in Kenya. In view of the findings, the study recommends that commercial banks in Kenya should continue to invest in CSR activities as a strategic approach to enhance customer trust and loyalty. Policymakers should create supportive regulatory frameworks that encourage banks to adopt comprehensive CSR practices.

Keywords: *Corporate Social Responsibility, Community investment, Sustainable initiatives, Stakeholder engagement, Social welfare, Bank Size, Customer trust.*

1.0 Introduction

Trust is a fundamental pillar in diverse business sectors and industries, acting as the adhesive that binds the relationship between clients and business entities (Nirino et al., 2022). In contemporary society, the notion of trust encompasses multiple domains, with a specific emphasis on commercial interactions, particularly within the banking sector. Trust is an essential component for establishing a prosperous financial relationship (Hossain et al. 2019). Trust plays a significant role in the decision-making process of individual customers when it comes to selecting their preferred financial institution for saving money, obtaining loans, and seeking financial guidance (Alam *et al.*, 2020). From a commercial perspective, firms evaluate the degree of reliability prior to choosing a bank for loans, credit, or other financial services. Deterioration of this trust might result in client loss, decreased deposits, and potential regulatory investigation. In a fiercely competitive and tightly regulated setting, trust is not merely a moral virtue; it is an economic imperative for ensuring long-term viability in the sector.

Corporate social responsibility (CSR) encompasses the actions and position of a company in relation to its obligations towards society and stakeholders, and how it demonstrates its commitment to economic, legal, ethical, and discretionary aspects. The development of Corporate Social Responsibility has created new opportunities for exploration in the marketing literature (Mufli, 2021). Study findings from marketing researchers widely agree that appealing company affiliations have a beneficial impact on customer behavior, leading to customer loyalty through recommendations and repeat purchases (Nirino et al. 2022).

Over time, Corporate Social Responsibility has garnered considerable prominence across different industry sectors. Corporate Social Responsibility is a dynamic business approach that integrates sustainable development principles into a company's operational framework (Karim et al. 2023). It includes a broad range of activities, including as ethical labor practices, environmental sustainability, and community development. Corporate Social Responsibility, has evolved into more than just a humanitarian pursuit for banks. It is widely recognized as a strategic investment with the goal of achieving long-term sustainability. Customer trust is a critical factor in the success of any business, encompassing the belief that a company acts with integrity, competence, and benevolence. Trust is foundational for building and maintaining long-term relationships between customers and businesses, influencing customer loyalty, satisfaction, and positive word-of-mouth.

Globally, different banks have embarked on practices and activities that not only yield sustainability but also, foster their relationship with customers. For instance, JPMorgan Chase in the United States has allocated billions of dollars towards community development and the provision of affordable housing (Sebyhed & Hoffstetd, 2021). The involvement in such community activities have also enhanced the bank's reputation and fostered confidence amongst its clientele. Deutsche Bank in Germany has focused its corporate social responsibility efforts on promoting environmental sustainability (Schroder, 2021). Banking in Africa is experiencing significant growth. The importance of trust is growing as the number of individuals utilizing banking services continues to rise (Kosiba et al., 2019). For instance, Standard Bank in South Africa has actively participated in education and healthcare endeavors as part of their corporate social responsibility programs (Siueia et al., 2019). These activities have played a vital role in establishing trust among the local people. In Nigeria, Zenith Bank has actively endorsed and contributed to initiatives aimed at promoting environmental sustainability (Paul & Edino, 2020).

Bank size plays an important role in influencing customer trust, with both large and small banks offering unique trust-related advantages and challenges. Large banks, due to their extensive resources, often have the capacity to implement advanced security measures and sophisticated customer service systems, which can enhance customer trust. The banking industry in Kenya is a pivotal sector in the country's economy, characterized by a mix of large multinational banks and smaller local institutions. The sector is regulated by the CBK, which ensures financial stability and fosters a competitive banking environment. The industry has undergone substantial expansion in the last ten years, driven by innovations in financial technology (fintech) and mobile banking. Pioneers like M-Pesa have revolutionized the way Kenyans conduct financial transactions, making banking services more accessible to a broader population, including the previously unbanked segments. According to a report by the Kenya Bankers Association (2023), the adoption of digital banking has substantially increased, with more than 90% of the adult population having access to mobile banking services.

1.1 Statement of the Problem

Despite the commercial banks' significant position in Kenya's expanding economy there is limited study on the influence of CSR on consumer trust in the commercial banking industry. According to CBK, the industry has more than 40 commercial banks securing a customer base of over 12 million (Central Bank of Kenya. 2023). Nevertheless, this sector faces several obstacles, including volatility in economic stability during the past five years and the swift integration of digital banking, resulting in a 60% increase in online transactions within a span of two years (Korir, 2020). Recent study findings and surveys indicate a significant increase in corporate social responsibility efforts among the commercial bank institutions. Specifically, in the past five years, there has been a notable rise in corporate social responsibility endeavors that prioritize local communities, with a specific emphasis on education and agriculture (Muchiri et al., 2022). Although these statistics indicate a favorable trend, there exist limited literature on the degree to which these corporate social responsibility programs impact customer trust.

Customer trust among commercial banks in Kenya has been declining in recent years, with the erosion of trust attributable to various factors, including unethical business practices, lack of transparency, and inadequate corporate social responsibility (CSR) initiatives. According to a survey conducted by CBK in 2022, only 48% of Kenyans expressed high trust in commercial banks, a significant drop from 62% in 2018 (CBK, 2022). This decline in trust has been accompanied by an increase in customer complaints against banks, with the CBK receiving over 20,000 complaints in 2021, a 15% increase from the previous year (CBK, 2021). The Kenya Bankers Association (2021) reported that the number of fraud cases in the banking sector increased by 37% in 2020, amounting to losses of over KES 1.6 billion. Additionally, allegations of insider trading, market manipulation, and lack of transparency in pricing and fee structures have further tarnished the reputation of commercial banks (Mutua, 2021). Moreover, a study by Muriithi (2022) found that only 28% of Kenyans believed that commercial banks were actively engaged in CSR activities that benefited local communities.

Research findings suggest that client confidence in numerous Kenyan commercial banks have been uncertain. According to Muthama and Mbugua (2022), there has been a significant decline of 20% in consumer trust levels within the last three years. This decline has been linked to financial mismanagement and operational inefficiencies. However, there is a limited research that investigates the ability of CSR efforts to reestablish or increase this confidence. These corporate social responsibility initiatives vary from basic philanthropic contributions to intricate, enduring community endeavors, each presenting varied implications for customer confidence (Ruiz & Garcia, 2021). The current body of literature provides extensive analysis on the significance of CSR in other business sectors, but rarely focuses on its influence on customer trust specifically in Kenya's banking industry. Moreover, the current literature fails to consider the strategic role of CSR in establishing confidence, despite the fact that it emphasizes the challenges and opportunities that banks face. As a result, the purpose of this study was to address this gap by investigating the influence of corporate social responsibility on consumer trust in Kenya's commercial institutions.

1.2 Research Questions

i. What is the influence of community investment on customer trust among Commercial Banks in Kenya?
ii. How do sustainable initiatives influence customer trust among Commercial Banks in Kenya?
iii. What influence does stakeholder engagement have on customer trust among Commercial Banks in Kenya?
iv. How does social welfare influence customer trust among Commercial Banks in Kenya?
v. What is the moderating role of bank size on the relationship between corporate social responsibility on customer trust among commercial banks in Kenya?

1.3 Research Hypotheses

H_{a1}: Community investment has significant influence on customer trust among Commercial Banks in Kenya.

H_{a2}: Sustainable initiatives have significant influence on customer trust among Commercial Banks in Kenya.

H_{a3}: Stakeholder engagement has significant influence on customer trust among Commercial Banks in Kenya.

