

**MANAGERS ATTITUDE AND RESPONSE TOWARDS SOCIAL
RESPONSIBILITY; THE CASE OF LARGE SCALE MANUFACTURING
FIRMS IN NAIROBI.**

BY

AGNES KAMAU

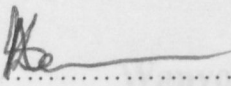
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**A MANAGEMENT PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENT FOR THE DEGREE OF MASTER OF BUSINESS
AND ADMINISTRATION (MBA), FACULTY OF COMMERCE,
UNIVERSITY OF NAIROBI**

APRIL 2001.

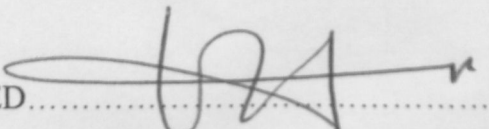
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THIS PROJECT IS MY ORIGINAL WORK AND HAS NOT BEEN PRESENTED FOR A DEGREE IN ANY OTHER UNIVERSITY.

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THIS PROJECT HAS BEEN SUBMITTED FOR EXAMINATION WITH MY APPROVAL AS THE UNIVERSITY SUPERVISOR.

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ACKNOWLEDGEMENT

To my

I wish to extend my sincere thanks to my supervisor Mr. D.O Ochieng for his reasonable comments, constructive criticism and guidance, which provided much needed support in my endeavour to undertake and complete this research paper.

Husband Kamau,

Children

I am profoundly indebted to Mr. P. Wanyoike for his unwavering support throughout my studies and for inspiring me to undertake this programme.

Wanyoike, Wanjiku & Wahome,

For the Sacrifice of their time which they had a rightful claim.

My special thanks go to my father Mr. Henry Wanjiku for his financial support throughout the program. Special thanks to my father, Mr. Henry Wanjiku for his financial support.

Thank you Mrs. Ann Mwangi for your support throughout my studies, and also Mr. and Mrs. Kimani for the support you gave me which enabled me to put together this work.

Thank You God Almighty For Making Beautiful The Things In My Life.

ACKNOWLEDGEMENT.

I wish to extend my sincere thanks to my supervisor Mr. D.O Ochoro for his invaluable comments, constructive criticism and guidance, which provided much needed support in my endeavour to undertake and complete this research paper.

I am profoundly indebted to Mr. H.N Hiuhu, for his unwavering support throughout my studies and for inspiring me to undertake this programme.

My special thanks go to my husband Dr. P. K Wanyoike for being a pillar of encouragement and inspiring me to undertake the programme. My thanks to him again for his moral and material support throughout the program. Special thanks to my father, Mr. Henry Wahome for his financial support.

Thank you Mrs. Ann Mbugua for your support throughout my studies, and also Mr and Mrs. Kirumba for the support you gave me which enabled me to put together this write up.

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Thank You God Almighty For Making Beautiful The Things In My Life.

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INTRODUCTION

ABSTRACT

1.1. Background

Motivated by the increasing social concerns, large scale manufacturing firms have got their role to play as far as social responsibility aspects are concerned; specifically in terms of environmental, employee and community social responsibility issues.

The study sought to determine 1) the attitude of managers towards social responsibility, 2) the social responsibility programmes that managers in large scale manufacturing firms have put in place, 3) the relationship between managers attitude and implementation of social responsibility and 4) the factors that hinder firms from engaging more in social responsibility activities.

The population of the study was a total of 273 large scale manufacturing firms in Nairobi. A sample of 45 firms was picked and out of the 120 questionnaires distributed, 48 of them were returned to the researcher in good time for data analysis.

The empirical results attained showed that managers have a strong positive attitude towards social responsibility. Various programs have also been put in place as far as social responsibility is concerned. However, the results indicated that there is very little association between attitude and implementation of the same, and that various factors hinder the implementation of social responsibility in large scale manufacturing firms.

CHAPTER 1

INTRODUCTION:

1.1. Background.

In Kenya today, there are a lot of social problems that need to be addressed. Here in Nairobi, we cannot underestimate the extent of pollution in terms of water, air, noise and even litter that is being experienced. Large scale manufacturing firms do have some contribution as far as this is concerned.

Poor economic conditions and the use of modern technology have led to restructuring and right sizing by firms. This has directly affected the employees, including those in large scale manufacturing firms.

Large scale manufacturing firms in Kenya have a long history. Some of them have been in operation for a long period of time. The Kenya Association of Manufacturers was established in 1959 during which period it also served the large scale manufacturing firms. As Bateman and Zeithaml (1993) indicates, the managers operating in today's world face a new and urgent challenge of creating a new relationship between business activity and our natural environment that will halt environmental damage and clean up the effects of past practices.

Social responsibility concept has been defined differently by different people. Rue (1992) defines social responsibility as the role of business in solving current issues over and above legal requirements.

Bartol and Martin (1991) defines social responsibility as the obligation of an organization to seek actions that protect and improve the welfare of society along with its own interests.

The two definitions do agree on one thing; that the firm should do something to solve some of the problems that the society is facing which may be outside the obligations of

the business concern. This is also in agreement with other scholars like Davis (1974) and Anderson (1995). Bartol and Martin (1991) further indicate that by so doing the firms themselves will benefit as this is for their own good.

In a survey of 439 executives; 68% of the responding managers agreed with the definition that "Corporate Social responsibility is seriously considering the impact of the company's actions on Society." Paluszek (1976). This shows also that the business organisations operating in any society should be concerned with their impact to that particular society.

Large scale manufacturing firms in Kenya therefore should be in the forefront in trying to improve the welfare of the society by behaving in a socially responsible manner. The extent to which they could do this will no doubt be affected by their manager's attitude towards social responsibility.

1.2. Statement of the problem.

Kiarie (1997) carried out a study on social responsibility in medium scale manufacturing organisations and found that managers in general have a positive attitude towards social responsibility. He also found that there is a strong relationship between implementation and attitude of managers in these firms. Also, he noted that finance is one major factor that limits the extent to which these firms engage in social responsibility matters. It is important also to find out the attitude of managers in large scale manufacturing firms as pollution and other social problems is already here with us and needs to be addressed.

Large scale manufacturing companies in Nairobi benefit from the environment in various ways. For example they get the factors of production such as land, labour, capital and entrepreneurship. They also have some effect on the environment which are both positive and negative. They contribute positively in providing for employment as well as providing goods in the economy. Negatively, they contribute towards pollution that is evidenced by the polluted Nairobi River, polluted air in Nairobi as well as the litter that can be seen in Nairobi today. Some of this litter come from some products that are produced in those industries.

The study set out to answer the question whether the managers in large scale manufacturing firms in Nairobi recognise the importance of social responsibility. This is especially so during this period when the world is threatened by the effects of global warming and also now that most organisations are experiencing economic hardships, leading them to actions like restructuring and right sizing.

Thomson (1994), indicate that managers of today and those who seek to succeed in the future must have a highly developed sense of responsibility to society. It is against this background that the study was carried out to find out the attitude of managers in large scale manufacturing firms regarding social responsibility, the programs put in place regarding social responsibility and the obstacles managers face in trying to engage more in social responsibility activities.

1.2. Statement of the problem.

Pollution and other social economic problems is a major concern to everyone in any society. In Nairobi the problem of pollution can be witnessed by the lack of a clean river passing through the city. Also, air pollution can be caused by the industries as well as the motor vehicles which is also witnessed by the people in the city. Litter is another problem that has come up and most of this comes from some of the products and by - products of the manufacturing firms; for example polythene bags, plastic containers and tins which are mainly used for packaging.

Although most of this is done to suit customer needs, there is one thing that organisations are forgetting, which is the social responsibility aspect. This is an attitude study whose central focus is the determination of the managers (in large manufacturing firms) attitude towards social responsibility. Such a study of attitude is important as an attitude can be used to explain or even predict behaviour and attitudes are viewed as underlying variables to explain behaviour.

Technological advances as well as other economic hardships in the country, has led to restructuring and right sizing in organisations. This has resulted in many employees loosing their jobs and subsequent social problems arising from such loss of jobs. Large scale manufacturing companies are in a position to hire such advanced technology which would lead to loss of jobs. The study therefore set to establish what the firms are doing as far as their employees are concerned regarding social responsibility.

There are also many social responsibility issues being experienced in the society which also affects the community as well as the consumers. The study set also to establish what programs the large scale manufacturing firms have put in place in terms of social responsibility. Although some studies have been done both in the service sector and in the medium manufacturing sectors addressing the issue of social responsibility, there is none known to the researcher that have addressed the managers attitude and response towards social responsibility in large scale manufacturing firms.

1.3. Objectives of the study.

- 1) To determine the attitude of managers in large scale manufacturing firms towards social responsibility.
- 2) To determine the programs which managers in large scale manufacturing firms have implemented in response to social responsibility expectations.
- 3) To determine the relationship between attitude and implementation of social responsibility.
- 4) To determine the problems that affect implementation of social responsibility programs in large scale manufacturing firms.

1.4. Benefits of the study.

a) The government will be able to understand the attitude of managers in large scale manufacturing firms towards social responsibility. Hence be in a position to determine whether it's important to enact laws to enhance social responsibility in this sector.

b) The teaching institutions as there will be some added knowledge in the area of management attitude and response towards social responsibility as far as large scale manufacturing firms are concerned.

d) Those with some interest in the manufacturing sector like the Kenya Association of Manufacturers, the Federation of Kenya Employers, Central Organisation of Trade Unions, Non governmental Organisations, Civic Societies and any other stakeholders.

e) The Human resource department in these large scale manufacturing firms as they can use the results to determine whether there is need for training in the area of business social responsibility as far as their managers are concerned.

CHAPTER 2

LITERATURE REVIEW

2.1. Social Responsibility - A Background.

Social responsibility began to emerge as an issue during the late 1800s, Bartol & Martin (1991), when large organisations commanded by such captains of industry as Vanderbilt, Rockefeller and Carnegie arose. Anti competitive practices, such as kickbacks and price fixing, eventually led to government regulations and labor movement pressures for reform.

The greatest concern for social responsibilities gained momentum during the great depression, when the stock market crash served as a backdrop for the creation of the securities and exchange commission and the enactment of additional laws regulating business. Kenya, currently is undergoing some economic depression which means also there is need for firms to be more socially responsible.

General Robert E. Wood in 1936 the then CEO of Sears was one of the first top managers to argue for managerial, rather than just governmental, actions in social concerns. The various social movements of the late 1960's which included civil rights, women liberation and environmentalism highlighted still further the public notion that organisations have social responsibility.

Bartol and Martin (1991) defines three major contrasting perspectives on corporate social responsibility which have been brought about by historical development. They include;

i. **The invisible hand.** This is a classical perspective by Milton Friedman (1963) whose roots can also be traced back to Adam Smith. This view holds that the entire social responsibility of a Corporation can be summed up as make profits and obey the law. Hence each firm should pursue increasing profits through legal means. The firms will be guided by the invisible hand of free market forces to ultimately see that resources are allocated efficiently for the betterment of the society. Friedman also argues that charitable activities by Corporations are not socially responsible because in making such

contributions, the corporation prevents individual stockholders from making their own decisions about how to dispose their funds.

ii. **The hand of the government.** This argues that the interests of society are best by having the regulatory hands of the law and the political process, rather than the invisible hand, guide the results of Corporations endeavours. In this regard, we find that the government plays a role in making business organisations to become socially responsible. There are various laws which have been enacted by the Kenyan Government which have to be followed by businesses which will include; the Employment Act, the Trade Dispute Act, the Health and Safety Act, the Factories Act ,all of which are geared to ensuring that the business organisations behave in a socially responsible manner towards employees and the society at large.

iii. **The hand of management.** This view states that Corporations and their managers are expected to act in ways that protect and improve the welfare of society as a whole, as well as advance Corporate economic interest. Argument for this is the notion that the growing interdependencies of present times has inexorably woven a web of common interests between corporations and the community. This encompasses economic, legal, ethical and discretionary responsibilities.

