

**AN INVESTIGATION OF HOW CORPORATE SOCIAL RESPONSIBILITY  
AFFECTS ORGANISATIONAL PERFORMANCE: A CASE STUDY OF  
UNILEVER- ESA (KENYA)**

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**DECLARATION**

This research project is my original work and it has not been submitted for examination in any other university.

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This research project has been submitted for examination with my approval as university supervisor.

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## **DEDICATION**

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## **ABSTRACT**

The number of corporations carrying on activities in foreign countries or facing transnational competition is constantly growing (Enderle, 1999). Businesses are growing and are growing fast. Corporate Social Responsibility is a way that business can be responsible and profitable and yet Corporate Social Responsibility activities initiatives do not seem to work or convince the society of businesses engagement with social responsibility. The increase in expenditures to enhance the social responsibilities of corporations suggests managers find a benefit in CSR implementation'. (Palmer, Harmony 2012) Multinational Corporations perceive and practice Corporate Social Responsibility as a corporate philanthropy aimed at addressing socio-economic development challenges. This study sought to investigate how practicing corporate social responsibility affects organizational performance at Unilever ESA. The researcher has chosen a case study research design, ideally, a case study is a research methodology that focuses on understanding the dynamics present in a management situation (Eisenhardt 1989). Data for this study was collected by means of an interview guide .The researcher used primary data to carry out the study. An interview guide that consists of open-ended questions was used to facilitate the collection of data from the respondents. The data was collected from the senior managers within the human resource, marketing, corporate communication, and finance departments who are involved in strategy formulation and implementation programs for corporate social responsibility. Data was analyzed through the use of content analysis. The study found the corporate social reasonability affects the corporate financial performance of the organization to great extent. The study revealed that corporate social responsibility enhanced organization performance through creation of demand for organization product, bring the company close to the people, increasing sale volumes and making the company socially responsible. The study established that through the CSR activities the company was able to enhance its reputation and through reputation management the organization influenced corporate organisation performance in the organization. The study found that reputation management enables a company to build positive relationships to deliver business advantage, helps companies to build customers trust thereby increasing sales, a good reputation demonstrably increases corporate worth and provides sustained competitive advantage. The study further revealed that challenges Unilever ESA Kenya faced in Corporate Social Responsibility were selection of the project which represents the interest of the community, employee involvement in project implementation, stakeholder's involvement in the projects, selection of project that are environment friendly and project ownership by the community.

## **LIST OF ABBREVIATIONS**

<b>BSR</b>	Business for Social Responsibility
<b>CCC</b>	Cash Conversion Cycle
<b>CSP</b>	Corporate Social Performance
<b>CSR</b>	Corporate Social Responsibility
<b>NGO</b>	Non-Governmental Organization
<b>ROA</b>	Return on Assets
<b>ROI</b>	Return on Investment
<b>WBSCD</b>	World Business Council for Sustainable development



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The number of corporations carrying on activities in foreign countries or facing transnational competition is constantly growing (Enderle, 1999). Businesses are growing and are growing fast. This super normal growth of businesses is quite normal considering that the population of people is fast growing and considering the fast advancement of information technology thus making firms to be seamless in the way that they operate.

International business can be understood from a number of perspectives. Various stakeholders often define it as a march toward a more fully integrated world market. Political scientists view it as a shift away from traditional state sovereignty to a more complex system of 'multi-layered' governance in which non-state actors are increasingly gaining roles in shaping world order this can also be viewed as globalization. Business schools and companies alike often think of it in terms of a borderless world for corporate operations, underlying each of these perspectives is the idea that international business is the core driving force for globalization. Moreover, governments have lowered border barriers thus increasing international business activities.

International business has created an operating environment for business leaders that is markedly different from national or local levels, and it is often exceedingly unpredictable. Therefore, business leaders need to understand better the dynamics of the global operating environment in order to manage its related risks effectively. There is an emerging issue of whether the company as it pursues this goal, if the society is benefiting. This is where actions

like corporate social responsibility programs play a central role, what the company is doing in order to ensure that as it strives to meet its goals the society is well taken care of in terms of environmental as well as social aspects.

### **1.1.1 Concept of International Business**

International business is where business is conducted beyond national borders. This business includes the transfer of goods, services, technology, managerial knowledge, and capital to other countries. So when it comes to International Business Management these involves how business will be managed from a global perspective. International business has evolved over a long period.

International business is a term used to collectively describe all commercial transactions private and governmental, sales, investments, logistics, and transportation that take place between two or more nations. Usually, private companies undertake such transactions for profit; governments undertake them for profit and for political reasons (Daniels, Radebaugh, and Sullivan, 2007). It refers to all those business activities that involve cross border transactions of goods, services, resources between two or more nations.

International business may be defined simply as business transactions that take place across national borders. This broad definition includes the very small firm that exports (or imports) a small quantity to only one country, as well as the very large global firm with integrated operations and strategic alliances around the world (Grant, 2000). International business grew over the last half of the twentieth century partly because of liberalization of both trade and investment, and partly because doing business internationally had become easier.