H_{a4}: Social welfare has significant influence on customer trust among Commercial Banks in Kenya.

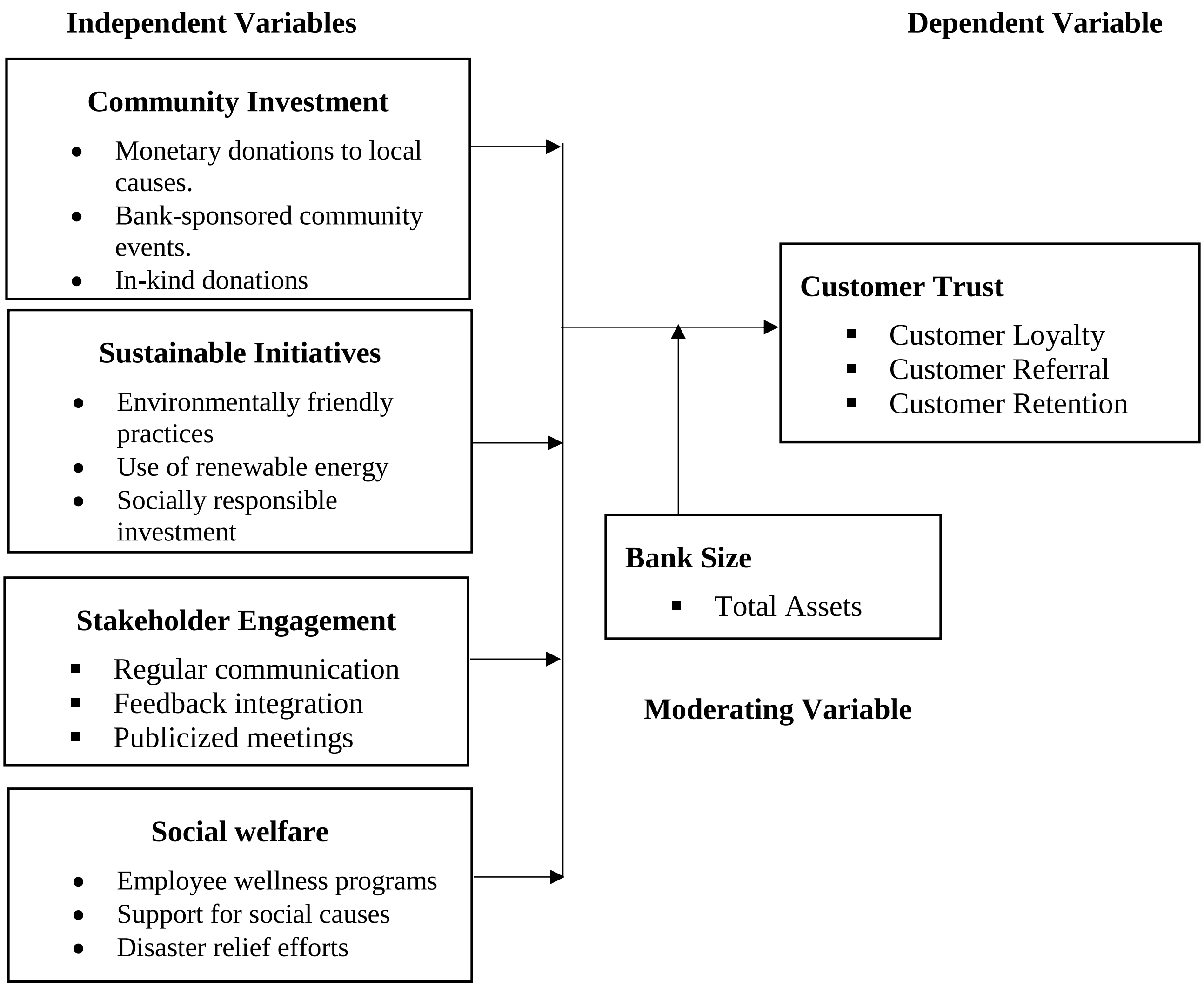
H_{a5}: Bank size has significant moderating role on the relationship between corporate social responsibilities on customer trust among commercial banks in Kenya.

1.4 Conceptual Framework

A conceptual framework is a graphical depiction of the connection that exists between the variable that will be independent and the variable that will be dependent.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 3||Page 74-99||September||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Figure 1: Conceptual Framework



Source: Adopted from Literature Review

2.1 Theoretical Framework

2.1.1 Stakeholder Theory

The study was anchored on Stakeholder Theory. Stakeholder Theory states that organizations have responsibilities to a wide range of stakeholders, not just shareholders (Goyal, 2022). These stakeholders include employees, customers, suppliers, and the broader community. In the context of CSR, Stakeholder Theory suggests that by engaging in socially responsible activities, a bank can meet or exceed the expectations of its stakeholders. This has the ability to enhance the bank's reputation, leading to increased customer trust (McGahan, 2023). The theory highlights the importance of considering the interests of all stakeholders in a business's operations, which in the case of Kenyan banks, may include addressing local social and environmental concerns, contributing to community development, and engaging in ethical business practices.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 3||Page 74-99||September||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Stakeholder Theory was considered relevant to this study because it provided a comprehensive framework for understanding the interconnectedness between commercial banks and their various stakeholders, including customers, employees, communities, and regulators. By embracing CSR initiatives, such as community investment, sustainable initiatives, stakeholder engagement, and social welfare programs, commercial banks are able to effectively address the diverse needs and expectations of these stakeholders. This is consistent with the core tenets of Stakeholder Theory, which advocate for businesses to create shared value for all stakeholders, thereby reinforcing the notion that *CSR activities can positively influence customer* trust within the banking sector in Kenya.

2.1.2 Social Exchange Theory

Homans (1958) is widely recognised as the one who first put out this notion. The goal of social interactions, according to this theory, is to maximise benefits while minimising costs, and social conduct is the end result of this exchange process. The underlying premise is that interactions between individuals can be understood as transactions where each party seeks to maximize their rewards while minimizing their losses. Social Exchange Theory is based on the principle of reciprocity, where positive actions by one party lead to a positive response from the other (Ahmad, Nawaz, Ishaq, Khan & Ashraf, 2023).

Social Exchange Theory helps in understanding human interactions and relationships. At its core, this theory states that individuals engage in social behaviors based on the principle of reciprocity, seeking to maximize rewards while minimizing costs (Homans, 1958). According to Homans, social exchanges involve a process of give-and-take, where individuals assess the benefits and drawbacks of their interactions with others. These exchanges can take various forms, ranging from tangible transactions such as financial exchanges to intangible exchanges such as emotional support or approval. By examining the dynamics of social exchanges, researchers can gain a deeper understanding of how individuals navigate their social environments and make decisions to optimize their outcomes (Blau, 1964). This theory helped the researcher to understand how CSR activities by commercial banks in Kenya can influence customer trust.

2.1.3 Legitimacy Theory

Dowling and Pfeffer established the Legitimacy Theory in 1975. Conformity between an organization's values and the social structure in which it functions is essential, according to legitimacy theory, if it wants to achieve legitimate status, which entails societal support and the removal of threats to its existence (Dowling & Pfeffer, 1975). Based on legitimacy theory, companies share social responsibility information in order to portray a responsible image and gain acceptance from their stakeholders. Legitimacy theory revolves around the concept of a social contract between business and society. Understanding how organisations strive to operate within societal norms and gain legitimacy among stakeholders is crucial. This includes customers, employees, governments, and the general public. At its core, the theory indicates that for an organization to sustain its operations and ensure long-term survival, it must conform to the prevailing social norms, values, and expectations (Suchman, 1995).