Rue (1992) came up with three historical phases of the attitude of managers in social responsibility. These included the following.

Phase 1. This dominated until 1930's and emphasised the belief that a business manager had but one objective which is to maximise profits. This agrees with professor Milton Friedman (1959) who believed that the concept of social responsibility can be equated with stealing from the shareholders. In his view, management has no responsibility in the social area outside the maximization of shareholders wealth. Similarly, Professor Theodore Levitt (1958) sees no reason whatsoever for corporate social responsibility. This is because he believed that the function is completely outside the vale of market

system; which is subjected to the usual rigorous test of efficiency; the function of price mechanism.

Phase 2. From the 1930's to the early 60's stressed that managers were responsible not only for maximising profits but also for maintaining an equitable balance amongst the competing claims of customers, employees, suppliers, creditors and the community.

Phase 3. Still dominant today, and contends that managers and organisations should involve themselves in the solutions of society's major problems.

The two above (phase two and three) agrees with a greater number of people who holds different views from that of the anti-social responsibility school of thought. Their emphasis has been on the importance of social responsibility of the corporations to many organisations, individuals, groups and in fact the entire business world. Erickson and Bakula (1973) indicated that business is basically regarded for the provision of a good return for its owners or shareholders. However, they contend that in trying to achieve this objective, business creates social problems such as pollution and destruction of natural resources. As a result of this, they argued that business should be actively involved in solving the social economic problems of the society. Davis and Gulbellin (1962) also argued in favour of business becoming more socially responsible. According to them, the function of social responsibility is like putting something back into the society so as to keep it fertile for further business activities. They argued that business institutions should also accept the concept of social responsibility if they are to preserve the structure which makes their own way of life.

Drucker (1986) also agrees with this view but also argues that it is better if the social problems were turned into profitable activities as this would offer a more permanent solution.

2.2 Social Stakeholders.

Bartol & Martin (1991) and Donnelly (1992) states four stakeholders in social responsibility. This includes;

a) **Shareholders.** There is still the general agreement that the primary role of management in publicly held corporations is to earn profits and dividends for shareholders. The shareholders have fulfilled a crucial role by providing the capital that allows the corporation to survive and grow. Hence be in a position to produce goods or services and also be able to employ some people. As a result they do expect that the management will operate the business in such a way that the shareholders are provided with the largest possible returns in terms of dividends and increasing stock value. For example in 1998 Unga Ltd, incurred heavy losses of about 700 million, Mr Kinuthia, the then Chief Executive was seen as being the cause of this which is a debate until today. He was sacked from his job.

At the same time, managers tend to view themselves as being responsible for the survival of the firm, perpetuating the firm through development and expansion, and balancing the demands of all stakeholders so that multiple demands do not jeopardise the achievements of company objectives. However, different perspectives held by shareholders and managers may sometimes differ, and hence lead to conflict. Such conflict would be in such areas as amount of dividends, stock options for executives, country club memberships and other fringe benefits for employees.

Most shareholders though will be relatively satisfied if the company makes some reasonable return on their investment while consideration is given to other social impacts of the firm. There is also evidence that managers at various levels do not place shareholders desires ahead of other stakeholders. Bartol & Martin (1991) gives an example of one survey which asked 1460 managers representing the supervisory, middle and top level management to rate the various stakeholders for example customers, themselves, other employees, the general public and the shareholders. The results was that, the top management gave higher ratings than the other two groups to the

shareholders and the customers but still rated shareholders at about the same level with the general public. This indicates also that there is room for social responsibility activities in the organisations as these top level managers are the ones who will mainly pass the decision on whether to put money in these areas or not. In the same study, the interesting result is that all the three levels of managers gave relatively a high importance ratings to themselves.

b). **Employees.** Business firms and other organisations need to honour certain agreements made between them and employees as well as obey the existing laws relating to employee-employer relationship. Such laws will be in such areas as equal employment, pensions and benefits, health and safety. The increasing number of laws shows the public displeasure regarding abuses on the parts of the employers.

Though it has become fashionable for top managers to speak of the employees of an organisation as a 'family', actual treatment of employees can vary considerably. One area of recent concern is the treatment of employees during **plant closings** or **right sizing**. Plant closing can occur with various degrees of social concern to the employees. The table below shows a continuum of social responsibility during a plant closing.

<p>General Motors</p> <p>Notified employees 3 weeks in advance of an indefinite closing; did not inform employees of treatment closing until 17 months later; did not co-ordinate efforts with union; used employees as a stock agency; no training and job development programs.</p>	<p>Months extension of plant coverage.</p>	<p>Ford Motor Company.</p> <p>Gave 6 months advance notice; provided on placement counselling and personal counselling; provided vocational training and co-ordinated with the union.</p>
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Source: L. M. David & D.C. Harbo (1990); Management Pg. 118.

Degree of social Responsibility

Low → High

Reactive Mixed Proactive.

<p>Pentech Papers</p> <p>Notified employees on same the closing took place.</p>	<p>Warner Lambert.</p> <p>Gave 1 month of closing; provided out placement counselling; did not conduct retraining programs; provided retirement planning.</p>	<p>Brown & Williamson.</p> <p>Gave 18 months advance notice and phased out closing over 3-year period; relocated employees; provided separation pay plus continued medical and life insurance coverage for 6 months after termination; provided vocational training.</p>
<p>Borg Warner.</p> <p>Notified employees 2 days in advance of closing.</p>	<p>American Hospital Supply.</p> <p>Gave no advance warning to one-third of work force; other affected employees got 1 month advance notice; provided out placement counselling; provided three months extension of basic coverage.</p>	<p>Union Carbide</p> <p>Gave 1 year advance notice; provided vocational training; provided out placement counselling and retirement planning.</p>
<p>National Car Rental</p> <p>Notified employees 3 weeks in advance of an indefinite closing; did not inform employees of permanent closing until 13 months later; did not co-ordinate efforts with union; sent employees to a state agency for retraining and job development programs.</p>		<p>Ford Motor Company.</p> <p>Gave 6 month advance notice; provided out placement counselling and personal counselling; provided vocational training and co-ordinated with the union.</p>

Source: K. M. Bartol & D.C. Martin (1991); Management; Pg. 119.

Treatment of employees can vary in other issues as well. For example employees working in such manufacturing firms will require safety measure. The safety measures will be for example from chemicals, noise, and other forms of harm that may occur while working in the factory. The employer is supposed to engage maximum safety equipment in the place of work. All organisations should be concerned with their employees social welfare which could be in terms of job security, lifelong training, employee stock ownership, participation in decision making, freedom of expression, incentive pay and other individual needs.

c) Customers

Consumers expect much more from manufacturers today than they did some years back. In the developed world, we have strong consumerism movement. In Kenya we have the consumerism movement which is not very well developed. We also have certain laws pertaining to the consumers that the manufacturers should follow. For example those concerning advertising and disclosure about the product. In Kenya we have the case of Milk that had been imported and according to the government it was not fit for human consumption (Daily Nation). Hence it was ordered back to the country from which it had been imported from. It is therefore important for manufacturers to ensure the right quality of products before placing them in the market.

Strong regulatory measures have brought about a decline in the amount of lies in the areas of advertising for example it is mandatory to include in a cigarette advertisement the ministry of health warning that cigarette smoking can be dangerous to your health. In such cases as with the adverts concerning medicine, they have to warn consumers to see a doctor if pain persists.

When a product meets the customer needs on the other hand, we find that it's for the sellers' benefits as this customer will come back for more or will advise other people to use it. This shows how important it is to come up with good quality products as far as social responsibility is concerned.

d). **Community.** As concerns social responsibility, an organisation's community is its area of local business influence. Most communities have social needs that extend beyond the available resources. As a result, businesses are likely to receive more requests for assistance than it is reasonable to honor, necessitating priorities in giving. Bartol & Martin (1991) gives an example from the United States where a sampling of major requests for funds made to a large manufacturing firm during a single year included support for air and water pollution control, funds for artistic and cultural activities, assistance in urban planning and development, support of local health-care programs, donation of equipment to a local school system, and executive aid for the local United Way drive.

At the same time businesses need various forms of support from communities, including an adequate transportation system, taxes that are equitable and do not discriminate for or against business, adequate school and recreational facilities and complete public services, such as police and fire protection, sewerage, water, gas, and electric services.

We can therefore clearly see that businesses and communities in which they operate from are interdependent and both can operate more effectively with a high level of mutual support. This research will therefore try to find out how much support the community is getting from the large scale manufacturing firms established in Nairobi.

From these discussions and according to Bateman/Zeithaml (1993), there exist some advantages and disadvantages as far as business social responsibility is concerned.

2.3 Arguments for Social Responsibility.

- It improves the company's public image. The general public likes to be associated with socially responsible organisations because their activities will not negatively affect them. Bashaija (1977) argues that social responsibility can help or even prolong the business's life as it will become popular with the public. This argument is

strengthened further by Kiarie (1997) who said that the attitude influences the way people act.

- Business is able to meet public expectations as they are able to do something extra for the society. For example Bateman/ Zeithaml (1993) indicates that the environment is not only on the cutting edge of social reform but perhaps its the most important issue for business today. Hence a business concern that is engaged in concerning the environment today will have done a great deal to the society. Hence meeting the societies expectations. This is expected of the large scale manufacturing firms, the outcome of which will depend on the managerial attitude.
- McOliver (1984), survey of Multinational Corporate social responsibility concluded that corporate behaviour that neglects the public interest inevitably results in greater public control of business. Hence to avoid such public control, organisations should engage in social responsibility matters.
- Business social responsibility also emphasises prevention and not cure. Hence it advocates for the saying that 'prevention is better than cure'. If organisations engage in social responsibility issues they will in effect be preventing problems for example in the area of pollution as further problems which may adversely affect the society. Today we have the problem of power shortage at hand. This could have been minimised if some organisations engaged in the provision of alternative energy even for their own consumption and provide the surplus to the society. Mumias sugar company is said to produce their own power from their by products. Kenya sugar Authority is now working on ensuring all sugar factories produce their own power (East African standard newspaper).
- It gives businesses a chance to solve social problems. Barclays bank of Kenya limited, on 17th of June 2000 (Daily nation) engaged in a walk that was meant to raise funds to help the needy in the society like the orphaned through the HIV/AIDS

menace. Such an act helps in solving some of the current problems the society is facing.

- Creates a better environment for example one with reduced pollution. If all firms engaged in some way or another in the reduction of pollution, this would create a better environment for human kind to live in. If in Nairobi we had some firms that engaged in the area of alternative energy using the garbage that we have all over, this would reduce litter pollution in the city.
- Can increase the profitability of the firm as well as business opportunities for the firm. This is because social problems can offer business opportunities for the firm. Improved public image can also lead to increase in profits. Kotler (1997) said that business success will depend on the firms continued satisfaction of the customers and other stakeholders. This will therefore also determine the company's long term profits.
- Avoids government regulation. A study carried out in Nigeria by Osamwanyi (1984) showed that due to the multinational oil corporations neglecting the issue of oil spillage, the Federal government was to shift the responsibility of oil spillage and its compensation from them. Another Organisation was to determine the amount of compensation to be paid and ensure the compensation was actually paid by these companies.