### **1.1.2 Organizational performance**

With organizations operating in very volatile environment, the managements concern is how to achieve organizational performance. Organizational performance involves recurring activities to establish organizational goals, monitor progress towards the goals, and make adjustments towards achieve those goals more effectively and efficiently (Carter, 1997). The question is why some organizations perform better than others.

Organization performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization's operations and strategies (Venkatraman and Ramanujam, 2001).

### **1.1.3 Corporate Social Responsibility**

Various definitions of Corporate Social Responsibility have emerged. Davis defines it as decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest (Davis, 1960). Carroll states, the social responsibility encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point of time (Carroll, 1979). More recently, Porter and Kramer note that 'the relationship between business and society that does not treat corporate success and social welfare as a zero-sum game' (Porter and Kramer, 2006). The definitions, although capture the meaning of Corporate Social Responsibility (responsibilities of a company towards the society) they can lead to misconceptions because they cover a wide range of words like

ethics, economic, technical, development and quality of life, which in their own domain have complexities. This is positive in terms of bringing people in various fields together and to form solutions and strategies. However, it could undermine the true social responsibility of an industry because the definitions incorporate wide range of issues involving different actors. Hence, it can be concluded that realizing the context in which Corporate Social Responsibility is being used assists in clarity of the concept.

This concept of corporate social responsibility has been developing since the early 1970s; there is no single, commonly accepted definition of Corporate Social Responsibility (CSR). There are different perceptions of the concept among the private sector, governments and civil society organizations. Depending on the perspective, Corporate Social Responsibility may cover a company running its business responsibly in relation to internal stakeholders (shareholders, employees, customers, and suppliers). The role of business in relationship to the state, locally and nationally, as well as to inter-state institutions or standards; and Business performance as a responsible member of the society in which it operates and the global community. The first perspective includes ensuring good corporate governance, product responsibility, employment conditions, workers' rights, training, and education. The second includes corporate compliance with relevant legislation, and the company's responsibility as a taxpayer, ensuring that the state can function effectively. The third perspective is multi-layered and may involve the company's relations with the people and environment in the communities in which it operates, and those to which it exports. Too often, attaining Corporate Social Responsibility is understood from the perspective of

business generosity to community projects and charitable donations, but this fails to capture the most valuable contributions that a company has to make. (Reyes 2002).

Various associations have developed their own definitions of Corporate Social Responsibility. The underlying definition being operating a business in a manner that meets or exceeds the ethical, legal, commercial, and public expectations of society. Companies see corporate Social Responsibility as more than a collection of discrete practices or occasional gestures, or initiatives motivated by marketing, public relations, or other business benefits. Rather, it is viewed as a comprehensive set of policies, practices and programs that are integrated throughout business operations, and decision-making processes that are supported and rewarded by top management. Business for Social Responsibility (BSR) give the meaning as Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society. The World Business Council for Sustainable Development has given the definition as The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large World Business Council for Sustainable development . To sum it all up this is a concept that an enterprise is accountable for its impact on all relevant stakeholders.

It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society.

Traditionally, environmental protection has been considered to be in the public interest and external to private life. Governments have assumed principal responsibility for assuring environmental management, and have focused on creating and preserving a safe environment. They have directed the private sector to adopt environmentally sound behavior through regulations, sanctions, and occasionally, incentives. When environmental problems have arisen, the public sector has generally borne the responsibility for mitigation of environmental damage.

In this approach, some have contended that unrestricted private sector behavior has been considered as presenting the environmental problem. There are a couple of theories that explain the corporate social responsibilities the first group in which it is assumed that the corporation is an instrument for wealth creation and that this is its sole social responsibility. This group of theories could be called Instrumental theories because they understand Corporate Social Responsibility as a mere means to the end of profits.

A second group in which the social power of corporation is emphasized, is in its relationship with society and its responsibility in the political arena associated with this power. This leads the corporation to accept social duties and rights or participate in certain forms of social cooperation. This group is called political theories. A third group includes theories that consider that business ought to integrate social demands. They usually argue that business depends on society for its continuity and growth and even for the existence of business itself. We can term this group integrative theory. A fourth group of theories understands that the relationship between business and society is embedded with ethical values. We can term this group of ethical theory. (Garriga and Melé, 2004)

#### **1.1.4 Unilever ESA and Corporate Social Responsibility**

Unilever Eastern and Southern Africa is a great example of a Multinational Corporation that uses Corporate Social Responsibility. It has set standards on how the corporate social responsibility should integrate with the company's day-to-day activities. The Corporate Social Responsibility activity is under a project known as the sustainable living plan its main aim is to set out and decouple the company's growth from the environmental impact, while at the same time increasing their positive social impact. It has three big goals it wishes to achieve by 2020 these are to improve health and well-being, reduce environmental impact and source 100% of their agricultural raw materials sustainably and enhance the livelihoods of people across their value chain. This study will be able to show clearly if Corporate Social Responsibility activities have an impact multinational corporations performances in the host countries.