Legitimacy Theory provides framework for understanding the role of CSR in business strategy, emphasizing the need for organizations to align their operations and practices with societal expectations to secure and maintain legitimacy. This theory was deemed pertinent to our investigation due to the fact that it proposes that organisations consistently strive to guarantee that their acts are seen as legitimate by complying to the standards, values, and expectations of society.

Applied to CSR in banking, legitimacy theory helped the researcher explain how banks engage in CSR activities, like community investment and social welfare, to align with societal expectations and norms, thereby enhancing their trustworthiness in the eyes of customers.

2.1.4 Resource-Based View (RBV)

The Resource-Based View (RBV) theory was first developed by Barney (1991). This theory states that firms can achieve and sustain a competitive advantage by possessing and effectively utilizing valuable, rare, inimitable, and non-substitutable (VRIN) resources (Barney, 1991). All of these resources may be classified as either physical assets, such as technology and cash, or intangible assets, which include things like the reputation of the brand, the culture of the organisation, and intellectual property. The RBV posits that the unique combination and integration of these internal resources can enable a firm to outperform its rivals (Wernerfelt, 1984). One of the key tenets of RBV is the emphasis on the heterogeneity of resources across firms. This diversity in resources is what enables some firms to develop capabilities that are distinct and difficult for competitors to replicate (Peteraf, 1993).

The idea known as the Resource-Based View offers a complete framework for understanding how businesses may make use of their one-of-a-kind resources and skills in order to develop and maintain a competitive edge. The progress of the theory, which includes the creation of the dynamic capabilities framework, continues to keep it relevant for both academic research and strategic management practice. This is despite the fact that it has been subjected to criticism for what is believed to be its shortcomings. When it comes to strategic planning and competitive analysis, the RBV emphasises the need of looking inside at the distinctive resources and competencies that a company has as an essential component. A bank's resources that are dedicated to sustainable initiatives, community investment, and social welfare can be valuable, rare, and inimitable resources that contribute to building a trustworthy and ethical corporate image, thereby increasing customer trust.

2.2 Empirical Review

2.2.1 Community Investment and Customer Trust

Barlas et al. (2023) conducted a study to examine the influence of corporate social responsibility on the trust and loyalty of customers. The study focused on the business sector of Greek mobile telecommunications enterprises, as it was determined that research on issues related toCSR was not sufficiently comprehensive. The objective of the study was to examine consumers' perspectives regarding an organisation that prioritises its social responsibility. The theoretical framework was finalised by the compilation of queries. The objective of these surveys was to empirically analyse relationships and, in the end, to emphasise the importance of socially responsible enterprises operating within the mobile telecommunications industry in Greece. The research indicates that effective businesses are those that prioritise the enhancement and emphasis of their social impact and the return of value to society, in addition to increasing their sales and profitability.

Onyango et al. (2021) conducted research to determine the impact that community investment has on the level of confidence that customers have in commercial banks in Kenya. An approach of research known as descriptive research was used for this study, and data was gathered from 384 clients of commercial banks located in Nairobi County. A substantial positive association between community investment and consumer trust was shown to exist, according to the research. The study concluded that when banks invest in community development projects, such as education, health, and environmental conservation initiatives, it enhances their perceived reputation and trustworthiness among customers. Since the study only targeted customers, it presents methodological gap.

2.2.2 Sustainable Initiatives and Customer Trust

Raza et al. (2023) investigated the impact of sustainable practices in the communications industry on customer trust, including the moderating effect of views of greenwashing. The study collected data from a sample of 427 individuals who are customers of telecommunication companies in Pakistan. The findings revealed a positive relationship between sustainable initiatives, such as energy-efficient operations, e-waste management, and community development programs, and customer trust. However, this relationship was weakened when customers perceived greenwashing behavior from the telecommunication companies. This study presents contextual, conceptual and methodological gaps.

Chen and Chang (2023) assessed the influence of sustainability initiatives on customer trust in the airline industry, examining the mediating role of corporate reputation. The study adopted a quantitative approach and surveyed 612 airline passengers in Taiwan. The results showed that sustainability initiatives, such as fuel efficiency programs, carbon offsetting, and community engagement, positively affected customer trust. Furthermore, the connection between sustainability activities and consumer trust was somewhat influenced by business reputation. This research identifies and discusses gaps in the background, concepts, and methodology.

2.2.3 Stakeholder Engagement and Customer Trust

Lee and Park (2021) examined the impact of stakeholder engagement on customer trust in the retail industry, considering the moderating role of perceived greenwashing. The study collected data from 367 retail customers in South Korea. The results indicated that stakeholder engagement initiatives, such as employee training programs, community outreach activities, and sustainable supply chain practices, positively influenced customer trust. However, this relationship was weakened when customers perceived greenwashing behavior from the retail companies, highlighting the importance of transparency and credibility in stakeholder engagement efforts.

Yoon and Lee (2023) assessed the relationship between stakeholder engagement and customer trust in the hospitality industry, considering the moderating role of perceived corporate hypocrisy. The study collected data from 398 hotel guests in South Korea. The results showed that stakeholder engagement initiatives, such as employee empowerment programs, community involvement activities, and environmental sustainability practices, positively influenced customer trust. However, this relationship was moderated by perceived corporate hypocrisy, where customers who perceived a discrepancy between the hotel's stated values and actions exhibited lower levels of trust, despite stakeholder engagement efforts.

2.2.4 Social Welfare and Customer Trust

García-Jiménez et al. (2022) investigated the mediating function of corporate reputation in the relationship between social welfare initiatives and consumer trust in the energy sector. The study employed a quantitative approach and collected data from 512 energy customers in Spain. The findings revealed that social welfare initiatives, such as support for disadvantaged communities, investment in education programs, and promotion of energy access, positively influenced customer trust. Additionally, corporate reputation significantly mediated this relationship, suggesting that social welfare initiatives contribute to customer trust by enhancing the energy company's perceived reputation. This study presents contextual, conceptual and methodological gaps.

Kim and Choi (2023) investigated the mediating function of brand image in the relationship between the social welfare initiatives and consumer trust in the automotive industry. The study utilized a quantitative approach and collected data from 406 automotive customers in South Korea. The findings revealed that social welfare initiatives, such as support for underprivileged children, promotion of road safety education, and community development programs, positively influenced customer trust. Moreover, brand image significantly mediated this relationship, suggesting that social welfare initiatives contribute to customer trust by enhancing the automotive brand's image and reputation. This study presents contextual, conceptual and methodological gaps.

2.2.5 Bank Size and Customer Trust

Sumadi and Soliha conducted a study in 2015 that examined the correlation between customer satisfaction and the impact of bank image and trust on customer loyalty. The objective of the research was to examine the influence of the bank's image and trust on the satisfaction and loyalty of customers. The purposive sampling method was employed to select a sample of one hundred individuals for the research. This scholastic investigation employed both path analysis and multiple linear regression analysis. The hypothesis test revealed that the bank's image had a substantial positive impact on customer satisfaction, whereas trust did not have a significant impact on customer contentment. Additionally, the loyalty of the bank's consumers was not significantly affected by its image. Additionally, customer satisfaction and trust have a substantial positive impact on customer loyalty.

Several studies have explored how the size of commercial banks influences the impact of CSR initiatives on customer trust. For instance, research by Nyadzayo and Khajehzadeh (2016) found that the positive relationship between CSR and customer trust was stronger for larger banks compared to smaller ones. Larger banks often have greater resources and capabilities to invest in CSR initiatives and communicate their efforts to customers effectively, which enhances their credibility and trustworthiness in the eyes of customers. Similarly, studies by Wang and Wong (2019) and Liu et al. (2020) observed that larger banks tend to benefit more from CSR activities in terms of building customer trust due to their broader reach, market presence, and brand visibility. This study presents contextual, conceptual and methodological gaps.