2.4 Arguments Against Social Responsibility.

- Social responsibility activity cannot be measured. This can however be improved through social reporting whose role has been growing in the European countries as reports Dierkes (1977).
- Social programs conflict which raises the question whether companies that are more socially responsible are more successful. There are also difficulties in measuring

social responsibility of one firm compared to another. The research done however, using the best measurement available, indicates that there is no clear relationship existing between a corporation's degree of social responsibility and its financial success. However, the firm's finances may predict the firm's engagement in social responsibility activities; Bartol & Martin (1991).

- Profit maximization is violated. Friedman (1963), a classical economist argued that there is one and only one social responsibility of business - to use its resources to and engage in activities designed to increase profits. Drucker (1986), also believes that the first responsibility of the business is to make profits. Hence if its resources are used on other social problems, it means that its profits will decrease and less returns will be given to the shareholders. On the other hand, social responsibility programs are usually costly.

2.5 Obstacles to Implementation of Social Responsibility.

The biggest obstacle to organisations in assuming social responsibility is pressure by the financial analysts and the stock holders, Rue (1992). They push for a steady increase in earnings per share on a quarterly basis. Concern about immediate profits makes it difficult to invest in areas that cannot be accurately measured and still have returns that are long run in nature. Pressure for short term earnings affects Corporate social behaviour as most companies are geared to short term profit goals.

Managers who sacrifice profits to seek Corporate social goals may find stockholders unsympathetic. This may therefore result in such managers losing their jobs and hence most of them will be very cautious when it comes to the expenditure on social responsibility matters.

During the current economic hardships in our country today, there is the obvious pressure of finances which affects the expenditure patterns of each and every company. This means therefore that the social responsibility aspect is also affected. This is in agreement

with Kiarie (1997) finding in his research that most medium manufacturing firms were limited by availability of finances in engaging in social responsibility matters.

For organisations to engage more in social responsibility, they should carefully examine their social values to ensure these concepts are in line with societal values. This should be a continuous process because values of the society are ever changing.

2.6 Areas of Social Responsibility that firms can engage in.

This will include such plant location decisions which should not be merely on economic matters. Environmental impact and job opportunities for the disadvantaged are examples of other factors that may be considered.

In Kenya investment in such area as the Alternative energy which may use the great amounts of garbage to produce energy is one way that can help reduce litter pollution in the country and yet solve some of the energy problems that is currently being experienced in the country today. Large scale manufacturing firms could be looked at as such company's that can make this kind of investment that require a lot of capital as it is easy for them to raise it through shareholders especially in the stock market.

Organisations should also seek to aid the governmental agencies in their social efforts which should include technical, managerial help and monetary support.

William C. Norris picked his projects by social need rather than by market demand; Drucker (1986). His investment in social needs aimed at creating human capital in the form of individuals capable of performance and of a healthy community able to help itself as he engaged in skill training. His capital investments also in social responsibility were in new profit making businesses.

Drucker (1987) also emphasised that proper social responsibility of businesses is to turn a social problem into economic opportunity and economic benefit into productive capacity, into human competence, into well paid jobs and into wealth.

We have many people who are getting laid off through redundancies and profitable businesses can be established to solve such social problems in the area of retraining these people and hence deployment in other areas. Counselling these people is also of great importance as they are prone to stress since they were used to one kind of life and now are expected to start on a different life style. A few examples of such lay-off has been seen in such organisations as the Kenya Breweries, Coca - Cola Africa, Kenya Co-operative creameries.

Investments in such areas will also solve social problems such as unemployment and by the multiplier effect other social and economic problems that may come upon the families of these people.

To be able to engage in such social responsibility activities management may need to state a willingness to loose some short term profit to achieve social objectives. Therefore Organisations should re-evaluate their long range planning and decision making processes to ensure that they fully understand the potential social consequences.

2.7 Attitude and Behaviour.

David (1983) defined attitude as beliefs about specific objects, people or situations. One could for example have an attitude about how freedom manifests itself in a specific work environment. Being associated with specific objects or situations, attitudes predispose certain behaviour toward the object or situation. In this case therefore, the attitude that the managers in large scale manufacturing firms will have, will affect their behaviour on social responsibility matters.

2.8 Large Scale Manufacturing firms.

Large scale manufacturing Organisations are defined as those firms that employs 50 employees and above according to the statistical abstract of 1998 by central bureau of

statistics as well as according to the chamber of commerce and industry. For the purposes of this study, this definition will be adopted.

These large scale manufacturing firms can be seen in the different sectors which include; food, chemical & allied, building, Engineering & Electrical, footwear and personal use, leather, medical equipment, metal working, mining, paper & paper board, plastics and rubber, textiles and timber sector.

The National Development Plan (1997-2001) indicate that the share of the manufacturing sector has increased from an average of around 10% between 1964 and 1973 to 13.6% in the 1990-95 period. This trend conforms with the empirical evidence that as a country develops, the contribution of the manufacturing sector to Gross domestic product expands considerably and at some stage it surpasses that of agriculture and other primary industries.

Considering the country's aim of industrialisation by the year 2020, the manufacturing sector must play a considerable role in this. We also would expect this to be so in the area of social responsibility especially for the large manufacturing firms. In terms of employment, the statistical abstract of 1996 gives the figure of those employed by the large scale manufacturing sector to be 171,792 compared to that of the whole manufacturing sector of 204,790 employees. It is therefore clear that the large scale manufacturing sector in Kenya contributes a lot to the economy.

Most of the large scale manufacturing firms are also owned by shareholders. Hence the managers in these firms are the ones that make decisions as to whether they will engage in social responsibility aspects of which they are answerable to the shareholders. Their attitude therefore towards social responsibility will greatly influence their decision to spend on social responsibility activities.

The large scale manufacturing firms as defined above are those that engage 50 employees and above. These firms are also in a position to raise more capital which enables them to employ new technology available in the market. This coupled with the current economic depression in the country has resulted to these firms engaging in restructuring and right sizing activities which has led to many employees getting laid off.

Concerning pollution, large scale manufacturing firms contributes greatly. This is because in their manufacturing processes there is a lot of gas emissions and noise which comes from the machine operations. Bateman/Zeithaml (1993) indicates that, **some believe the environment is not only in the cutting edge of social reform but perhaps is the most important issue for business today.** He gives an example of a cover of a brochure put out by Volvo trumpets as saying; "Our products create pollution, noise, and waste." The company was therefore publicly acknowledging its responsibility to reduce adverse environmental effects of its products and production processes. This also holds true for the Large scale manufacturing firms in Kenya. They are also responsible for adverse environmental effects of their products and production processes. He goes further to say that, "Managers operating in today's world face a new and urgent challenge: to create a new relationship between business activity and our natural environment that will halt environmental damage and clean up the effects of past practices." Such past practices here in Nairobi could have brought about the pollution of the Nairobi river which is ironical considering the settlers did settle here for its cool waters. Social responsibility activities are some of the ways that the firms could use to deal with such problems.

Hodgetts (1990) said that all organisms must relate in some way to their environment. If they cannot coexist with it; change occurs, the environment is altered and the organisms dies. When such change occurs in nature's ecological balance, there can be side effects. The entire world can then be viewed as consisting of interlocking and inter-related ecosystems. If people start making changes, in these systems, havoc can result. The major changes are caused by pollution. The types of pollution include;

a) Air pollution, which is caused by industrial smoke stacks, automobile which produces carbon monoxide, hydrogen and nitrogen oxides. Manufacturing companies therefore should show social responsibility by trying to reduce the production of such gases. For example some companies in the U.S have tried to reduce such by engine modification.

Today the amount of air pollutant is estimated at hundreds of millions of tons annually, with utilities accounting for a significant percentage of this. Smelting and refining firms are also major contributors.

b) Water pollution. Some firms have used nearby lakes or streams as drain pipes for carrying off their industrial production wastes. As a result, some bodies of water such as the Nairobi river are heavily polluted. In other cases, some companies have pumped liquid wastes into underground dumps. Unfortunately, sometimes these dumps have leaked, polluting both underground and surface water.

c) Noise pollution. The amount of pollution to which the average urban resident is subjected can be quite extreme. Car horns blast, pedestrians shout and overhead aircraft roar. One medical research established that people who are exposed to prolonged periods of noise at 85 decibels can suffer hearing damage. A framework to show how loud 85 decibels are could be shown by the following table.

Sound	Decibels.
Whispering	30
Moderate conversation	35
Light auto traffic from 100 feet	50
Free way from 50 feet	70
Heavy track traffic from 50 feet	90
Power mower	95
Siren	110
Commercial jet take off from 200 feet	120
Rocket launch	180

Source: R. M. Hodgetts; Management Theory, Process & Practice (1990) Pg. 645.

To protect workers, large scale manufacturing companies can use noise suppressors, providing protective ear gears to workers working in these noisy conditions. The study sought to find out whether managers in the large manufacturing firms provide any protective equipment for their employees.

CHAPTER . 3.

RESEARCH DESIGN.

3.1. *Population of the study.*

The population of this study consists of all Manufacturing firms in Nairobi employing 50 employees and above. According to the statistical abstract of 1998 by the central bureau of statistics any manufacturing company employing above 50 employees is considered large. A list of 273 firms was extracted from both the Directory of the Kenya Association of Manufacturers (1998/99 issue) and the Kenya Directory of Manufacturing Industries (1997) issue. This constitutes the total population.

3.2. *Sample of the study.*

From the two directories (Kenya Association of manufacturers) and (Kenya industrial Research Development institute) a list of 273 firms was compiled. This list was from the following categories of the firms listed below. A proportionate number of firms from each category was selected, using systematic random sampling. The sample therefore was comprised of 45 firms in the following categories.

- i) Food, beverages and tobacco processing
- ii) Textile, Wearing Apparel and Leather.
- iii) Manufacturer of wood and wood products including furniture
- iv) Manufacture of paper and paper products, printing and publishing
- v) Manufacture of chemical, Petroleum, Rubber and Plastic Products
- vi) Manufacturer of non metallic mineral products, except products of petroleum.
- vii) Manufacture of fabricated metal products machinery and equipment.

The starting point for each category was determined by simple random sampling. This was to ensure that there is no bias in the sample selection

3.3. Data collection method.

3.3.1. Type of Respondents

Primary data was collected in this study. The major tool for collecting the data in this research is the questionnaire. (see annex ii). The method used was the drop and pick later. The researcher called the relevant organisations first and informed them of the intended research. The researcher plus some research assists dropped and later picked the questionnaires to the respective managers. One hundred and twenty questionnaires were distributed out of which 48 were filled and returned to the researcher constituting 40% response.

The questionnaire was in four parts:-

Section A: This was meant to collect demographic information.

Section B: This was to address objective 1 on the attitude of managers as well as objective number 3 on the relationship between attitude and implementation of social responsibility.

Section C: This one addressed objective number 2 on the programs which the manufacturing firms have put in place in response to social responsibility expectations as well as objective number three on the relationship between attitude and implementation.