The economic responsibility is to make money. Required by simple economics, this obligation is the business version of the human survival instinct. Companies that don't make profits are in a modern market economy doomed to perish. Of course there are special cases. Nonprofit organizations make money (from their own activities as well as through donations and grants), but pour it back into their work. Additionally, public/private hybrids can operate without turning a profit. In some cities, trash collection is handled by this kind of organization, one that keeps the streets clean without at least theoretically making anyone rich. For the vast majority of operations, however, there have to be profits. Without them, there's no business and no business ethics.

The legal responsibility is to adhere to rules and regulations. Like the previous, this responsibility is not controversial. What proponents of Corporate Social Responsibility argue, however, is that this obligation must be understood as a proactive duty. Laws are not boundaries that enterprises skirt and cross over if the penalty is low. Instead, responsible organizations accept the rules as a social good and make good faith efforts to obey not just the letter but also the spirit of the limits as against that model of behavior, a Corporate Social Responsibility vision of business affirms that society's limits will be scrupulously obeyed, even if the fine is only one dollar.

The ethical responsibility is to do what is right even when not required by the letter or spirit of the law. This is the theory's keystone obligation, and it depends on a coherent corporate culture that views the business itself as a citizen in society, with the kind of obligations that citizenship normally entails.

Philanthropic responsibility to contribute to society's projects even when they are independent of the particular business. Instead, public acts of generosity represent a view that businesses, like everyone in the world, have some obligation to support the general welfare in ways determined by the needs of the surrounding community.

## **1.2 Research Problem**

Corporate Social Responsibility is a way that business can be responsible and profitable and yet Corporate Social Responsibility activities initiatives do not seem to work or convince the society of businesses engagement with social responsibility. As Porter and Kramer state, first, they pit business against society, when in reality the two are interdependent. Second, they pressure companies to think of corporate social responsibility in generic ways instead of



in the way most appropriate to their individual strategies' (Porter & Kramer 2006). Corporate Social Responsibility despite having been implemented to overcome societal hurdles, the concept's ambiguity raises misunderstandings. This ambiguity raises several problems, of which two are especially significant. The first is that Corporate Social Responsibility is seen as a public relations tool, rather than a value-creating process in its own right, whose goal is to assist companies in achieving sustainability. The second is that some companies have claimed to pursue Corporate Social Responsibility, but in fact have only used contributions to social objectives as a mechanism for carrying on profit maximizing operations.

Over the past years, there has been a drastic increase in implementation of CSR programs from organizations of all sizes. The increase in expenditures to enhance the social responsibilities of corporations suggests managers find a benefit in CSR implementation'. (Palmer, Harmony 2012) Hence, this study attempts to provide information on the impact of CSP on organizational performance that managers can use to structure business strategies to maximize future returns. If managers are interested in investing in social responsibility initiatives, this study predicts how their organizations will be impacted financially and describes strategies managers can employ to satisfy their constituents.

Future research in the area of corporate social responsibility may consider how CSR initiatives affects financial performance across different industries, whether CSR programs add value to intangible assets such as brand, and how transparency of CSR reporting impacts stakeholder decisions and, ultimately, organization performance. The increase in expenditures to enhance the social responsibilities of corporations suggests managers find a benefit in CSR implementation. Hence, this study attempts to provide information on the

impact of CSP on organization performance that managers can use to structure business strategies to maximize future earnings.

Locally studies carried out on corporate social responsibility include, Muiruri (2012), who did a study on the challenges of aligning corporate social responsibility to corporate strategy for Safaricom foundation. Likewise, Mwai (2013) conducted a study on the impact of the corporate social responsibility on the corporate financial performance in the corporate and NGO partnerships in Kenya. Omwenga (2013), did a study on the management perception of corporate social responsibility at Kenya power lighting company while Munyoki (2013), did a study on the relationship between Corporate Social Responsibility practices and market share among supermarkets in Kisumu town. Lastly, Amara (2013), did a study on the factors that influence choice of corporate social responsibility programs among commercial banks in Kenya.

Multinational Corporations perceive and practice Corporate Social Responsibility as a corporate philanthropy aimed at addressing socio-economic development challenges. But then what impact does this have on the performance of the organization? It is against this background that, there is the need to find out what affects Corporate Social Responsibility has on the performance of the Multi-National Corporations in the host countries especially, in this case Unilever ESA. In what ways has practicing Corporate Social Responsibility programmes affected Unilever ESA's organizational performance?

### **1.3 Research Objectives**

To investigate how practicing corporate social responsibility affects organizational performance at Unilever ESA.

#### **1.4 Value of the study**

The results from this study will be useful to the management of Multi-National Corporations and will help them know if participating in Corporate Social Responsibility has effects on their company's organizational performance.

The study would help management and the employees at Unilever ESA who would utilize the findings and recommendations from the study. It will enable them evaluate and link the results which would contribute to a better understanding of the role of the Corporate Social Responsibility.