3.0 Research Design

The study employed a correlational research design to evaluate the relationship between Corporate Social Responsibility and customer trust in the banking sector in Kenya. The study targeted commercial banks in Kenya totaling to 39 and comprising 9 tier 1 banks, eight tier two banks and twenty two tier three banks (Central Bank of Kenya, 2024). The units of analysis were the commercial banks while the units of observation were customers and bank managers. Primary data for this study was gathered using both structured questionnaire and Key Informant Interviews (KII). Primary data was customized to match the unique requirements and goals of a study, guaranteeing that the information gathered is pertinent and helpful.

The variables under study are easily collected and analyzed using quantitative data from questionnaires. In addition, KII was administered to the bank managers who were interviewed by the researcher to get more information in relation to the study variables. The study took a sample of 50% from each tier giving a sample of 20 commercial banks comprising 5 tier 1 banks, 4 tier 2

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 3||Page 74-99||September||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

banks and 11 tier 3 banks. Three hundred and eighty four (384) clients and 20 bank managers made up the 404-person sample size for this research.

The data obtained from the surveys was subjected to quantitative analysis in order to get descriptive and correlation statistics for demographic information. The data was then further analysed using descriptive categories, such as central-tendency measurements. In addition, the study conducted a regression study to find out how CSR affected customers' trust in Kenyan commercial banks. Data was analysed using SPSS software. Multiple regression modelling was the particular statistical approach employed. The study also conducted multiple linear regression analysis and the following multiple linear regression model was used.

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon_{it}}$$

Where:

Y = Customer Trust

X_1 = Community Investment

X_2 = Sustainable Initiatives

X_3 = Stakeholder Engagement

X_4 = Social Welfare

The constant term in the model is represented by the symbol β0, and the coefficient βi is equal to one divided by the numerator. According to the value of 4, the degree to which the dependent variable (Y) is affected by changes of one unit in the predictor variables X1, X2, X3, and X4 is shown. The error (Ô) term is responsible for capturing the variations in the model that cannot be explained. Following a thematic analysis of the qualitative data obtained from KII using content analysis, the findings were condensed into themes and subthemes.

In the research, the size of the bank served as the moderating variable. Hierarchical regression was used in order to investigate the moderating influence. The moderating role of bank size was analyzed in six steps as guided by the following hierarchal models;

Where:

Y = Customer Trust

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \quad (3.2)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \varepsilon \quad (3.3)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon \quad (3.4)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon \quad (3.5)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \varepsilon \quad (3.6)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \varepsilon \quad (3.7)$$

X_1 = Community Investment

X_2 = Sustainable Initiatives

X_3 = Stakeholder Engagement

https://doi.org/10.53819/81018102t4291

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 3||Page 74-99||September||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

X_4 = Social Welfare

M = Bank Size

X_6 = Community Investment* Bank Size

X_7= Sustainable Initiatives* Bank Size

X_8= Stakeholder Engagement* Bank Size

X_9= Social Welfare* Bank Size

ϵ = Error term.

4.0 Findings and Discussion

Out of the 384 consumers who were selected for the research, 368 of them were able to successfully complete the questionnaire and send it back. This represents a response rate of 95.8%. Likewise, out of the twenty bank managers who were selected for this research, twelve of them were able to be interviewed successfully, resulting in a response rate of sixty percent. The total response rate for the survey was 94.1%, with 380 out of 404 respondents successfully completing according to the study's instructions.

Demographic results showed that majority of the respondents were female (51.10%), while males comprised 48.90% of the sample. The respondents who were between the ages of 41 and 50 years old made up 31.80% of the sample, making them the biggest age group among the respondents. After this comes the age range of 31 to 40 years old, followed by the age range of 51 to 65 years old, both of which account for 20% of the answers. Additionally, largest proportion of respondents held a Diploma, comprising 38.70% of the sample. This is closely followed by those with a Bachelor's degree, making up 36% of the respondents. Respondents with a Master's degree accounted for 9.90%, while those with a PhD made up 3.50% of the sample. Majority of respondents (66.80%), had been customers of their banks for a period above 5 years and up to 10 years. This was followed by 17.90% of respondents who had been customers for more than 10 years, and 15.20% who had been customers for up to 5 years.

4.1 Descriptive Statistics

Community Investment

The first question that was posed for investigation was, "What is the impact of community investment on the level of trust that customers have in Commercial Banks in Kenya?" The findings are shown in Table 1.

Table 1: Descriptive Statistics on Community Investment

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
My bank makes monetary donations my community.	3.10%	1.70%	1.70%	32.40%	61.00%	4.466	0.873
My bank-sponsors community events.	2.80%	2.10%	9.70%	18.60%	66.90%	4.448	0.948
My bank regularly makes in-kind donations to the community which strengthens its relationship with the local community.	2.80%	2.10%	7.20%	29.70%	58.30%	4.386	0.916
My bank is actively involved in community development projects and this improves customer perceptions.	3.10%	5.50%	1.00%	24.80%	65.50%	4.441	0.987
I trust my bank because it actively support initiatives aimed at improving the welfare of the local community.	3.10%	2.40%	1.40%	25.50%	67.60%	4.521	0.893
My bank is involved in community investment programs which contribute to building a positive brand image.	2.80%	2.40%	1.00%	33.10%	60.70%	4.466	0.865
My bank prioritizes community investment as more ethical and trustworthy, resulting in higher levels of trust and loyalty.	6.20%	2.80%	1.00%	26.60%	63.40%	4.383	1.082
Overall Mean						**4.450**	

The results in Table 1 indicated that majority (93.4%) of the respondents agreed that their bank were making monetary donations to the community (Mean = 4.466, SD = 0.873). The results had a high mean and low standard deviation suggest a strong consensus among respondents that monetary donations by banks enhance customer trust. Similarly, majority (85.5%) agreed that their bank sponsors community events (Mean = 4.448, SD = 0.948), indicating that such sponsorships are perceived positively and consistently by customers. Regarding in-kind donations, 88.0% of respondents agreed that their bank regularly makes such contributions, which strengthens its relationship with the local community (Mean = 4.386, SD = 0.916). Additionally, 90.3% of respondents agreed that their banks were actively involved in community development projects, improving customer perceptions (Mean = 4.441, SD = 0.987).

A significant majority (93.1%) of respondents expressed trust in their bank because it actively supports initiatives aimed at improving the welfare of the local community (Mean = 4.521, SD = 0.893). This high mean indicates strong agreement, with limited variance, emphasizing the critical role of community support in building trust. The study also found that 93.8% of respondents agreed that their banks were involved in community investment programs contributing to a positive brand image (Mean = 4.466, SD = 0.865). Furthermore, 90.0% of respondents agreed that their bank prioritizes community investment, which they viewed as ethical and trustworthy, resulting in higher levels of trust and loyalty (Mean = 4.383, SD = 1.082). Although the standard deviation is slightly higher here, the overall agreement remains strong. These results showed an average mean of 4.450 across all statements, indicating a high level of agreement among respondents that community investment positively influences customer trust. In an interview, bank managers were asked to describe recent community investment initiatives their banks have undertaken in Kenya and how they communicate these efforts to their customers. In response, most of the bank managers indicated that:

> *"Our bank has recently launched a financial literacy program targeting young adults in underprivileged communities. We believe that educating the youth on financial management is crucial for their future success. We communicate these efforts through social media, newsletters, and community outreach events to ensure our customers are well-informed about our commitment to social development."*

Sustainable Initiatives

The second research question was how do sustainable initiatives influence customer trust among Commercial Banks in Kenya? The results are shown in Table 2.