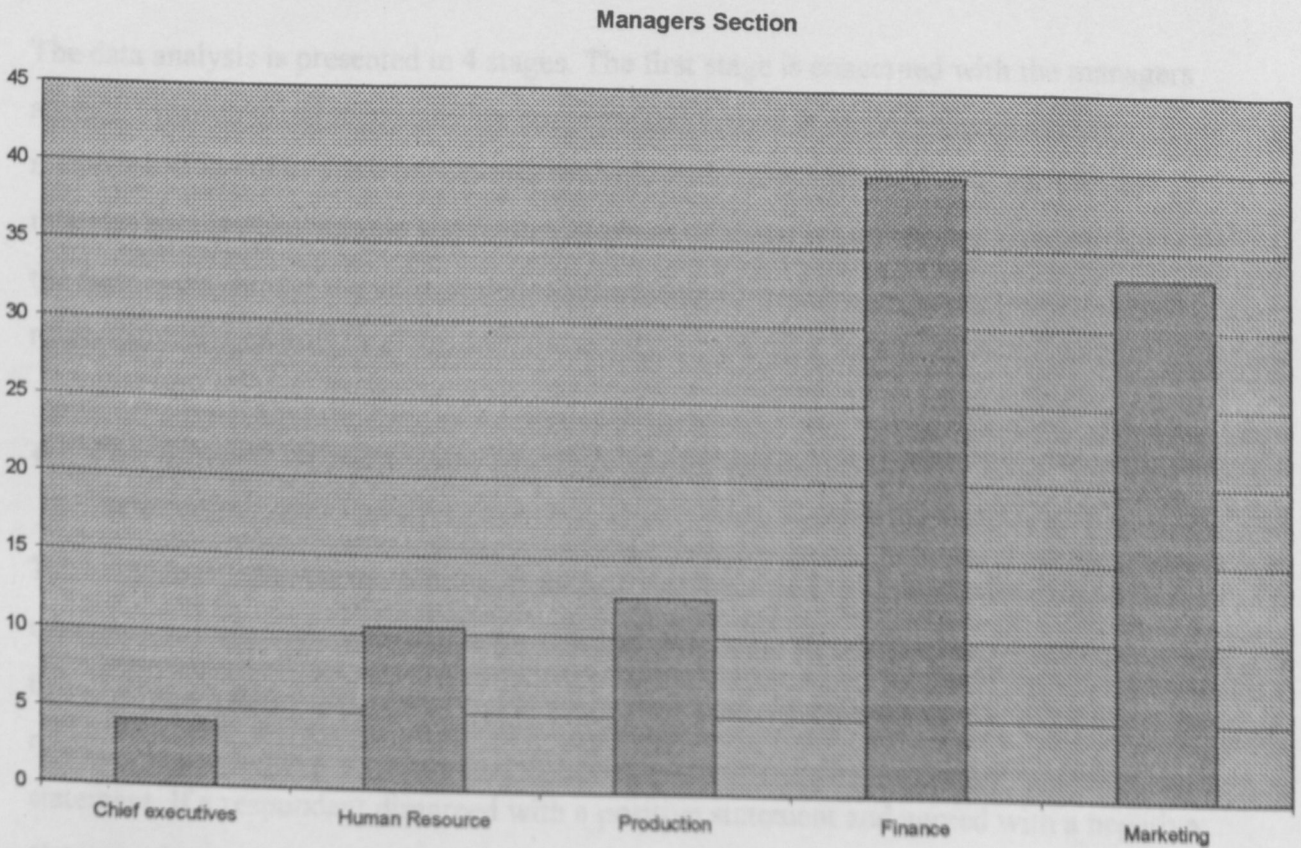
Section D. This one addressed objective number 3 concerning the problems that affect the large scale manufacturing firms in engaging in social responsibility.

Source- Field data.

3.4. Type of Respondents.

The questionnaires were directed at all the managers in these firms. The response was from all the areas the managers came from i.e. from chief executives, finance, Human Resources, production and marketing departments, as indicated by the bar graph below. The response from chief executives was 4.2%, human resources 10.4%, production 12.5%, Finance 39.6%, and marketing 33.3%.

Bar graph 1.



Source – Field data.

The y axis shows the percentage of respondents whereas the x axis is the sections the respondents came from.

CHAPTER 4.

DATA ANALYSIS AND FINDINGS.

In this chapter, data from the completed questionnaires was summarised and presented in mean scores, tables and graphs. Two hundred and seventy three large scale manufacturing firms in Nairobi comprised the population. A sample of 45 firms was taken. One hundred and twenty managers received the questionnaires, out of which 48 were filled and returned to the researcher for data analysis. This gave an overall response rate of 40%.

The data analysis is presented in 4 stages. The first stage is concerned with the managers attitude towards social responsibility concept. The second is on the programs that managers have put in place in response towards social responsibility. The third is the relationship between attitude and implementation of social responsibility and fourthly is the factors that hinder the large scale manufacturing firms from engaging more in social responsibility activities.

4.1. The attitude of managers towards social responsibility.

Table 1 below indicates the scoring procedure that was used to generate the data on the managers attitude towards social responsibility. The table shows that if a respondent ticked strongly agree and agree for a positive statement, he earned a score of 4 and 2 respectively. The same is true if he ticked strongly disagree and disagree for a negative statement. If a respondent disagreed with a positive statement and agreed with a negative statement he earned a score of -2. If he strongly disagreed with a negative statement and strongly agreed with a negative statement he earned a score of -4. Those who indicated neither agree nor disagree earned a score of 0. This is represented in the table below:-

Table 1.

	Strongly Agree	Agree	Neither Agree nor disagree	Disagree	Strongly disagree
Positive statement	4	2	0	-2	-4
Negative statement	-4	-2	0	2	4

To enable the researcher to gage the attitude of managers towards social responsibility, the total scores and the mean scores for each statement concerning social responsibility (see annex ii section B) was computed. Table 2 below shows the total scores and the mean score.

Table 2. *Managers attitude towards social responsibility*

N=48

	Total scores	Mean score
1. Since the organisation uses society's resources, it should contribute to social activities	100	2.1
2. Where the firm is polluting the environment, it should use the relevant technology to reduce pollution	130	2.7
3. Social responsibility activities should be determined by the government	-8	-0.2
4. By spending on social activities, the managers are in effect levying taxes on the corporation	22	0.5
5. The only effect to the organisation of spending on social responsibility activities is the reduction of the shareholders profits.	68	1.4
6. Managers should be held accountable for social effects of their companies.	36	0.8
7. Money spent on social responsibility activities is money lost	120	2.5
8. Social responsible firms will be uncompetative due to committing their financial resources to social issues.	58	1.2
9. Social responsible programmes allocate resources in areas which do not bring any returns to the owners	44	0.9
10. Social responsibility leads to the creation of a better environment which benefits both the society and the business.	132	2.8
11. Corporations exists only to make profits	34	0.7

12. Its better to prevent social problems than to cure them	130	2.7
13. Its in the long run interest of the organisation to engage in social activities.	104	2.2
14. Giving out business profits to support social activities is not a worthy Objective	96	2.0
15. Social responsibility is a social contract	26	0.5
16. Corporate social action will help preserve business as a viable institution in the society.	84	1.8
17. Responsible corporate behaviour can be in the best interest of the stockholders.	108	2.3
18. Making at least a token effort on social policies is wiser than holding on principle.	88	1.8
19. Efficient production of goods and services is no longer the only thing the society expects from business.	86	1.8
20. The government should merely pass the laws they want followed, and should not expect corporations to go beyond the law in society's problems.	64	1.3
Total	1522	
Average	2	1.6

Source – Field data

According to table 2 above, the computed overall mean score was 1.6. This shows that in general the managers in large scale manufacturing firms have a positive attitude towards social responsibility. It was only in 1 question (no. 3) that the average score was negative. Thus it can be concluded that managers in large scale manufacturing firms have a strong positive attitude towards social responsibility.

4.2. Programs implemented in response to social responsibility expectations.

The study findings were that the implementation of social responsibility programs is generally poor and was as follows:-

Litter pollution. Concerning litter pollution, 31 or (64.4%) of the respondents acknowledged the fact that they do contribute to this type of pollution. However, only 28 of these respondents took any pollution control measures.

4.2.1. Environmental Programs.

Bargraph 2. Field data has been used in this bargraph.

Pollution Vs Control Measures

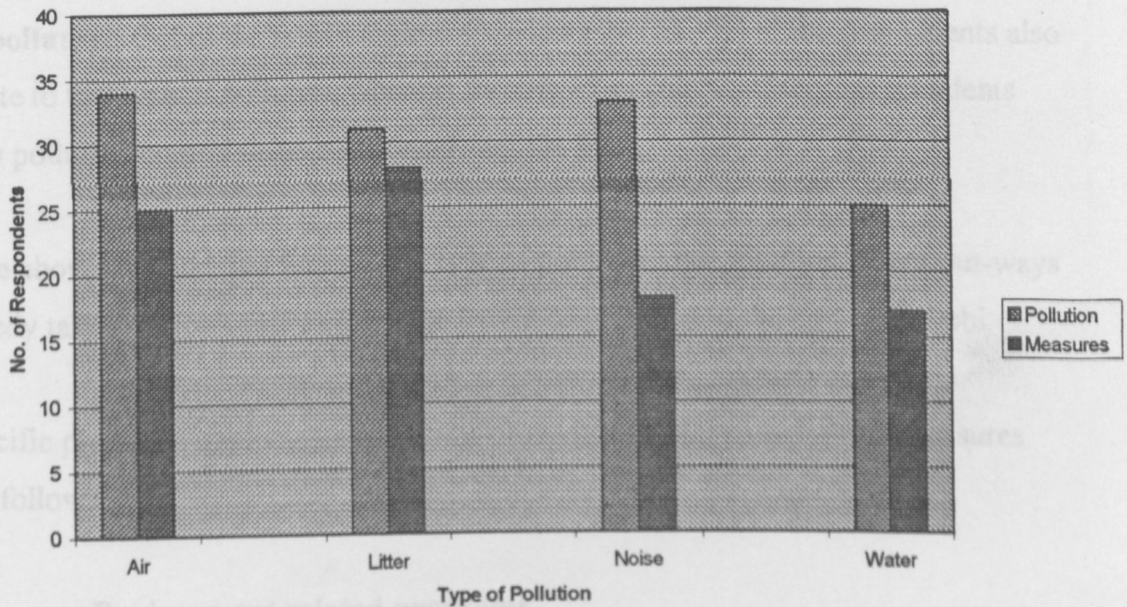


Table 3. Environment related programs

Programs	Percentage implementation
Air	28%
Water conservation	24%

The above bar-graph shows pollution versus the implementation of conservation measures. From this bar graph, it is clear that the pollution far out-ways the conservation measures. The x axis shows the type of pollution and measures for the same and the y axis shows the number of respondents polluting/undertaking control measures.

Air pollution. Out of the total number of respondents, 34 (70.8%) acknowledged their contribution to this type of pollution but it's only 25 of this number that have put in place some control measures for this type of pollution.

Litter pollution. Concerning litter pollution, 31 or (64.4%) of the respondents acknowledged the fact that they do contribute to this type of pollution. However, only 28 of these respondents took any pollution control measures.

Noise pollution. Also, out of the total respondents, 33 or (68.8%) acknowledged their contribution towards noise pollution. From this group, only 18 or (54.5%) took any pollution control measures.

Water pollution. Out of the forty eight respondents 28 (52.1%) of the respondents also contribute to this type of pollution whereas its only 17 or (68 %) of these respondents took any pollution control measures concerning the same.

From the above, we find that for any one type of pollution, the pollution extent out-ways the remedy taken, which could explain the extent of pollution in the city of Nairobi.

The specific programs implemented in terms of environmental conservation measures were as follows;

Table 3. **Environment related programs**

Programs	%age implementin g
Air.	
1. Use of dust extractors	20.5%
2. Air quality management systems/incineration	9%
3. Advanced technology used to absorb strong fumes	20.5%
Water.	
1. Use of sewage systems	36%
2. Cleaning or treating of the water polluted	28 %
3. Water conservation policies	24%

Noise	
1. Use of sound silencers	57.5%
2. Ensuring machines are well maintained	3%
3. Locating industries away from people	15%
Litter	
1. Selling waste material to other firms or recycle themselves	45%
2. Incineration	32%
3. Contracting other firms to collect the litter	15%

Source - Field data

Air pollution N = 34

Water pollution N = 31

Litter pollution N = 33

Noise pollution N = 25

For each one of the above pollution control measures we find that it's a very low percentage of those contributing to the environmental pollution that implements the different conservation measures. It is only the use of silencers in terms of noise pollution control that has been implemented by 57.5% of those contributing towards this pollution. The other programs have a less than 50% implementation. However most firms used different measures for the same type of pollution. For example one firm could use dust extractors depending on the type of pollution whereas the other could use advanced technology to absorb strong films which would depend on the actual air pollution involved.