For researchers and scholars the research is expected to contribute to the existing literature in the field. The research would help in identifying the gaps and other relationship in the use of corporate social responsibility and its implementation. This will be used as a basis for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

There are several theories and arguments proposed by researchers, scholars, and managers addressing the effect of Corporate Social Responsibility on organizational performance of Multi-National Corporations.

#### **2.2 Theoretical Basis of the Study**

##### **2.2.1 Social Capital Theory**

Research has established the fact that information users prefer other people who might be their colleagues, mates, friends and families as their preferred source of information (Utulu, 2004; Meghaghab, 2008). This form of information seeking behaviour has gradually led to the establishment of webs of relationships among people who seek to access information and other forms of social benefits from one another. The aggregation of relationships between individuals and organizations on the web has tremendously increased because of the proliferation of technology, internet penetration and increase in people's willingness and capacity to use the internet and the benefits. The aggregation of this kind of webs of relationships has been referred to as social capital has increased productivity of organizations.

Woolcock and Narayan (2000) averred that social capital is, to use a well-known phrase, “not what you know, it's who you know (p. 225).” Widen-Wulff and Ginman (2004) extended this definition by submitting that social capital is networks, norms, trust, and

mutual understanding that allow people with shared objectives act together. As a result, social capital is primarily seen from the perspective of social network formation and social cooperation that bind together those that are interested in the capital available only to people within the particular social web. Concisely, social capital theory is rooted in how individuals' and organizations' self-gain (what they want) and their resources determine who they relate with and who relates with them.

Grootaert *et al.* (2003) postulated that social capital is usually discussed on two fronts by sociologists and political scientists. While sociologists see social capital as resources such as information, ideas and supports which are only available based on the social relationship one has with other people, political scientists approach social capital research from the perspective of political participation and associational life. Totterman and Widen-Wulff (2007) pointed out that social capital is studied by sociologists and political scientists at three levels: macro, meso, and micro levels. Macro level studies involves citizenship in geographic regions, meso level involves studies of sociological perspectives of business organizations and how units within them exchange capital resources, while micro level studies focus on individuals and their relationship with others which produces capitals. Widen-Wulff, and Ginman (2004) put forward three dimensions of social capital: structural, content and relational; and pointed out how information science research developed and used them to explain various aspects of knowledge sharing.

### **2.2.2 Social Exchange Theory**

Social exchange theory evolved from psychology, sociology, and economics to explain human behavior based on self-interest and choices made to accomplish personal goals.

According to the proponents of social exchange theory (Homans, 1964), Blau (1964, 1967) and Emerson (1972b), the basic premise of the theory is that people make choices to maximize rewards and minimize costs. Social behavior is viewed in terms of the pursuit of rewards and the avoidance of punishment and other forms of costs.

Exchange theory is based on the premise that human behavior or social interaction is an exchange of activity, tangible and intangible (Homans, 1961), particularly of rewards and costs (Homans 1961). Rewards can be tangible (money) or intangible (attention, status, affection) so long as they are seen as having value or bringing satisfaction. Costs occur as either physical or emotional advantages or missed opportunities to gain rewards. The theory treats the exchange of benefits, notably giving others something more valuable to them than is costly to the giver, and vice versa (Homans, 1961), as the underlying basis or open secret of human behavior (Homans, 1961) and so a phenomenon permeating all social life (Coleman, 1990).

A key concept of social exchange theory is the idea of reciprocal exchange. Reciprocal exchange refers to the expectation that when people receive rewards, they respond by doing good things for others (Homan 1974). Furthermore, reciprocal exchange involves the idea that interactions between people should remain stable. Cultural norms and laws provide parameters that guide reciprocal exchanges. In general, cultural norms and laws are upheld when large numbers of people see them as beneficial. In some circumstances, however, people may violate norms, laws when they believe the costs are too great, and the rewards too small (Thibaut & Kelley, 1959).

### **2.3 Corporate Social Responsibility as a phenomenal**

Crawford and Scaletta, (2005) state that Corporate Social Responsibility has been gathering momentum for the past ten years. However, Ullmann stated as early as 1985 that Corporate Social Responsibility by no means is a new issue. This would indicate that corporations' taking social responsibility is not a new phenomenon. Nevertheless, Corporate Social Responsibility is more in the spotlight now than ever since multinational corporations' power over world economy is stronger than ever and with that society's demands on social and environmental responsibility (Forsberg, 2003). Martin (2002) claims that globalization heightens society's anxiety over corporate conduct. McGuire, Sundgren and Schneeweis (1988) claim that companies need to satisfy not only stockholders but also those with less explicit or implicit claims. This is known as stakeholder theory and is further described by Enquist, Johnson and Skåln (2005) as a strategy that does not separate ethics from business, and argues that the needs and demands of all stakeholders must be balanced. Corporate Social Responsibility is a way for a company to take care of all the stakeholders in the organization. Sims (2003) defines Corporate Social Responsibility and that it requires: The continuing commitment by business to behaving ethically and contributing to economic development while improving the quality of life of the workforce and their families as well as of the community and society.