Table 2: Descriptive Statistics on Sustainable Initiatives

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
My bank implements environmentally friendly practices, which positively impact my trust in the bank.	3.80%	1.40%	3.40%	42.10%	49.30%	4.317	0.909
I trust my bank more because it utilizes renewable energy sources in its operations.	3.40%	8.30%	3.10%	36.90%	48.30%	4.183	1.061
My bank is socially responsible investment initiatives.	7.20%	1.00%	3.10%	27.60%	61.00%	4.341	1.106
My bank is committed to reducing its carbon footprint through sustainable practices.	3.80%	1.40%	5.50%	26.90%	62.40%	4.428	0.947
I have greater trust in my bank because it actively supports initiatives aimed at addressing social and environmental issues in the community.	3.40%	1.00%	2.40%	24.80%	68.30%	4.534	0.881
The bank's participation in environmental conservation programs enhances its reputation.	7.60%	0.70%	3.40%	26.90%	61.40%	4.338	1.117
I perceive my bank as more ethical and trustworthy because it prioritizes sustainable initiatives.	6.20%	3.10%	3.40%	26.90%	60.30%	4.321	1.105
Overall Mean						**4.352**	

The results indicates that most (91.4%) of the respondents agreed that their bank implemented environmentally friendly practices, positively impacting their trust in the bank (Mean = 4.317, SD = 0.909). This high mean and relatively low standard deviation suggested that respondents consistently perceived these practices as trust-enhancing. Similarly, 85.2% of respondents agreed that they trusted their bank more because it utilized renewable energy sources in its operations

(Mean = 4.183, SD = 1.061). Regarding socially responsible investment initiatives, 88.6% of respondents agreed that their bank engaged in such initiatives (Mean = 4.341, SD = 1.106). This high mean indicated that respondents significantly valued these initiatives in building trust. Additionally, 89.3% of respondents agreed that their bank was committed to reducing its carbon footprint through sustainable practices (Mean = 4.428, SD = 0.947). The study revealed that a significant majority (93.1%) of respondents expressed greater trust in their bank because it actively supported initiatives aimed at addressing social and environmental issues in the community (Mean = 4.534, SD = 0.881). Moreover, 88.3% of respondents agreed that the bank's participation in environmental conservation programs enhanced its reputation (Mean = 4.338, SD = 1.117). Finally, 87.2% of respondents agreed that they perceived their bank as more ethical and trustworthy because it prioritized sustainable initiatives (Mean = 4.321, SD = 1.105). The results generally show an average mean of 4.352 across all statements, indicating a high level of agreement among respondents that sustainable initiatives positively influenced customer trust. In an interview with bank managers, the managers were asked to provide examples of sustainable or environmentally friendly practices their bank has adopted, most managers mentioned that:

> *"Our bank has implemented several green initiatives, such as switching to energy-efficient lighting in all our branches and encouraging paperless transactions. We've also partnered with environmental organizations to support tree planting campaigns. These initiatives are well-received by our customers, who appreciate our efforts to reduce our environmental footprint."*

Stakeholder Engagement

The third research question was what influence does stakeholder engagement have on customer trust among Commercial Banks in Kenya? The findings are shown in Table 3.

Table 3: Descriptive Statistics on Stakeholder Engagement

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
My bank engages in regular communication with stakeholders, such as customers and community members.	1.70%	1.70%	1.70%	44.50%	50.30%	4.400	0.766
My bank effectively integrates feedback from stakeholders into its decision-making processes.	1.00%	7.90%	0.70%	26.20%	64.10%	4.445	0.929
My bank is trustworthy because it publicly communicates and holds meetings with stakeholders to discuss relevant issues and gather input.	1.70%	13.40%	1.70%	36.20%	46.90%	4.131	1.080
My bank is committed to transparency and openness in its interactions with stakeholders enhances my trust in the bank.	6.60%	6.20%	1.00%	33.10%	53.10%	4.200	1.159
My bank actively seeks and values the opinions and concerns of its stakeholders.	1.70%	10.70%	1.40%	25.20%	61.00%	4.331	1.049
My bank always make effort to engage with stakeholders to demonstrate its commitment to accountability and responsible business practices.	1.00%	9.70%	1.00%	29.70%	58.60%	4.352	0.977
My bank prioritizes stakeholder engagement, resulting in higher levels of trust and loyalty from me.	1.70%	3.80%	1.40%	32.80%	60.30%	4.462	0.844
Overall Mean						**4.332**	

The results indicated that most (94.8%) respondents agreed that their bank engaged in regular communication with stakeholders, such as customers and community members (Mean = 4.400, SD = 0.766). This suggests a strong consensus that regular communication enhances customer trust. Similarly, 90.3% of respondents agreed that their bank effectively integrated feedback from stakeholders into its decision-making processes (Mean = 4.445, SD = 0.929). Regarding public communication and meetings with stakeholders, 83.1% of respondents agreed that their bank's practices in this area made it trustworthy (Mean = 4.131, SD = 1.080). Additionally, 86.2% of respondents agreed that their bank's commitment to transparency and openness in interactions with stakeholders enhanced their trust in the bank (Mean = 4.200, SD = 1.159). The study revealed that 86.2% of respondents agreed that their bank actively sought and valued the opinions and concerns of its stakeholders (Mean = 4.331, SD = 1.049). Furthermore, 88.3% of respondents agreed that their bank always made efforts to engage with stakeholders, demonstrating commitment to accountability and responsible business practices (Mean = 4.352, SD = 0.977). Finally, 93.1% of respondents agreed that their bank prioritized stakeholder engagement, resulting in higher levels of trust and loyalty (Mean = 4.462, SD = 0.844). This high level of agreement and low standard deviation highlight the positive influence of prioritizing stakeholder engagement on customer trust. These results show an average mean of 4.332 across all statements, indicating a high level of agreement among respondents on stakeholder engagement.

In an interview with bank managers, the managers were asked to indicate the strategies their bank employs to engage with various stakeholders, a bank manager stated that:

> *"We have a comprehensive stakeholder engagement strategy that includes regular meetings with community leaders, employee town halls, and customer advisory panels. These interactions help us understand the needs and concerns of our stakeholders, allowing us to address them proactively and build strong, trust-based relationships."*

Social Welfare

The fourth research question was how does social welfare influence customer trust among Commercial Banks in Kenya? The results are shown in Table 4.

Table 4: Descriptive Statistics on Social Welfare

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. dev.
My bank regularly implements community wellness programs that prioritize the well-being of my community.	4.80%	3.40%	3.80%	38.30%	49.70%	4.245	1.025
My bank actively supports social causes and initiatives aimed at improving the welfare of communities.	4.10%	5.90%	3.10%	29.00%	57.90%	4.307	1.062
My bank promptly provides disaster relief efforts during times of crisis or emergencies.	6.20%	4.10%	1.40%	26.20%	62.10%	4.338	1.117
My bank is committed to promoting employee well-being through wellness programs positively impacts my trust in the bank.	7.60%	4.80%	3.10%	22.40%	62.10%	4.266	1.209
My bank normally allocate resources and support to social causes that address important societal issues.	5.50%	4.50%	1.40%	21.70%	66.90%	4.400	1.097
My bank is actively involved in disaster relief efforts to demonstrate its social responsibility.	6.90%	5.20%	3.10%	21.00%	63.80%	4.297	1.189
My bank prioritizes social welfare initiatives, resulting in higher levels of trust and loyalty.	6.60%	4.10%	2.80%	29.70%	56.90%	4.262	1.135
Overall Mean						**4.302**	

https://doi.org/10.53819/81018102t4291

The results indicated that most (88.0%) respondents agreed that their bank regularly implements community wellness programs that prioritize the well-being of the community (Mean = 4.245, SD = 1.025). This result suggests that respondents consistently viewed these programs as enhancing trust. Similarly, 86.9% of respondents agreed that their banks actively supports social causes and initiatives aimed at improving the welfare of communities (Mean = 4.307, SD = 1.062). Regarding disaster relief efforts, 88.3% of respondents agreed that their bank promptly provides such efforts during times of crisis or emergencies (Mean = 4.338, SD = 1.117). Additionally, 84.5% of respondents agreed that their bank's commitment to promoting employee well-being through wellness programs positively impacted their trust (Mean = 4.266, SD = 1.209). The study revealed that 88.6% of respondents agreed that their bank allocates resources and support to social causes that address important societal issues (Mean = 4.400, SD = 1.097). Furthermore, 84.8% of respondents agreed that their bank is actively involved in disaster relief efforts to demonstrate social responsibility (Mean = 4.297, SD = 1.189). Finally, 86.6% of respondents agreed that their bank prioritizes social welfare initiatives, resulting in higher levels of trust and loyalty (Mean = 4.262, SD = 1.135). This high level of agreement and relatively low variance suggested that social welfare initiatives are highly valued by customers. The results show an average mean of 4.302 across all statements, indicating a high level of agreement among respondents that social welfare initiatives positively influenced customer trust.