The other possible measures that would be used in terms of the conservation of the environmental pollution from the field study included.

1. Environment management policy which was by 2% of the respondents.
2. Educating employees on safe environment and the need to adhere to government legislations which was reported by 4% of the respondents.

4.2.2. Employees related programs.

Out of the total of 48 respondents, 30 of them indicated that they had carried out retrenchment programs. Table 4 below shows that from this group, the following programs were put in place.

Table 4. **Employee retrenchment related programs** N = 30

Programs	%age that implemented
1. Retraining of the employees	18.8%
2. Guidance and counselling	29.2%
3. Pay them a package	64.6%

Source = Field data

Paying employees a package was the most implemented by those who had carried out retrenchment program, which was done by 64.6% of them. This could be explained by the fact that it may have been the employment agreement or the firm could have had a pension program. However, retraining of the employees was poorly implemented as it is only 18.8% of the respondents who carried it out. Guidance and counselling was also poorly implemented as it is only 29.6% of those involved that carried it out. This means that large scale manufacturing firms need to implement the two above as these are important aspects of social responsibility as far as employees are concerned.

Various other programs have also been implemented by the employers concerning their employees as table 5 below shows;

ii) Offering games/sports (offered by 33.3% of the respondents). As a fringe benefit it may help employees in relaxing and hence take them back to a productive state again after some tiring job.

Table 5. **Employee social responsibility programs**

N = 48

Programs	%age implementing.
1. Paying for employees education	31.3
2. Offering medical cover	89.6%
3. Transport to and from work	56.3%
4. Offering sports / games	33.3%
5. Pre-retirement training	20.8
6. Guidance and counselling	29.2%
7. Workshop on HIV /AIDS	47.9%
8. Offering work equipment	90.7%

Source – Field data

Offering working equipment of one form or the other was the most implemented program by the employers, as 90.7% of the respondents provided this to their workers. Medical schemes came 2nd, 89.6% offered it, while transport to and from work came third, as it was offered by 56.3% of the respondents. On the other hand, 47.9% of the respondents had carried out a workshop on HIV / AIDS to their employees. However, since this is a national pandemic, firms needs to have more workshops on HIV/AIDS as they are also likely to loose their productive workforce to this disease. It is also important to have improved implementation also in the areas of:

- i) Paying for employees education as (only 31.3% offered it) this would improve their skills which may have a direct positive effect on their performance.

- ii) Offering games/sports (offered by 33.3% of the respondents). As a fringe benefit it may help employees in relaxing and hence take them back to a productive state again after some tiring job.
- iii) Pre retirement training equips employees with skills such as the entrepreneurial skills which they can use after retirement. If this is done in good time, the employees will face the retirement life with courage, and would also reduce any resistance that may be involved when it comes to retrenchment programs.

4.2.3. Community related programs.

Generally, programs relating to the community were implemented more compared to the other two. i.e. environmental and employees social responsibility programs. However, implementation in terms of offering scholarships to the needy in the society, releasing executives in the firm to go and assist in specific community projects and sponsoring of Aids awareness campaigns need some improvement. The research findings reviewed that 77.1% of the total respondents did contribute in one way or the other to various charitable activities in the society.

Table 6 below, shows the contributions for various charitable activities being as follows:-

Table 6. N = 48

Kshs.	Percent
5000-50,000	16.7
50001 – 100,000	22.9
100,001 – 250,000	4.2
250,001 – 500,000	12.5
500,001 – 750,000	4.2
750,001 – 1,000,000	4.2
Above 1,000,000	12.5
No contribution	22.9

From the above table, we find that most firms contributions lie between Kshs. 5 – 5000 (16.7%) and between 50,001 and 100,000 comprising (22.9%) of the total respondents. This constitutes about half of those respondents who contribute towards charity. In general therefore, large scale manufacturing firms contributes towards charitable activities in the society.

Various other social responsibility programs have been implemented in respect to the community (see table 7) and are as follows:-

Table 7. **Community social responsibility programs** N = 48

Programs	%age implementing
1. Contributing to charitable homes	77.2
2. Releasing executives in the firm to go and assist in specific community projects	31.3%
3. Sponsoring Aids awareness campaigns	35.4
4. Supporting charitable institutions	56.3
5. Offering scholarships to the needy in the society	20
6. Participating or sponsoring the freedom from hunger walk	52.1
7. Establishment of channels for dealing with consumer complaints	79.2

Source - Field data

Table 7 above, shows the particular activities implemented as far as community social responsibility aspects are concerned and the percentage of the total respondents implementing the same. Channels of dealing with consumer complaints program was the most implemented, as 79.2% of the total respondents have established the channels dealing with consumer complaints. This could be explained by the fact that better profits would be made by the firms if their consumers were happy about their products. The research findings also reviewed that about 70.8% of the total respondents ranked profit maximisation as either first or second in their production motive, which could also

explain why majority of these firms had established channels of dealing with consumers complaints. Therefore, dealing with consumer complaints, could fulfil the social responsibility aspect as well as the profit maximization motive.

4.3. Relationship between attitude and social responsibility.

In order to determine the relationship between attitude and implementation of social responsibility in this study; both coefficient of correlation (r) and determination (r²) were computed for the three types of implementation studied i.e. environmental factors, employee related factors and community related factors, as well as the overall correlation. (see annexes iii-x)

4.3.1. Overall relationship between attitude and implementation of social responsibility.

The results showed that generally there is very little association between attitude and implementation. The overall coefficient of correlation was found to be 0.09638. This indicates there is a very small association between attitude and implementation of social responsibility as it is more closer to 0 than 1. Also the coefficient of determination (r²) was found to be 0.00871. This means that only 0.09% of the change in implementation of social responsibility can be explained by the change in attitude (see annex iii & iv).

For the specific categories studied, the results were as follows:-

4.3.2. Attitude and Environment.

The coefficient of correlation was found to be 0.08453. This shows that there is a weak association between attitude and implementation of social responsibility as far as environmental factors are concerned. The coefficient of determination was found to be 0.00714 which means that it is only 0.7% of the change in implementation of social responsibility activities concerning the environment that can be explained by the change in managers attitude. (see annex v & vi)

4.3.3. Attitude and employee related social responsibility factors.

The coefficient of correlation was found to be 0.0958. This means that there is a weak association between attitude and social responsibility implementation as far as the employee related factors are concerned. The coefficient of determination was found to be 0.00917 which means that it is only 0.9% of the change in implementation of social responsibility concerning employees that can be explained by the change in managers attitude (see annex vii & viii).

4.3.4. Attitude and the community.

The coefficient of correlation was found to be -0.0212 . This indicates that there is very weak association between attitude and implementation of social responsibility implementation concerning the community. The relationship is also an inverse one. The coefficient of determination was also found to be 0.00045 which means that it is only 0.045% of the change in implementation of social responsibility concerning the community that can be explained by the change in managers attitude (see annex ix & x).

To do the above analysis, the weights for attitude scale were chosen arbitrarily, and they were as follows:-

Response	Weights.
1. strongly agreeing with a positive statement and strongly disagreeing with a negative statement	5
2. Agreeing with a positive statement and disagreeing with a negative statement	4
3. A neutral attitude	3
4. disagreeing with a positive statement and agreeing to a negative statement	2

The above table shows the scoring procedure used in this analysis. For those respondents who strongly agreed with a positive statement and also strongly disagreed with a negative statement, they got a score of 5. Those who agreed with a positive statement and those who disagreed with a negative statement got a score of 4. A neutral attitude scored 3 and disagreeing with a positive statement and agreeing to a negative statement, the score was 2. The scores for implementation were out of: overall 33, environment 8, employee 14 and community 11.

4.4. Factors that hinder managers from engaging more in social responsibility activities.

The following factors were considered by the managers as being the barriers to their engaging more in social responsibility activities. Table 8 shows these factors in order of importance.

Table 8. Factors hindering managers from engaging more in social responsibility

Factors Affecting implementation	Percentage.
1. Finance	73
2. Social responsibility is not a priority	25
3. Lack of support from the government and the public	17
4. Time constraints	13
5. Lack of knowledge	13
6. Lack of human resources	6
7. Corporate culture being a barrier	6
8. Competition in the industry	4

Source – Field data

N = 48

From the above table 8, we find that finance is the major factor that hinders managers from engaging more in social responsibility activities as 73% of the respondents indicated

this to be so. Since the country is currently undergoing some economic depression, this could explain the reason why finance is hence the major factor contributing to this.

CHAPTER 5

The other reason quoted by 25% of the respondents is that social responsibility is not considered as a priority in these firms. Various reasons would cause social responsibility not to be considered a priority and this would include; 1) Lack of measures for social responsibility, hence it is difficult to show those companies that are more socially responsible. 2) lack of social responsibility reporting 3) unsemipathetic stockholders.

However it is important to ensure that social responsibility is taken as a priority by all in any society as this would save the society a lot of costs. For example, it would help in the conservation of the environment and as the study findings reviewed, environmental pollution is a major problem in Nairobi and the large scale manufacturing firms contributes towards this pollution.

Hence there is need for the stakeholders involved to ensure that social responsibility is considered a priority in these firms and the government here should take its responsibility seriously concerning the issues of social responsibility.

5.1. Summary

In relation to the issue of managers attitude towards social responsibility, it was found that managers have a positive attitude towards social responsibility. a mean score of 1.6 was recorded which is a high mean score. It was only in one statement (No. 3) where the mean score was negative (-0.2). The rest of the scores were above 1. This shows that managers had a strong positive attitude towards social responsibility.

Regarding the programs that the managers have put in place as far as the three aspects studied were concerned, we find that activities concerning the environment were the least implemented in that it's only in water conservation we find 37% of the respondents concerned having implemented some measures. Other environmental conservation measures were implemented by less than 30% of those involved in polluting it.

CHAPTER 5

SUMMARY AND CONCLUSIONS

In this chapter, the findings of this research have been summarised and discussed in relation to the objectives of the study. Included also are the conclusions and the limitations of the study and the suggestions for further research.

This study sought to answer 4 questions.

- The attitude of managers in large scale manufacturing firms towards social responsibility.
- The programs that the managers have put in place in response to social responsibility expectations.
- The relationship between attitude and social responsibility implementation.
- The factors that hinder managers from engaging more in social responsibility activities.

5.1. *Summary.*

In relation to the issue of managers attitude towards social responsibility, it was found that managers have a positive attitude towards social responsibility; a mean score of 1.6 was recorded which is a high mean score. It was only in one statement (No. 3) where the mean score was negative (-0.2). The rest of the scores was above 1. This shows that managers had a strong positive attitude towards social responsibility.

Regarding the programs that the managers have put in place as far as the three aspects studied were concerned, we find that matters concerning the environment were the least implemented in that it's only in noise conservation we find 57% of the respondents concerned having implemented noise breakers. Other environmental conservation measures were implemented by less than 50% of those involved in polluting it.

In terms of the employees social responsibility programs, it's only the medical cover (89%) and provision of transport (53.3 %) that have been implemented by the majority of the employers. The rest of the programs have been poorly implemented, which is indicated by a less than 50% response. For those firms who carried out the retrenchment program, the programme that was mainly implemented was "paying employees a package" which was by 64% of the respondents.