Furthermore, Sims (2003) argues that there is an expectation on business to be a good corporate citizen and with that to fulfill voluntary philanthropic (discretionary) responsibility. Further, to contribute financial and human resources to the community and to improve the quality of life. Moreover, Sims states that overall, social responsibility is an organization's obligation to engage in activities that guard and contribute to the welfare of society.

Carroll (1998) claims that some observers call businesses social responsibility Corporate Social Responsibility, whilst others call it corporate ethics. However, more recently the term of Corporate Citizenship has emerged. Furthermore, according to Sims (2003) Corporate Citizenship includes Corporate Social Responsibility, which emphasizes action and activity; Corporate Social Responsiveness, which emphasizes activity and action; and Corporate Social Performance (CSP), which emphasizes results and outcomes. Wood (1991) defines CSP as: A business organization's configuration of principles of social responsibility processes of social responsiveness, and policies, programs and observable outcomes as they relate to the firm's societal relationships.

This view stands relatively well in line with both Sims (2003) and Carroll and Buchholtz's (2003) views, who state that CSP is more of a focus intended to suggest that what really matters is what companies are able to accomplish. Furthermore, CSP is meant to be the result of the companies' acceptance of social responsibility and adoption of a responsiveness philosophy. As stated earlier there is no one definition for Corporate Social Responsibility. Marrewijk (2003) elaborates on the subject and states that the thought of a "one solution fits all" definition for Corporate Social Responsibility should be abandoned. However, the key-terms in the different definitions presented are responsibility and sustainability. The title corporate social responsibility has two meanings. First, it's a general name for any theory of the corporation that emphasizes both the responsibility to make money and the responsibility to interact ethically with the surrounding community. Second, corporate social responsibility is also a specific conception of that responsibility to profit while playing a role in broader questions of community welfare.



## **2.4 Corporate Social Responsibility in developing countries**

There have been similar approaches towards business responsibility in many different countries (Blowfield et al., 2005; Prieto-Carron et al., 2006). However, the current dissemination of Corporate Social Responsibility instruments is somewhat different in that it stems from the Anglo-American tradition, highlighting the voluntary nature of Corporate Social Responsibility as well as focusing especially on Northern multinational companies (MNCs) (Fox, 2004). In doing so, it follows the trend of a diffusion process of policy instruments from North to South and therefore of a global convergence of policy structures (Jänicke, Kern, & Jörgens, 2000; Tews, Busch, & Jörgens, 2003; Weidner & Jänicke, 2002). The dramatic rise in importance of Corporate Social Responsibility from a developing country perspective is based on both the multitude of new large-scale Corporate Social Responsibility approaches, as well as the new role that has been assigned to the private sector vis-à-vis official development assistance. Doing well by doing good has gained a large and growing number of advocates.

A plethora of best practice examples of Corporate Social Responsibility in developing country contexts has evolved, to a large extent highlighting the “business case of Corporate Social Responsibility”. Several studies highlight the economic potential for Multi-National Corporations tapping into developing country markets (Kirchgeorg & Winn, 2006; Prahalad, 2005; Thorpe & Prakash-Mani, 2003; World Business Council on Sustainable Development, 2004). Regardless of the question whether these new Corporate Social Responsibility initiatives are effectively producing viable outcomes in terms of (sustainable) development, Corporate Social Responsibility has proven to be an attractive option vis-à-vis regulative approaches.

Business can increase its regulatory autonomy; host governments can devolve responsibility to business and therefore save scarce resources; and non-governmental organizations can raise their profile and funding opportunities (Michael, 2003). One tangible result that has certainly been achieved by the current Corporate Social Responsibility “movement” is that it has got people talking about worker rights, global governance, sustainable enterprise, and all manner of topics that have relevance. Legitimacy as a Key Driver and Determinant of Corporate Social Responsibility in Developing Countries to the well-being of the poor and marginalized” (Blowfield, 2005b). However, one central theme regarding Corporate Social Responsibility in a developing country context is that current practice is outpacing research on the broader implications of this increased reliance on business self-regulation. Therefore, the Corporate Social Responsibility and development agenda is shaped and consolidated while failing to address a number of substantial shortcomings of the concept itself (Blowfield, 2005b; Blowfield et al., 2005; Prieto-Carron et al., 2006). In his analysis of the relationship between companies and poorer local communities, Newell concludes, mainstream Corporate Social Responsibility approaches assume a set of conditions that do not exist in most of the world.