In an interview, with bank managers, the managers were asked to indicate if they were incorporating social welfare activities into their CSR strategy, most of the bank managers shared that:

> *"Social welfare activities are a core part of our CSR strategy. For instance, we run a scholarship program for underprivileged students and sponsor health camps in rural areas. These initiatives not only support the community but also enhance our reputation as a bank that cares about social welfare."*

Customer Trust

The respondents were asked to rate their agreement or otherwise on statements relating to customer trust among Commercial Banks in Kenya. The results are shown in Table 5.

Table 5: Descriptive Statistics on Customer Trust

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
I trust my bank to fulfill its commitments and provide reliable services.	7.60%	5.20%	8.30%	39.70%	39.30%	3.979	1.170
I am likely to recommend my bank to friends and family.	6.90%	7.90%	7.90%	40.00%	37.20%	3.928	1.179
I remain loyal to my bank because of the trust I have in its services and operations.	6.60%	6.90%	6.90%	36.90%	42.80%	4.024	1.169
The bank's consistent delivery of high-quality services strengthens my trust in the bank.	6.60%	7.20%	7.60%	40.00%	38.60%	3.969	1.160
I believe my bank safeguard my financial assets and protect my personal information.	7.20%	7.60%	6.90%	39.00%	39.30%	3.955	1.192
Positive interactions with bank staff and efficient problem resolution enhance my trust in the bank.	7.60%	5.20%	8.60%	42.10%	36.60%	3.948	1.159
The bank's reputation for reliability and integrity contributes to my overall trust and confidence in the bank.	7.60%	4.80%	8.30%	39.00%	40.30%	3.997	1.169
Overall Mean						**3.971**	

The results indicated that most (79.0%) respondents agreed that they trust their bank to fulfill its commitments and provide reliable services (Mean = 3.979, SD = 1.170). This mean suggests that a majority of respondents have a high level of trust in their bank's reliability, although there is some variation in responses. Similarly, 77.2% of respondents agreed that they are likely to recommend their bank to friends and family (Mean = 3.928, SD = 1.179). Regarding loyalty, 79.7% of respondents agreed that they remain loyal to their bank because of the trust they have in its services and operations (Mean = 4.024, SD = 1.169). This slightly higher mean reflects the strong impact of trust on customer loyalty. Additionally, 78.6% of respondents agreed that the bank's consistent delivery of high-quality services strengthens their trust (Mean = 3.969, SD = 1.160). The study revealed that 78.3% of respondents agreed that they believe their bank safeguards their financial assets and protects their personal information (Mean = 3.955, SD = 1.192). Furthermore, 78.7% of respondents agreed that positive interactions with bank staff and efficient problem resolution enhance their trust in the bank (Mean = 3.948, SD = 1.159). Finally, 79.3% of respondents agreed that the bank's reputation for reliability and integrity contributes to their overall trust and confidence in the bank (Mean = 3.997, SD = 1.169). The results show an average mean of 3.971 across all statements, indicating a generally high level of agreement among respondents that various aspects of their bank's operations and services positively influenced their trust.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 3||Page 74-99||September||2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

4.2 Inferential Analysis Results

Correlation Analysis Results

This research used correlation analysis to find out how commercial banks in Kenya's CSR activities (such as community investment, sustainable initiatives, stakeholder involvement, and social welfare) affect customer trust. The correlation coefficient was calculated and results presented in Table 6.

Table 6: Correlation Matrix

		Customer Trust	Community Investment	Sustainable Initiatives	Stakeholder Engagement	Social Welfare	Bank Size
Customer Trust	Pearson Correlation	1.000					
	Sig. (2-tailed)						
Community Investment	Pearson Correlation	.697**	1.000				
	Sig. (2-tailed)	0.000					
Sustainable Initiatives	Pearson Correlation	.613**	.545**	1.000			
	Sig. (2-tailed)	0.000	0.000				
Stakeholder Engagement	Pearson Correlation	.595**	.511**	.499**	1.000		
	Sig. (2-tailed)	0.000	0.000	0.000			
Social Welfare	Pearson Correlation	.709**	.601**	.572**	.632**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		
Bank Size	Pearson Correlation	.570**	.409**	.636**	.625**	.658**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	

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

Based on the correlation analysis results in Table 5, there was a strong positive and significant association between community investment and customer trust among commercial banks in Kenya ($r = 0.697$, $p < 0.01$) at the 1% level of significance. This implies that community investment is strongly associated with customer trust in commercial banks in Kenya. The results are in line with what Herath saw in a study by Barlas et al. (2023), which concluded that successful businesses care about more than just making money; they want to make a difference in the world and give back to the community. The study also found a strong positive and significant association between sustainable initiatives and customer trust ($r = 0.613$, $p < 0.01$) at the 1% level of significance. This implies that sustainable initiatives are significantly related to customer trust in commercial banks. Similarly, the results show that there was a strong positive and significant association between stakeholder engagement and customer trust ($r = 0.595$, $p < 0.01$) at the 1% level of significance. This concurs with the findings of Nguyen and Nguyen (2022) which revealed a positive relationship between stakeholder engagement practices, such as employee welfare initiatives, community development programs, and environmental protection efforts, and customer trust.

Additionally, the study found a strong positive and significant association between social welfare and customer trust ($r = 0.709$, $p < 0.01$) at the 1% level of significance. This indicates that social welfare initiatives are strongly linked to customer trust in commercial banks. Additionally, at the 1% significance level, the research showed a substantial positive association ($r = 0.570$, $p < 0.01$) between bank size and consumer trust. This implies that consumer trust is influenced by the bank's size as well. The interdependencies between the independent variables were also significant, indicating that community investment, sustainable initiatives, stakeholder engagement, social welfare, and bank size are interrelated.

Regression Analysis Results

The model overview, the results of the analysis of variance, and the regression coefficients are shown in Tables 7, 8, and 9, respectively.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.778[a]	.605	.602	.62830

a Predictors: (Constant), Social Welfare, Stakeholder Engagement, Community Investment, Sustainable Initiatives

Based on the findings shown in Table 7, the coefficient of determination (R squared) was found to be 0.605, while the adjusted R squared was found to be 0.602, with a significance level of 95%. Given that the R squared value for this research was 0.605, it can be deduced that the independent variables that were used in this investigation, including community investment, sustainable initiatives, stakeholder involvement, and social welfare, together account for 60.5% of the variance in customer confidence across commercial banks in Kenya.