Majority of the respondents indicated that they implemented those programs concerned with the community. For example contribution for charitable activities was by 87.1 % of the total respondents although in varying amounts; Those who did not contribute at all amounted to the remaining 22.9% of the respondents.

On the issue of the relationship between attitude and implementation of the social responsibility programs, the study reviewed that at this particular period of time, there is very little association between attitude and implementation as the overall coefficient correlation of 0.0964 was recorded and coefficient of determination of 0.00929 was recorded indicating that it's only 0.09 % of the change in implementation of social responsibility that can be explained by the change in the managers attitude.

5.4. Suggestions for further research.

Various factors also came up as those that hinder managers from engaging more in social responsibility activities, the top on the list being the financial constraints followed by social responsibility not being considered a priority.

5.2. Conclusion:

The findings of this study have brought out a few issues regarding managers attitude towards social responsibility concept. Managers in Large scale manufacturing firms in Nairobi have a positive attitude towards social responsibility.

However, this attitude has very little influence on the implementation of social responsibility. Hence it's no wonder the implementation aspect of social responsibility in

these organisations has been poor although the managers have a strong positive attitude. The implementation of social responsibility as far as the environmental conservation is concerned is poorly implemented. Something needs to be done before it is too late, because when we pollute the environment, we are interfering with our future negatively.

RE: MANAGERS ATTITUDE AND RESPONSE TOWARDS SOCIAL

5.3. Limitations of the study.

This questionnaire has been designed to gather information on the above subject. This study was constrained by a number of factors.

1. Time was a limiting factor and this limited the scope and depth of the study.
2. The study was carried out during a time when power rationing was taking place country wide. This could have had a great influence on the companies' actions and hence the results of the study as the large scale manufacturing firms were the worst hit by the rationing.
3. There are also limitations of measurements which is common to all surveys. Beliefs and feelings that are used in attitudes may change over time and also respondents may give biased or dishonest answers.

5.4. Suggestions for further research.

1. Since this study was based on managers attitude and response towards social responsibility, a study can be carried out on employees perception on their managers attitude and response towards social responsibility.
2. A similar study can be carried out in those large scale manufacturing firms outside Nairobi.
3. A study on the factors other than attitude that influence the implementation of social responsibility in large scale manufacturing firms.

11th September 2000.

Dear Respondent,

RE: MANAGERS ATTITUDE AND RESPONSE TOWARDS SOCIAL RESPONSIBILITY.

This questionnaire has been designed to gather information on the above subject. This study is being carried out for a management project report as a requirement in partial fulfillment of the Degree of Master of Business and Administration, University of Nairobi.

I kindly request you to fill the questionnaire. Any information that you provide will be treated with utmost confidence and in no instance will your name or that of your firm be mentioned in the report.

A copy of the research project will be provided to you upon request. Your co-operation will be greatly appreciated.

Thanking you in advance.

Yours faithfully,

MR. D.O. OCHORO
SUPERVISOR

AGNES W. KAMAU
MBA STUDENT

QUESTIONNAIRE.**Annex ii**

Please fill for me this questionnaire. The information given here will only be used for purposes of this study and will be treated with utmost confidence.

SECTION A.

1. How would you classify the principal business of your company. Tick where appropriate.

- | | |
|----------------------------|-----|
| Food processing | () |
| Chemical | () |
| Textile | () |
| Metal working | () |
| Building | () |
| Paper and Paper board | () |
| Any other (Please specify) | () |

2. When did your company start operations in Nairobi?

3. Please indicate the ownership of your company. Please Tick the appropriate answer.

- | | |
|--------------------------|-----|
| Locally owned. | () |
| Foreign owned | () |
| Joint venture | () |
| Others (Please specify) | () |

4. For how long have you been in management position? Please tick where appropriate.

- | | |
|----------------|-----|
| 1 - 5 years | () |
| 6 -10 years | () |
| 11 -15 years | () |
| 16 - 20 years | () |
| Over 20 years. | () |

5. Which area/section do you work in? Please tick the appropriate one

- | | | |
|--------------------|-----------------|---------------------------------|
| i) Chief executive | iii) Production | iv) any other (Please indicate) |
| ii) Human Resource | iv) Finance | |

SECTION B.

For each of the following statements, please indicate how strongly you agree or disagree with the statement. Indicate by circling only the number which best represents your level of agreement.

- 1. Strongly agree
 - 2. Agree
 - 3. Neither Agree or Disagree
 - 4. Disagree
 - 5. Strongly disagree.
1. Since the organisation uses society's resources, it should contribute to social activities. 1 2 3 4 5
 2. Where the firm is polluting the environment, it should use the relevant technology to reduce pollution. 1 2 3 4 5
 3. Social responsibility activities should be determined by the government. 1 2 3 4 5
 4. By spending on social activities, the managers are in effect levying taxes on the corporation. 1 2 3 4 5
 5. The only effect to the organisation of spending on social responsibility activities is the reduction of the shareholders profits. 1 2 3 4 5
 6. Managers should be held accountable for social effects of their companies 1 2 3 4 5
 7. Money spent on social responsibility activities is money lost 1 2 3 4 5
 8. Social responsible firms will be uncompetitive due to committing their financial resources to social issues. 1 2 3 4 5
 9. Social responsible programs allocate resources in areas which do not bring any returns to the owners 1 2 3 4 5
 10. Social responsible leads to the creation of a better environment which benefits both the society and the business. 1 2 3 4 5

- | | | |
|-----|---|-----------|
| 11. | Corporations exists only to make profits | 1 2 3 4 5 |
| 12. | It's better to prevent social problems than to cure them | 1 2 3 4 5 |
| 13. | It's in the long run interest of the organisation to engage in social activities. | 1 2 3 4 5 |
| 14. | Giving out business profits to support social activities is not a worthy objective. | 1 2 3 4 5 |
| 15. | Social responsibility is a social contract between business & society | 1 2 3 4 5 |
| 16. | Corporate social action will help preserve business as a viable institution in society. | 1 2 3 4 5 |
| 17. | Responsible corporate behaviour can be in the best interest of stockholders. | 1 2 3 4 5 |
| 18. | Making at least a token effort on social policies is wiser than holding on principle. | 1 2 3 4 5 |
| 19. | Efficient production of goods and services is no longer the only thing society expects from business. | 1 2 3 4 5 |
| 20. | The government should merely pass the laws they want followed, and should not expect corporations to go beyond the law in solving society's problems. | 1 2 3 4 5 |

SECTION C.

ENVIRONMENT CONSERVATION.

1. How does your manufacturing process affect the following environmental factors?

a)Air.....

b)Water.....

c)Noise.....

.....
.....

d)Litter.....
.....
.....

e) Others (Please specify)
.....
.....
.....

2. What measures have your company put forward to contribute to environmental conservation within the following factors.

a)Air.....
.....
.....

b)Water.....
.....
.....

c)Noise.....
.....
.....

d)Litter.....
.....
.....

e)Others.....
.....
.....

3. What problems have you encountered in trying to implement these environmental conservation measures?

a).....
.....
.....

b).....
.....
.....

c).....
.....
.....

d).....
.....
.....

e).....
.....

4. What are some of the by-products of your manufacturing process.

i).....
.....

ii).....

iii).....

5. i) Do you recycle any of your salvaged products? YES/NO. Please circle the appropriate answer.

ii) If the answer to the above question is no, what are the reasons why?

a).....
.....
.....

b).....
.....

c).....
.....
.....

d).....
.....
.....

e).....
.....
.....

Pay them a package
Any other (Please specify)

6. What are some of the waste products that come out of your manufacturing process. Please list them in the spaces provided.
- i)
- ii)
- iii)
- iv)

7. How does your firm dispose of the waste products?

EMPLOYEES

8. Has your firm recently carried out retrenchment and down sizing program.
 YES/NO
9. If the answer to the above is YES; how was the message delivered to the employees concerned. TICK the one appropriate to your firm.
- | | |
|--|-----|
| a) gave them 6 months notice | () |
| b) gave them 3 months notice | () |
| c) gave them 1 month notice | () |
| d) gave them 2 weeks notice | () |
| e) informed them the same time they were to leave. | () |
| f) any other (please specify) | () |
10. Did your firm also carry out the following for the employees concerned? Please indicate with a Y where the answer is YES and an N where the answer is NO.
- | | |
|------------------------------|-------|
| Retraining of the employees | _____ |
| Guidance and counseling | _____ |
| Pay them a package | _____ |
| Any other (Please specify). | _____ |

COMMUNITY:

11. Do you have the following benefits for the employees in the organisation. Please indicate with an Y where the answer is YES and an N where the answer is NO.

Education for their children _____

Medical cover _____

Transport to and from work _____

Recreational facilities. _____

Sports /games _____

Housing facilities. _____

Pre-retirement training _____

Guidance and Counselling _____

12. Have you recently held a workshop on HIV/AIDS for the employees in your organisation? Please tick the one appropriate to your firm.

YES

NO.

13. What protective equipment does your organisation provide for the employees working in the firm.

Equipment	Purpose

COMMUNITY:

14. What are some of the community services your firm gets involved in?

- i)
- ii)
- ii).....
-
-

15. Where would you fit your firms expenditure on charitable contributions in Kshs per year. Please tick the appropriate answer.

5000-50,000.
50,001-100,000
100,001-250,000
250,001-500,000
500,001-750,000
750,001-1,000,000
Above - 1,000,000
Non of the above.

16. What other businesses if any, has your organisation invested in which could be of benefit to the community within which they operate?

- i)
- ii)
- iii)

iv)

17. What policies do you have in place against corruption practices?

i).....

ii).....

iii).....

18. Do you engage in the following activities. Please indicate with a Y where the answer is YES and an N where the answer is NO.

• any other (Please specify) _____

• offering scholarships to the needy in the society. _____

• supporting any charitable institution e.g “Nyumba ya Wazee” _____

• Releasing executives in the firm to go and assist in specific community projects. _____

• Sponsor awareness campaigns on HIV/AIDS. _____

• Participate or sponsor the freedom from hunger walk. _____

19. What measures have you put in place to ensure that advertisement of your products is truthful and fair?

i).....

ii).....

iii).....

iv).....
.....
v).....
.....

20. How would you rank the following in order of importance concerning your manufacturing process. Please indicate by numbering 1 as the highest and then subsequently to the lowest.

- Profit maximisation _____
- Quality of the product _____
- Ease of production _____
- Time used in production _____
- any other (Please specify) _____

21. Do you have any in built channels of dealing with consumers complaints. Please tick the appropriate answer.

YES

NO.

22. If the answer to the above is YES, please state them in the spaces provided.

i).....
.....
.....
ii).....
.....
.....
iii).....
.....
.....
iv).....
.....

SECTION D.

23. What factors prohibit you from being more socially responsible. Please indicate in the spaces provided.

i).....

ii).....

iii).....

iv).....

v).....

THANK YOU.