Critical issues that have been raised regarding the current mainstream practice of Corporate Social Responsibility and development are the predominance of the “Corporate Social Responsibility business case”, leading to an overemphasis on corporate reputation and detracting from the actual problems that should be addressed by Corporate Social Responsibility (Frynas, 2005; Klein & Harford, 2005; Utting, 2005). The pivotal role of the stakeholder concept, leading to a bias towards a company’s primary stakeholders (Blowfield,

2005a; Pedersen, 2006; Prieto-Carron et al., 2006). The inadequacy of the Corporate Social Responsibility agenda, reflecting a “Northern” understanding of Corporate Social Responsibility while at the same time neglecting developmental issues (Fox, 2004; Fox, Ward, & Howard, 2002; Utting, 2001; Ward, 2004; Ward & Fox, 2002). The governance dimension of Corporate Social Responsibility, pointing to an enabling environment that would be essential for effective self-regulation and the crowding out of alternative policy instruments (Fox, 2004; Ite, 2004; Newell, 2006; Utting, 2002).

## **2.5 Organizational Performance**

Firm’s performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization’s operations and strategies (Venkatraman and Ramanujam, 2001). It is also the extent to which an individual meets the expectations regarding how he should function or behave in a particular context, situation, job or circumstance. Oakland (1999) is of the view that performance is what people do in relation to organizational roles.

Performance measurement systems provide the foundation to develop strategic plans, assess an organization’s completion of objectives, and remunerate managers (Alderfer, 2003). Although assessment of performance in the marketing literature is still very important, it is also complicated (Andersen and Segars, 2001). While consensual measurement of performance promotes scholarly investigations and can clarify managerial decisions,

marketers have not been able to find clear, current, and reliable measures of performance on which marketing merit could be judged (Manogran, 2001). Two approaches have been adopted in the literature to measure financial performance.

Longer term performance has been chosen for two reasons: firstly because that is what the customers of “retail” products such as unit trusts might be expected to be looking at, particularly in view of the charging arrangements which make shorter term investment unwise. Secondly, one of the attractions of looking at “real” products rather than theoretical studies is the question of how administrative costs contribute to the results. In principle, such costs might appear in either front-end or regular annual management charges. Using five-year offer-to-bid figures should capture such effects regardless of the choices of individual firms as to how to split costs between the two types of charges.

The financial performance of institutions is usually measured using a combination of financial ratios analysis, benchmarking, measuring performance against budget or a mix of these methodologies. The common assumption, which underpins much of the financial performance research and discussion, is that increasing financial performance will lead to improved functions and activities of the organizations. The subject of financial performance and research into its measurement is well advanced within finance and management fields. It can be argued that there are three principal factors to improve financial performance for financial institutions; the institution size, its asset management, and the operational efficiency (Fitzgerald, Johnston, Brignall, Silvestro and Voss, 2000).

As with any method of analysis designed to measure business performance, there are limitations and imperfections associated with the use of financial ratios that include Return on Investment (ROI) which measure how much return the business gain from their investment. Return on Assets (ROA) which measure the return of business from its assets and the business profit which measure the level of business profitability, particularly the use of very few ratios in isolation (Im and Workman, 2004).

With organizations operating in very volatile environment, the managements concern is how to achieve organizational performance. Organizational performance involves recurring activities to establish organizational goals, monitor progress towards the goals, and make adjustments towards achieve those goals more effectively and efficiently (Carter, 1997). The question is why some organizations perform better than others.

## **2.6 Empirical Studies of Corporate Social Responsibility and Organization Performance**

According to Margolis and Walsh (2002), one hundred twenty-two published studies between 1971 and 2001 empirically examined the relationship between corporate social responsibility and organizational performance. The first study was published by Narver in 1971. Empirical studies of the relationship between Corporate Social Responsibility and financial performance comprise essentially two types. The first uses the event study methodology to assess the short-run financial impact (abnormal returns) when firms engage in either socially responsible or irresponsible acts. The results of these studies have been mixed. Wright and Ferris (1997) discovered a negative relationship; Posnikoff (1997) reported a positive relationship, while Welch and Wazzan (1999) found no relationship

between Corporate Social Responsibility and financial performance. Other studies, discussed in McWilliams and Siegel (1997), are similarly inconsistent concerning the relationship between Corporate Social Responsibility and short run financial returns.

The second type of study examines the relationship between some measure of corporate social performance (CSP) and measures of long term financial performance, by using accounting or financial measures of profitability. The studies that explore the relationship between social responsibility and accounting based performance measures have also produced mixed results. Cochran and Wood (1984) located a positive correlation between social responsibility and accounting performance after controlling for the age of assets. Aupperle, Carroll, and Hatfield (1985) detected no significant relation between CSP and a firm's risk adjusted return on assets.

In contrast, Waddock and Graves (1997) found significant positive relationships between an index of CSP and performance measures, such as ROA in the following year. Studies using measures of return based on the stock market also indicate diverse results. Vance (1975) refutes previous research by Moskowitz by extending the time period for analysis from 6 months to 3 years, thereby producing results which contradict Moskowitz and which indicate a negative CSP/CFP relationship. However, Alexander and Buchholz (1978) improved on Vance's analysis by evaluating stock market performance of an identical group of stocks on a risk adjusted basis.