Table 8: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	108.717	4	27.179	158.017	.000[b]
1	Residual	62.353	363	.172		
	Total	171.069	367			

a. Dependent Variable: Customer Trust

b. Predictors: (Constant), Social Welfare, Stakeholder Engagement, Community Investment, Sustainable Initiatives

The ANOVA results in Table 8 indicate that the model adopted by the researcher was statistically significant in explaining the influence of community investment, sustainable initiatives, stakeholder engagement, and social welfare on consumer trust among commercial banks in Kenya. This is indicated by a p-value of 0.000, which is less than the significance level of 0.05. The F statistic of 158.017 further supports the model's statistical significance. These results suggest that the independent variables used in the study collectively have a significant influence on consumer trust in commercial banks. Table 9 shows regression coefficient results.

Table 9: Multiple Regression of Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.877	.106		8.298	.001
	Community Investment	.354	.032	.314	11.180	.000
	Sustainable Initiatives	.235	.033	.227	7.039	.003
	Stakeholder Engagement	.275	.033	.253	8.406	.000
	Social Welfare	.329	.031	.307	10.490	.000

a. Dependent Variable: Customer Trust

The regression model therefore became;

$$Y = 0.877 + 0.354X_1 + 0.235X_2 + 0.275X_3 + 0.329X_4$$

Where:

Y = Customer Trust

X_1= Community Investment

X_2 = Sustainable Initiatives

X_3 = Stakeholder Engagement

X_4= Social Welfare

Community investment was shown to have a positive and substantial impact on consumer trust among commercial banks in Kenya, as indicated by the regression results ($\beta = 0.354$, $p = .000 < .05$). This was further confirmed by the fact that the t-statistic that was computed was 11.180, which was higher than the crucial t-statistic of 1.96. This further demonstrated the relevance of the findings. Taking into consideration the outcome, it can be deduced that a rise of 0.354 units in consumer confidence is the consequence of a unit improvement in community investment. Similar to the previous example, it was shown that sustainable efforts had a positive and substantial impact on consumer trust ($\beta = 0.235$, $p = .003 < .05$). In addition, the findings demonstrated that the level of stakeholder involvement had a noteworthy and favourable impact on the level of confidence that customers had in the company ($\beta = 0.275$, $p = .000 < .05$). The importance of this was confirmed by the fact that the estimated t-statistic of 8.406 was higher than the crucial t-statistic of 1.96, which was the benchmark for statistical significance. Furthermore, the relationship between social welfare and consumer trust was shown to be favourable and statistically significant ($\beta = 0.329$, $p = .000 < .05$). Based on the findings, it seems that a gain of 0.329 units in consumer confidence is a consequence of a unit improvement in social welfare efforts.

These regression results are in accordance with the recommendations of Barasa (2016), which include the necessity of stakeholder (community) involvement in the award of scholarships, the provision of KCB-branded sport kits to a greater number of sports teams to promote their products and services, the KCB group's increased funding for community investment in the health sector, and the intensification of campaigns and awareness campaigns regarding the green environment.

Moderating Effect of Bank Size

What is the moderating influence of bank size on the link between corporate social responsibility and customer trust among commercial banks in Kenya?

Goodness of Fit for the Moderating Effect of Bank Size

The findings shown in Table 10 demonstrate that the moderating impact of bank size is a good match for the data.

Table 10: Model Fitness for the Moderating Effect of Bank Size

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871a	.759	.755	.49342

a. Predictors: (Constant), Social Welfare, Stakeholder Engagement, Community Investment, Sustainable Initiatives, Bank Size, Social Welfare*Bank Size, Stakeholder Engagement*Bank Size, Community Investment*Bank Size, Sustainable Initiatives*Bank Size

b. Dependent Variable: Customer Trust

The results in Table 10 demonstrate that the R-squared value after moderation by bank size is 0.759, which is higher than the non-moderated effect (which had an R-squared value of 0.605). This increase in the R-squared value indicates that bank size moderates the relationship between corporate social responsibility practices and customer trust, explaining 75.9% of the variations in customer trust among commercial banks in Kenya.

ANOVA Analysis for the Moderating Effect of Bank Size

The results presented in Table 11 shows the Analysis of Variance (ANOVA) results on the moderating effect of bank Size.

Table 11: ANOVA for the Moderating Effect of Bank Size

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	241.592	9	26.844	32.763	.000b
1	Residual	293.408	358	.820		
	Total	535.000	367			

a. Dependent Variable: Employee Engagement

b. Predictors: (Constant), Social Welfare, Stakeholder Engagement, Community Investment, Sustainable Initiatives, Bank Size, Social Welfare*Bank Size, Stakeholder Engagement*Bank Size, Community Investment*Bank Size, Sustainable Initiatives*Bank Size

The ANOVA results presented in Table 11 confirm that the regression model of the moderating effect of bank size on the relationship between corporate social responsibility practices (community investment, sustainable initiatives, stakeholder engagement, and social welfare) and customer trust among commercial banks in Kenya is statistically significant. This is supported by an F-statistic value of 32.763 with a corresponding p-value of 0.000 (less than 0.05).

Regression Coefficients Analysis for the Moderating Effect of Bank Size

The results in Table12 show the regression coefficients after moderation using bank size.

Table 12: Moderating Effect of Bank Size

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.977	0.250	1.561	3.908	0.000
	Community Investment	0.492	0.120	0.588	4.100	0.000
	Sustainable Initiatives	.003	.156	.004	.019	0.985
	Stakeholder Engagement	0.250	0.110	0.004	2.273	0.023
	Social Welfare	0.237	0.100	0.295	2.370	0.018
	Bank Size	0.282	0.130	0.226	2.169	0.030
	Community Investment*Bank Size	0.200	0.090	0.396	2.222	0.027
	Sustainable Initiatives*Bank Size	0.150	0.070	0.283	2.143	0.034
	Stakeholder Engagement*Bank Size	0.140	0.050	0.160	2.800	0.005
	Social Welfare*Bank Size	0.190	0.070	0.253	2.714	0.007

a. Dependent Variable: Customer Trust

Following the moderation with bank size, the level of community investment was found to be significant (p-value = 0.000 < 0.05). Furthermore, the interaction term, which is comprised of Community Investment and Bank Size, was shown to be statistically significant (p-value = 0.027). It may be deduced from this that the size of the bank acts as a moderator in the link between patron trust and community investment. Despite the fact that the size of the bank was moderated, sustainable activities did not have a significant impact (p-value = 0.985 > 0.05). Furthermore, the presence of the interaction term (Sustainable Initiatives*Bank Size) was shown to be statistically significant (p-value = 0.034 < 0.05).

When the size of the bank was taken into account, the level of stakeholder engagement was shown to be significant (p-value = 0.023 < 0.05). Additionally, the interaction term, which is comprised of Stakeholder Engagement and Bank Size, was shown to be statistically significant (p-value = 0.005 < 0.05). After the moderation with bank size, the Social Welfare was shown to be significant (p-value = 0.018, which is less than 0.05). Furthermore, the interaction term, which is the combination of Social Welfare and Bank Size, was also shown to be significant (p-value = 0.007, which is less than the predetermined threshold of 0.05). As a result, this suggests that the size of the bank acts as a moderator in the link between social welfare activities and trustworthy customers.

5.0 Conclusions

Based on the findings, the study concludes that community investment significantly influences customer trust among commercial banks in Kenya. The banks' efforts in making monetary donations, sponsoring community events, and regularly making in-kind donations are perceived positively by customers. These activities strengthen the relationship with the local community, enhancing customer trust. In addition, the study concludes that sustainable initiatives have a significant influence on customer trust among commercial banks in Kenya. Environmentally friendly practices, the use of renewable energy sources, and socially responsible investment initiatives are highly valued by customers. Banks' commitments to reducing their carbon footprint and supporting social and environmental issues positively impact customer trust. In terms of stakeholder engagement, the study concludes that it plays a vital role in enhancing customer trust among commercial banks in Kenya.