2119	894	9429	1247	2848
------	-----	------	------	------

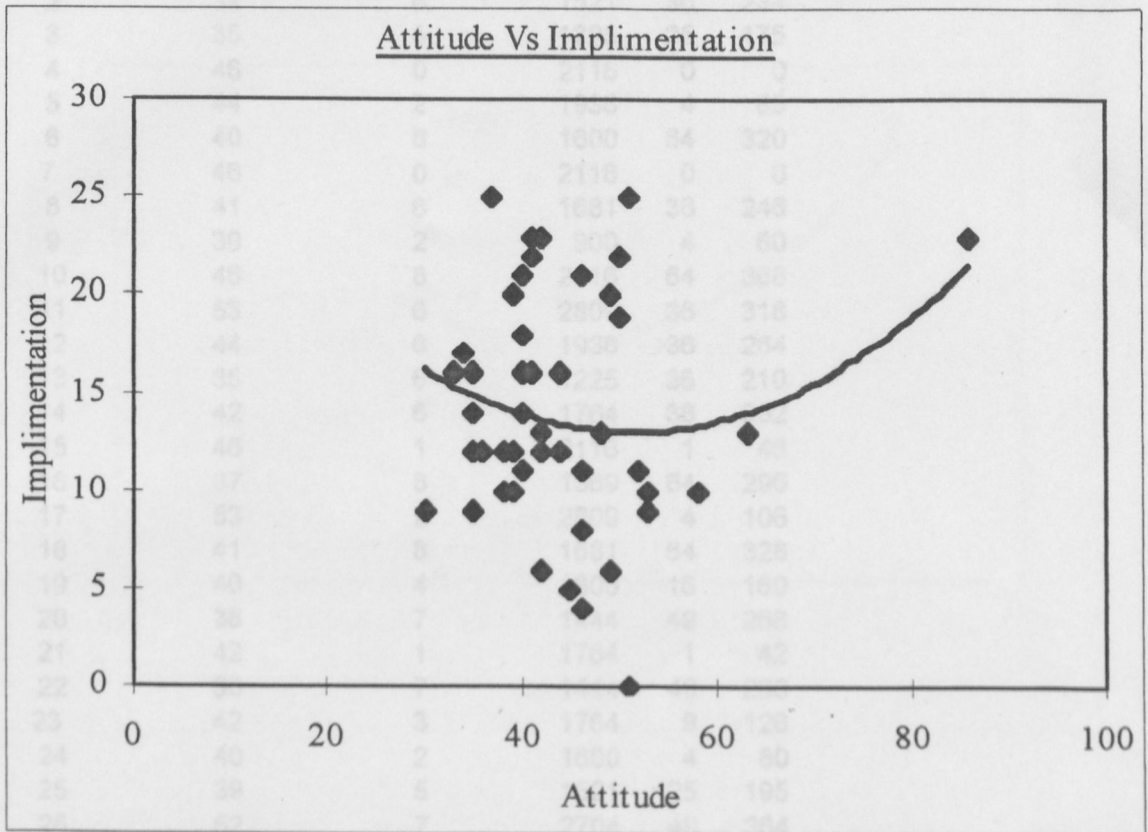
Relationship between attitude and implementation of social responsibility

Annex iii

<u>Attitude(X)</u>	<u>IMPLIMENTATION(y)</u>	<u>X*X</u>	<u>Y*Y</u>	<u>XY</u>
33	16	1089	256	528
39	20	1521	400	780
35	14	1225	196	490
46	8	2116	64	368
44	12	1936	144	528
40	18	1600	324	720
46	4	2116	16	184
41	16	1681	256	656
30	9	900	81	270
46	21	2116	441	966
53	10	2809	100	530
44	16	1936	256	704
35	16	1225	256	560
42	13	1764	169	546
46	8	2116	64	368
37	25	1369	625	925
53	9	2809	81	477
41	22	1681	484	902
40	14	1600	196	560
38	10	1444	100	380
42	6	1764	36	252
38	12	1444	144	456
42	12	1764	144	504
40	14	1600	196	560
39	10	1521	100	390
52	11	2704	121	572
40	21	1600	441	840
41	23	1681	529	943
35	12	1225	144	420
42	23	1764	529	966
40	11	1600	121	440
50	22	2500	484	1100
45	5	2025	25	225
51	0	2601	0	0
39	12	1521	144	468
50	19	2500	361	950
35	9	1225	81	315
34	17	1156	289	578
48	13	2304	169	624
51	25	2601	625	1275
36	12	1296	144	432
49	20	2401	400	980
46	11	2116	121	506
86	23	7396	529	1978
40	16	1600	256	640
63	13	3969	169	819
49	6	2401	36	294
58	10	3364	100	580
2110	669	96696	10947	29549

Annex iv.

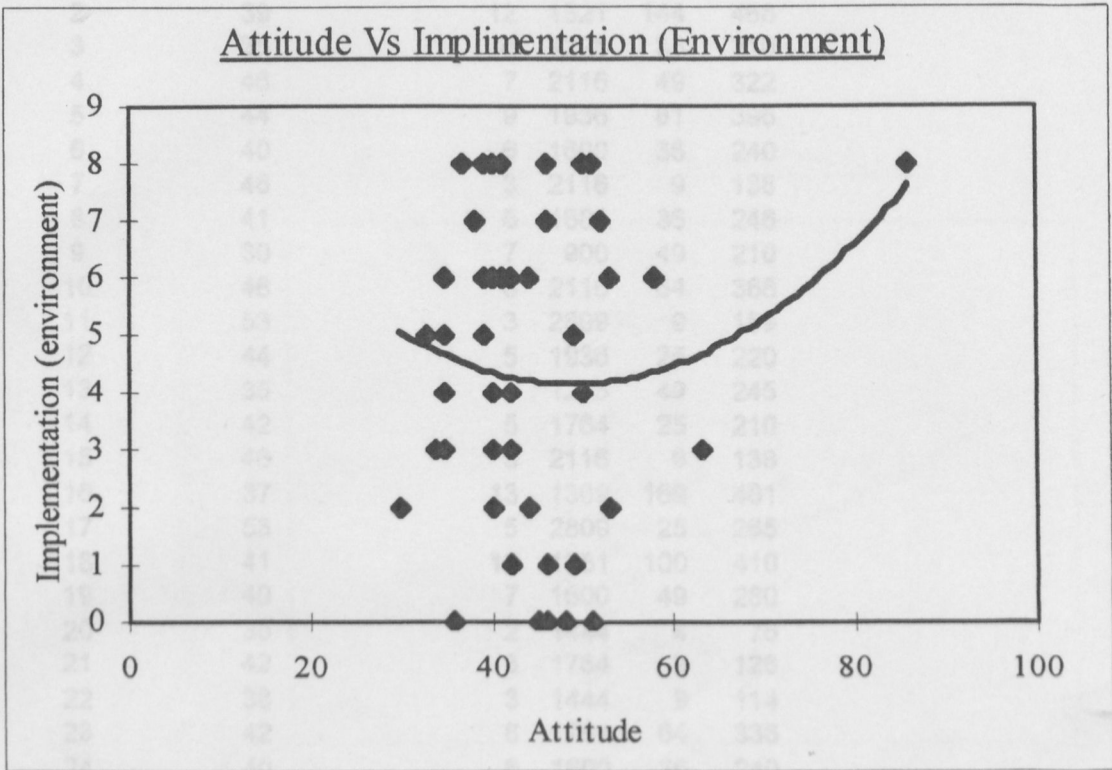
Respondents Attitude(Y) Environment(X) Y*Y X*X XY



Respondents	Attitude(Y)	Environment(X)	Y*Y	X*X	XY
1	35	5	1089	25	165
2	38	6	1444	36	228
3	35	7	1225	49	245
4	45	0	2025	0	0
5	40	8	1600	64	320
6	48	0	2304	0	0
7	41	6	1681	36	246
8	38	2	1444	4	60
9	45	8	2025	64	360
10	55	6	3025	36	336
11	44	6	1936	36	264
12	35	6	1225	36	210
13	42	6	1764	36	252
14	45	1	2025	1	45
15	37	3	1369	9	111
16	53	3	2809	9	159
17	41	8	1681	64	328
18	40	4	1600	16	160
19	38	7	1444	49	266
20	42	1	1764	1	42
21	42	3	1764	9	126
22	40	2	1600	4	60
23	38	5	1444	25	190
24	52	7	2704	49	364
25	40	3	1600	9	120
26	41	6	1681	36	246
27	38	3	1444	9	108
28	35	3	1225	9	105
29	42	4	1764	16	168
30	40	6	1600	36	240
31	50	4	2500	16	200
32	35	0	1225	0	0
33	51	0	2601	0	0
34	38	6	1444	36	228
35	50	6	2500	36	300
36	36	1	1296	1	36
37	46	1	2116	1	46
38	34	3	1156	9	102
39	48	0	2304	0	0
40	51	4	2601	16	204
41	38	0	1444	0	0
42	39	5	1521	25	195
43	40	7	1600	49	280
44	50	8	2500	64	400
45	40	4	1600	16	160
46	53	3	2809	9	159
47	42	1	1764	1	42
48	38	8	1444	64	304
Summation	2110	212	9426	1278	8417

Respondents	Attitude(Y)	Environment(X)	Y*Y	X*X	XY
1	33	5	1089	25	165
2	39	6	1521	36	234
3	35	5	1225	25	175
4	46	0	2116	0	0
5	44	2	1936	4	88
6	40	8	1600	64	320
7	46	0	2116	0	0
8	41	6	1681	36	246
9	30	2	900	4	60
10	46	8	2116	64	368
11	53	6	2809	36	318
12	44	6	1936	36	264
13	35	6	1225	36	210
14	42	6	1764	36	252
15	46	1	2116	1	46
16	37	8	1369	64	296
17	53	2	2809	4	106
18	41	8	1681	64	328
19	40	4	1600	16	160
20	38	7	1444	49	266
21	42	1	1764	1	42
22	38	7	1444	49	266
23	42	3	1764	9	126
24	40	2	1600	4	80
25	39	5	1521	25	195
26	52	7	2704	49	364
27	40	3	1600	9	120
28	41	6	1681	36	246
29	35	3	1225	9	105
30	42	4	1764	16	168
31	40	6	1600	36	240
32	50	4	2500	16	200
33	45	0	2025	0	0
34	51	0	2601	0	0
35	39	8	1521	64	312
36	50	8	2500	64	400
37	35	4	1225	16	140
38	34	3	1156	9	102
39	48	0	2304	0	0
40	51	8	2601	64	408
41	36	0	1296	0	0
42	49	5	2401	25	245
43	46	7	2116	49	322
44	86	8	7396	64	688
45	40	4	1600	16	160
46	63	3	3969	9	189
47	49	1	2401	1	49
48	58	6	3364	36	348
Summation	2110	212	96696	1276	9417

Attitude Vs Implimentation (Environment)