Muiruri (2012), did a study on the challenges of aligning corporate social responsibility to corporate strategy for Safaricom foundation. The main objective of this research was to

evaluate the challenges to aligning CSR to corporate strategy in Safaricom Foundation. The study employed a case study approach to evaluate the challenges of aligning CSR with corporate strategy. An interview guide was constructed and interviews conducted with strategists and foundation personnel who have utilized CSR and corporate strategy initiatives in Safaricom Foundation in order to elicit responses for an in-depth understanding and analysis of key aspects of the research and the data analysed using content analysis. Findings of the study established that Corporate Social Responsibility was found to be a fundamental part of corporate strategy. Globalization has not affected implementation of CSR strategy as it is a reflection of the company focus on its strategy and the stakeholder rather than global benchmarks. Political and regulatory environment is key to ensuring successful completion of CSR projects. Safaricom Foundation CSR policies are aligned with the Vodafone policies which are the parent company and are not impediment in the planning and execution of the CSR strategy.

Mwai (2013) conducted a study on the impact of the corporate social responsibility on the corporate financial performance in the corporate and NGO partnerships in Kenya. The Study attempted to address the question whether Corporate Social Responsibility can be linked to corporate financial performance of Corporate that engage in partnership with NGO. Using descriptive research design and inferential analysis, the study tested the sign of the relationship between Corporate Social Responsibility and Corporate financial performance in NGO-Corporate. The study found out a significant positive correlation between Corporate Social Responsibility and Corporate Financial Performance of Corporate engaging in partnership with NGO. The correlation result of the study model found a positive correlation

between Corporate Social Responsibility and with both Corporate Size (log of assets) and Cash Conversion Cycle. Additionally, the correlation result found a negative relationship between Corporate Social Responsibility and Leverage.

Omwenga (2013), did a study on the management perception of corporate social responsibility at Kenya power lighting company. This study sought to find out the management perception of Corporate Social Responsibility at Kenya Power and Lighting Company. This was a descriptive study that was conducted by the use of questionnaires. Data were collected with the help of a structured questionnaire. The study targeted 53 managers from West Kenya sub-region. A response rate of 92% was achieved. The data was analysed by the help of descriptive statistics. The study found out that the most managers had a positive perception of the various statements on Corporate Social Responsibility. The findings of the study show that philanthropic giving increases the competitive advantage of Kenya Power and that engaging in Corporate Social Responsibility by the company enhances the company's image. The findings also show that the environmental interventions by the company be enhanced and continued as it contributed to conservation of the environment and that participation of the company in disaster situations in the country should continue. The study also showed that participation in Corporate Social Responsibility also encourages good citizenship. The study concludes that the perception by the managers at the company is largely positive and that it will be in the long run self-interest of the company to actively continue engaging in Corporate Social Responsibility initiatives to support the community.



Munyoki (2013), did a study on the relationship between Corporate Social Responsibility practices and market share among supermarkets in Kisumu town. The study sought to determine the factors that motivated the practice of Corporate Social Responsibility amongst supermarkets in Kisumu Town for the period 2006-2010. It also sought to determine the various forms of Corporate Social Responsibility practices amongst supermarkets in Kisumu Town for the period 2006-2010. The population of study was all the supermarkets in Kisumu Town, the sample frame being provided by the registration office of the Kisumu County Council. All five supermarkets were selected for the survey. A questionnaire was used to collect data, with respondents were top level managers. The data was analysed using descriptive statistics and regression models. The results revealed that there was a relationship between corporate responsibility and market share because the supermarkets that invested more on corporate social responsibility also had high sales revenue. There was a positive correlation co-efficient between market share index and corporate social responsibility. The study found that the main CSR areas were education, water and sanitation, health and support to orphans. The bigger supermarkets tended to prefer education, water and sanitation, while the smaller supermarkets favoured support to orphans.

Amara (2013), did a study on the factors that influence choice of corporate social responsibility programs among commercial banks in Kenya. This study sought to determine the factors that influence choice of social corporate responsibility among commercial banks in Kenya. The study will be of significance to the commercial Banks in Kenya as they implement their corporate social responsibility. The practitioners will be more informed in their roles of administering corporate social responsibility. The study was conducted using a

descriptive cross sectional census survey method, which was appropriate as it enabled the researcher to obtain information from a broader category of commercial Banks for comparison purposes. The design also works well where the respondents targeted are few in number. The study found out that majority of Commercial Banks is highly influenced by financial capability then followed by everybody is involved in social corporate responsibility, communication among stakeholders, technology level, market competition, company objective, rating purposes by commercial banks association of Kenya, organizational structure and ethical consideration with order of significance. The study findings also found that there is significant influence of government policies, political instability, resource allocation, and literacy of commercial banks staffs, role allocation, incentives of employees and Staff retention to the choice of corporate social responsibility program in commercial banks. The study recommends that there is need to frequently do corporate social responsibility to have the good will from the community they operate from. A further study should be done on the effectiveness of Corporate Social Responsibility in the Commercial Banks in Kenya.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In this chapter, it involved selecting a suitable research design, choosing and applying appropriate procedure for data collection thereafter analyzing and communicating the process and finding through a written report.