Regular communication with stakeholders, effective integration of stakeholder feedback into decision-making processes, and public communication and meetings with stakeholders demonstrate the banks' commitment to transparency and accountability. The study further concludes that social welfare initiatives significantly influence customer trust among commercial banks in Kenya. Community wellness programs, support for social causes and initiatives, and prompt disaster relief efforts are highly valued by customers. Banks' commitments to promoting employee well-being and allocating resources to important societal issues enhance customer trust. Moreover, the study concludes that bank size plays a significant moderating role in the relationship between corporate social responsibility (CSR) practices and customer trust among commercial banks in Kenya. Larger banks, with their extensive resources and broader reach, are better positioned to leverage CSR initiatives to enhance customer trust.

6.0 Recommendations

In view of the findings, the study recommends that commercial banks in Kenya should continue and expand their community investment programs, such as monetary donations, sponsoring community events, and making in-kind contributions. These initiatives should be communicated effectively to customers through social media, newsletters, and community outreach events to enhance the banks' visibility and reinforce their commitment to community development. Banks should also focus on developing financial literacy programs targeting underprivileged communities to further strengthen customer trust.

Moreover, the study recommends that commercial banks should develop comprehensive stakeholder engagement strategies that include regular communication with community leaders, employee town halls, and customer advisory panels. By actively seeking and valuing stakeholder feedback and integrating it into decision-making processes, banks can build stronger, trust-based relationships with their customers. Transparency and openness in interactions with stakeholders should be prioritized to demonstrate accountability and commitment to responsible business practices. Banks should incorporate social welfare activities as a core component of their CSR strategy. Initiatives such as community wellness programs, support for social causes, and disaster relief efforts should be actively pursued and communicated to customers.

REFERENCES

Ahmad, N., Ullah, Z., AlDhaen, E., Han, H., & Scholz, M. (2022). *A CSR perspective to foster employee creativity in the banking sector: The role of work engagement and psychological safety*. Journal of Retailing and Consumer Services, 67, 102968. https://doi.org/10.1016/j.jretconser.2022.102968

Ahmad, R., Nawaz, M. R., Ishaq, M. I., Khan, M. M., & Ashraf, H. A. (2023). Social exchange theory: Systematic review and future directions. *Frontiers in Psychology*, *13*, 1015921. https://doi.org/10.3389/fpsyg.2022.1015921

Alam, M. M. D., Karim, R. A., & Habiba, W. (2021). The relationship between CRM and customer loyalty: The moderating role of customer trust. International Journal of Bank Marketing, 39(7), 1248-1272. https://doi.org/10.1108/IJBM-12-2020-0607

Barlas, A., Valakosta, A., Katsionis, C., Oikonomou, A., & Brinia, V. (2023). The Effect of Corporate Social Responsibility on Customer Trust and Loyalty. *Sustainability*, *15*(2), 1036. https://doi.org/10.3390/su15021036

Blau, P. M. (1964). Exchange and power in social life. Transaction Publishers.

Chen, Y., & Chang, C. (2023). Sustainability initiatives and customer trust in the airline industry: The mediating role of corporate reputation. *Journal of Air Transport Management*, *106*, 102307. https://doi.org/10.1016/j.jairtraman.2023.102307

Cho, S. J., Chung, C. Y., & Young, J. (2019). Study on the Relationship between CSR and Financial Performance. Sustainability, 11(2), 343. https://doi.org/10.3390/su11020343

Cooper, D. R., Schindler, P. S., Cooper, D. R., & Schindler, P. S. (2006). *Marketing research*. New York: McGraw-Hill/Irwin.

Gan, Q., & Lau, R. Y. K. (2024). Trust in a ‘trust-free ‘system: Blockchain acceptance in the banking and finance sector. *Technological Forecasting and Social Change*, *199*, 123050. https://doi.org/10.1016/j.techfore.2023.123050

Herath, H. M. A. K., & Herath, H. M. S. P. (2022). Impact of green banking initiatives on customer satisfaction. *IOSR Journal of Business and Management*, *24*(7), 1-19.

Homans, G. C. (1958). *Social behavior as exchange. American Journal of Sociology, 63*(6), 597-606. https://doi.org/10.1086/222355

Hossain, M. S., Hasan, R., Kabir, S. B., Mahbub, N., & Zayed, N. M. (2019). Customer participation, value, satisfaction, trust and loyalty: an interactive and collaborative strategic action. Academy of Strategic Management Journal, 18(3), 1-7.

Karim, S., Manab, N. A., & Ismail, R. B. (2023). Assessing the governance mechanisms, corporate social responsibility and performance: the moderating effect of board independence. Global Business Review, 24(3), 550-562. https://doi.org/10.1177/0972150920917773

Kim, S., & Lee, D. (2020). Corporate social responsibility and customer trust: *The mediating role of corporate reputation. Sustainability, 12*(8), 3255.

Kosiba, J. P., Boateng, H., Okoe, A. F., & Hinson, R. (2020). Trust and customer engagement in the banking sector in Ghana. *The Service industries journal*, *40*(13-14), 960-973. https://doi.org/10.1080/02642069.2018.1520219

Lee, K., & Shin, D. (2022). Sustainable initiatives and customer trust in the fashion industry: A cross-cultural study. *Journal of Business Research, 145*, 118-132. https://doi.org/10.1016/j.jbusres.2022.02.024

Liu, X., Zhou, J., Zhou, N., & Luo, Y. (2020). Impact of corporate social responsibility on customer trust: *The moderating role of industry competition intensity. Sustainability*, *12*(3), 1180.

McGahan, A. M. (2023). The new stakeholder theory on organizational purpose. *Strategy Science*. https://doi.org/10.1287/stsc.2023.0184

Muchiri, M. K., Erdei-Gally, S., & Fekete-Farkas, M. (2022). Effect of CSR on the Financial Performance of Financial Institutions in Kenya. *Economies*, *10*(7), 174. https://doi.org/10.3390/economies10070174

Nguyen, H. M., Nguyen, C., Ngo, T. T., & Nguyen, L. V. (2019). The effects of job crafting on work engagement and work performance: A study of Vietnamese commercial banks. *Journal of Asian Finance, Economics and Business*, *6*(2), 189-201. https://doi.org/10.13106/jafeb.2019.vol6.no2.189

Nirino, N., Ferraris, A., Miglietta, N., & Invernizzi, A. C. (2022). Intellectual capital: the missing link in the corporate social responsibility–financial performance relationship. *Journal of Intellectual Capital*, *23*(2), 420-438. https://doi.org/10.1108/JIC-02-2020-0038

Ruiz, B., & Garcia, J. A. (2021). Analyzing the relationship between CSR and reputation in the banking sector. *Journal of Retailing and Consumer Services*, *61*(10), 25-52. https://doi.org/10.1016/j.jretconser.2021.102552

Siueia, T. T., Wang, J., & Deladem, T. G. (2019). Corporate Social Responsibility and financial performance: A comparative study in the Sub-Saharan Africa banking sector. *Journal of Cleaner Production*, *226*, 658-668. https://doi.org/10.1016/j.jclepro.2019.04.027

Sumadi, S., & Soliha, E. (2015). The Effect of Bank Image and Trust on Loyality Mediated by Customer Satisfaction. *JDM (Jurnal Dinamika Manajemen)*, *6*(2). https://doi.org/10.15294/jdm.v6i2.4301

Wang, H., & Wong, I. A. (2019). Corporate social responsibility, customer trust, and financial performance: New empirical evidence from Chinese banking sector. *Sustainability*, *11*(17), 4641.

Yoon, S., & Lee, S. (2023). Stakeholder engagement and customer trust in the hospitality industry: The moderating role of perceived corporate hypocrisy. *International Journal of Hospitality Management*, *104*, 103350. https://doi.org/10.1016/j.ijhm.2022.103350

Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2013). *Business research methods*. Cengage learning.