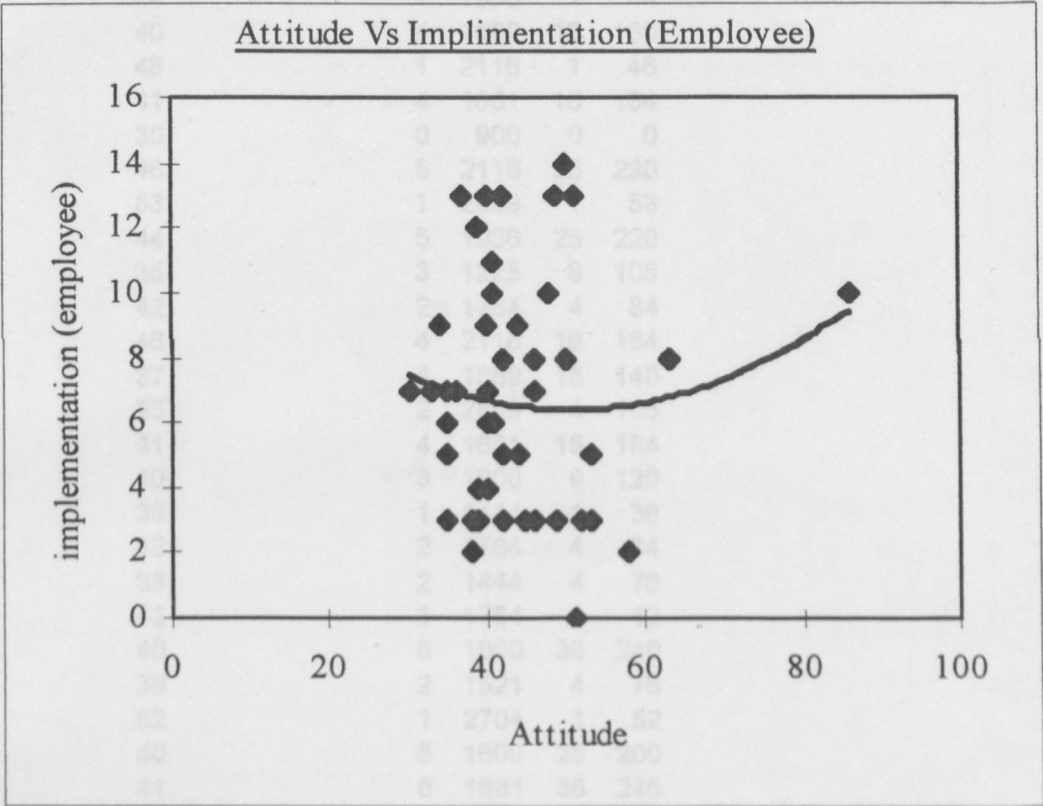
21	40	1	1784	40	160
22	38	3	1444	9	114
23	42	1	1764	1	138
24	40	3	1521	9	117
25	38	3	1444	9	168
26	40	13	1600	169	620
27	40	13	1600	121	481
28	41	11	1681	121	481
29	35	5	1225	25	175
30	42	15	1764	189	548
31	40	4	1600	16	160
32	50	14	2500	196	700
33	45	3	2025	9	135
34	51	0	2601	0	0
35	38	4	1521	16	168
36	50	8	2500	64	400
37	31	5	1225	9	105
38	34	9	1156	81	306
39	46	10	2304	100	460
40	51	13	2601	169	653
41	38	7	1296	49	252
42	48	12	2401	105	637
43	48	3	2116	9	138
44	50	10	2500	100	500
45	40	9	1600	81	360
46	55	5	3025	25	604
47	49	3	2401	9	147
48	58	2	3364	4	118
Summation	2110	122	36894	2782	14213

Relationship between attitude and implementation (employee programs)

Annex vii.

Respondents	Attitude(Y)	Employee(X)	Y*Y	X*X	XY
1	33	7	1089	49	231
2	39	12	1521	144	468
3	35	6	1225	36	210
4	46	7	2116	49	322
5	44	9	1936	81	396
6	40	6	1600	36	240
7	46	3	2116	9	138
8	41	6	1681	36	246
9	30	7	900	49	210
10	48	8	2304	64	384
11	53	3	2809	9	159
12	44	5	1936	25	220
13	35	7	1225	49	245
14	42	5	1764	25	210
15	46	3	2116	9	138
16	37	13	1369	169	481
17	53	5	2809	25	265
18	41	10	1681	100	410
19	40	7	1600	49	280
20	38	2	1444	4	76
21	42	3	1764	9	126
22	38	3	1444	9	114
23	42	8	1764	64	336
24	40	6	1600	36	240
25	39	3	1521	9	117
26	52	3	2704	9	156
27	40	13	1600	169	520
28	41	11	1681	121	451
29	35	5	1225	25	175
30	42	13	1764	169	546
31	40	4	1600	16	160
32	50	14	2500	196	700
33	45	3	2025	9	135
34	51	0	2601	0	0
35	39	4	1521	16	156
36	50	8	2500	64	400
37	35	3	1225	9	105
38	34	9	1156	81	306
39	48	10	2304	100	480
40	51	13	2601	169	663
41	36	7	1296	49	252
42	49	13	2401	169	637
43	46	3	2116	9	138
44	86	10	7396	100	860
45	40	9	1600	81	360
46	63	8	3969	64	504
47	49	3	2401	9	147
48	58	2	3364	4	116
Summation	2110	322	96696	2782	14213

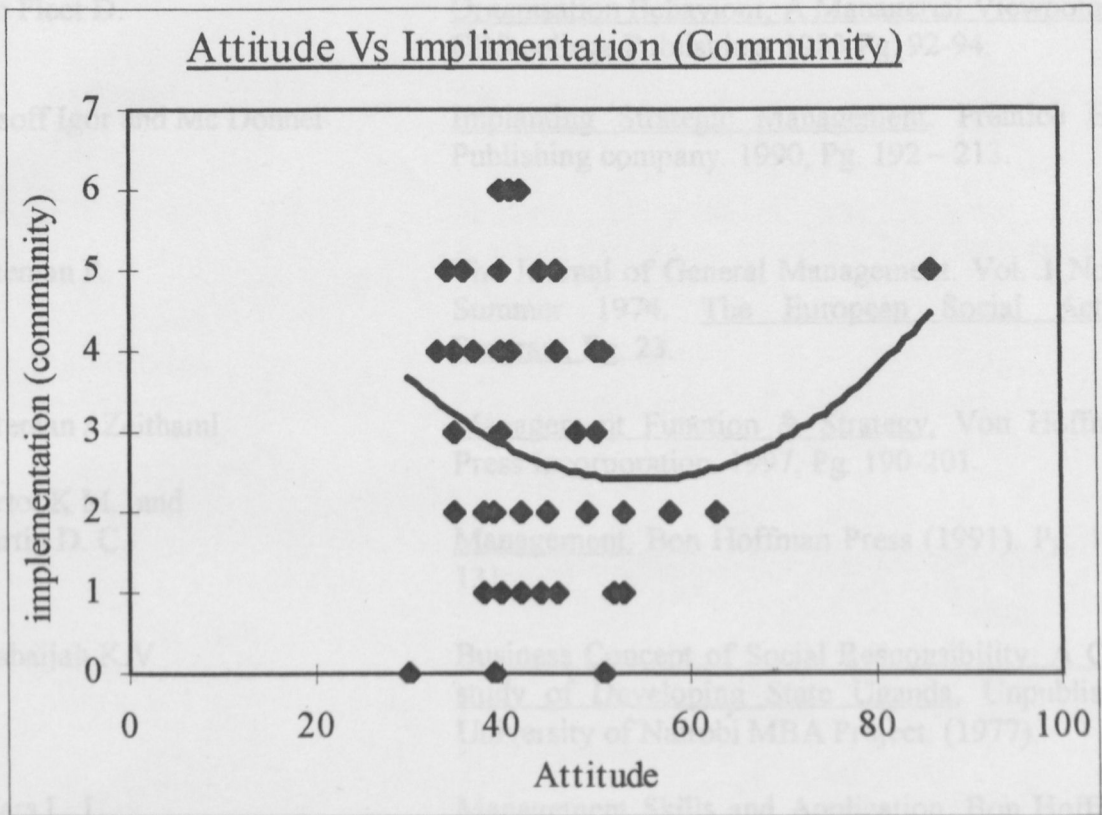
Respondents	Attitude(Y)	Community(X)	Y*Y	X*X	XY
1	53	4	1089	16	132
2	38	2	1521	4	78
3	36	3	1225	9	105
4	48	1	2116	1	48
5	44	1	1936	1	44
6	40	1	1600	1	40
7	48	1	2116	1	48
8	48	1	2116	1	48
9	48	1	2116	1	48
10	48	1	2116	1	48
11	48	1	2116	1	48
12	48	1	2116	1	48
13	48	1	2116	1	48
14	48	1	2116	1	48
15	48	1	2116	1	48
16	48	1	2116	1	48
17	48	1	2116	1	48
18	48	1	2116	1	48
19	48	1	2116	1	48
20	48	1	2116	1	48
21	48	1	2116	1	48
22	48	1	2116	1	48
23	48	1	2116	1	48
24	48	1	2116	1	48
25	48	1	2116	1	48
26	48	1	2116	1	48
27	48	1	2116	1	48
28	48	1	2116	1	48
29	48	1	2116	1	48
30	48	1	2116	1	48
31	48	1	2116	1	48
32	48	1	2116	1	48
33	48	1	2116	1	48
34	48	1	2116	1	48
35	48	1	2116	1	48
36	48	1	2116	1	48
37	48	1	2116	1	48
38	48	1	2116	1	48
39	48	1	2116	1	48
40	48	1	2116	1	48
41	48	1	2116	1	48
42	48	1	2116	1	48
43	48	1	2116	1	48
44	48	1	2116	1	48
45	48	1	2116	1	48
46	48	1	2116	1	48
47	48	1	2116	1	48
48	48	1	2116	1	48
49	48	1	2116	1	48
50	48	1	2116	1	48
51	48	1	2116	1	48
52	48	1	2116	1	48
53	48	1	2116	1	48
54	48	1	2116	1	48
55	48	1	2116	1	48
56	48	1	2116	1	48
57	48	1	2116	1	48
58	48	1	2116	1	48
59	48	1	2116	1	48
60	48	1	2116	1	48
61	48	1	2116	1	48
62	48	1	2116	1	48
63	48	1	2116	1	48
64	48	1	2116	1	48
65	48	1	2116	1	48
66	48	1	2116	1	48
67	48	1	2116	1	48
68	48	1	2116	1	48
69	48	1	2116	1	48
70	48	1	2116	1	48
71	48	1	2116	1	48
72	48	1	2116	1	48
73	48	1	2116	1	48
74	48	1	2116	1	48
75	48	1	2116	1	48
76	48	1	2116	1	48
77	48	1	2116	1	48
78	48	1	2116	1	48
79	48	1	2116	1	48
80	48	1	2116	1	48
81	48	1	2116	1	48
82	48	1	2116	1	48
83	48	1	2116	1	48
84	48	1	2116	1	48
85	48	1	2116	1	48
86	48	1	2116	1	48
87	48	1	2116	1	48
88	48	1	2116	1	48
89	48	1	2116	1	48
90	48	1	2116	1	48
91	48	1	2116	1	48
92	48	1	2116	1	48
93	48	1	2116	1	48
94	48	1	2116	1	48
95	48	1	2116	1	48
96	48	1	2116	1	48
97	48	1	2116	1	48
98	48	1	2116	1	48
99	48	1	2116	1	48
100	48	1	2116	1	48
Summation	2116	100	10000	100	2116



Relationship between attitude and implementation (community programs)

Annex ix.

Respondents	Attitude(Y)	Community(X)	Y*Y	X*X	XY
1	33	4	1089	16	132
2	39	2	1521	4	78
3	35	3	1225	9	105
4	46	1	2116	1	46
5	44	1	1936	1	44
6	40	4	1600	16	160
7	46	1	2116	1	46
8	41	4	1681	16	164
9	30	0	900	0	0
10	46	5	2116	25	230
11	53	1	2809	1	53
12	44	5	1936	25	220
13	35	3	1225	9	105
14	42	2	1764	4	84
15	46	4	2116	16	184
16	37	4	1369	16	148
17	53	2	2809	4	106
18	41	4	1681	16	164
19	40	3	1600	9	120
20	38	1	1444	1	38
21	42	2	1764	4	84
22	38	2	1444	4	76
23	42	1	1764	1	42
24	40	6	1600	36	240
25	39	2	1521	4	78
26	52	1	2704	1	52
27	40	5	1600	25	200
28	41	6	1681	36	246
29	35	4	1225	16	140
30	42	6	1764	36	252
31	40	1	1600	1	40
32	50	4	2500	16	200
33	45	2	2025	4	90
34	51	0	2601	0	0
35	39	0	1521	0	0
36	50	3	2500	9	150
37	35	2	1225	4	70
38	34	5	1156	25	170
39	48	3	2304	9	144
40	51	4	2601	16	204
41	36	5	1296	25	180
42	49	2	2401	4	98
43	46	1	2116	1	46
44	86	5	7396	25	430
45	40	3	1600	9	120
46	63	2	3969	4	126
47	49	2	2401	4	98
48	58	2	3364	4	116
Summation	2110	135	96696	513	5919



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