#### **3.2 Research Design**

The researcher has chosen a case study research design; ideally, a case study is a research methodology that focuses on understanding the dynamics present in a management situation (Eisenhardt 1989). The main aim of the case study was to describe the case in terms of the aspects that are observable. Mugenda (1999) proposes the use of a case study when an in depth of an individual group, institution or phenomenon is required .Therefore in this scenario this would be the most suitable research design .Thereby making the researcher to able to undertake an intensive research and conclusion of the specific factors implicated in the case.

#### **3.3 Data Collection**

Data for this study was collected by means of an interview guide (see Appendix 1).The researcher used primary data to carry out the study. An interview guide that consists of open ended questions was used to facilitate the collection of data from the respondents. The data was collected from the senior managers within the human resource, marketing, corporate

communication, and finance departments who are involved in strategy formulation and implementation programs for corporate social responsibility. The interview guide of questions were circulated in advance to enable them reflect on the questions in preparation for an interview session with the researcher. This is a one on one question and answer session between the researcher or research assistant and the respondent.

The advantage of this method is that it allows real time data collection and allows the opportunity to provide detailed information as well as clarification of responses. It allowed the researcher to read body language of the respondent and establish rapport with the respondent by putting them at ease and allaying any concerns or reservations the respondent might have. It allowed the researcher to obtain more earnest answers. This method also ensures that all questions or queries get answered. The researcher would take notes during the interviews and write them up later for analysis and interpretation. The objective of depth interviewing is to obtain unrestricted comments or opinions and to ask questions that helped the researcher better understand the various dimensions of these opinions as well as the reasons for them (Burns and Bush, 2006).

Secondary data also used to provide additional information. This was obtained from already documented materials such as the company's strategic plans, annual budgets, financial reports, procedural manuals, and industry associations' journals. In addition data was also obtained by the use of desk search techniques from published reports and other company's documents.

### **3.4 Data Analysis**

Data was analyzed through the use of content analysis. In this approach the data collected was used to interpret meaning from the content. Hussey and Hussey (1997) state that if one has collected mainly quantitative data, they need to conduct some form of analysis. The researcher used qualitative content analysis for data analysis. Cooper and Schindler (2011) emphasizes that content analysis measures the semantic content of ‘what’ aspect of the message. Its breadth makes it flexible and wide ranging tool that is used as a problem specific technique. Descriptive statistics was used to analyze quantitative data. Quantitative research was collected through interviews. Identified challenges was grouped under respective themes and then discussed in line with the thematic approach in content analysis. Results were reported by means of narratives.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the data analysis and interpretation of the study. The primary data was collected using an interview guide and analysis was done through content analysis to investigate how practicing corporate social responsibility affects organisation performance at Unilever ESA.

#### **4.2 General Information**

The study requested the interviewee to indicate their current position from the findings the study found that interviewees were operation managers, supervisors, accountant, human resource managers, marketing manager and finance manager. Thus, indicating that respondents were in managerial capacity and thus were in a position to give credible information on effects of corporate social responsibility on organizational performance at Unilever ESA.

The interviewee were requested to indicate their department in which they worked , from the finding the study revealed that interviewee were from the finance department , marketing department , human resource department , operations department and information Technology department , this in an indication that interviewee were from all the department in the organization. On the length of time the interviewee had been working in the department, the study found that respondent had been working in the department for between 6 to 11 years. This clearly shows that interviewee had been in the organization for long and

thereby likely to give credible information to the study on effect of corporate social responsibility on organizational performance at Unilever ESA. The interviewees were requested to indicate whether they have ever worked for another organization's CSR department before, the interviewee indicated that they have worked in the organization CSR department, this is an indication that respondent were in a position to give credible information to the study.

#### **4.3 Effects of corporate social responsibility on organization performance**

The interviewees were requested to indicate what activities they undertake for corporate social responsibility activities at Unilever ESA, the interviewee indicated that the organization was involved in environmental awareness, poverty alleviation, education support ,water project , social welfare support , children welfare support and sport sponsorship . The study requested the interviewee to indicate where Unilever ESA draw the line between public relations and Corporate Social Responsibility, the interviewee indicated that public relations was between the organization and the environment and it was aimed at enhancing corporate image. Likewise, the respondents indicated corporate social responsibility was responsible for improving the welfare on the community around the organization and impacting on the life of the community around the organization.

The interviewee were requested to indicate what they think about Unilever ESA Kenya embarking on corporate social responsibility, the interviewee indicated that corporate social responsibility , improved the organization reputation , it enhanced organization image , it

make organization close to the people , it make organization social acceptable to the people and create demand from the organization product thus enhance its performance .

The study also revealed that interviewee indicated that the project had positive impact to the community as the project was aimed at improving the life of the communities. The interviewee were further requested to indicate whether there are other benefits Unilever ESA Kenya stands to gain aside profitability from the execution of Corporate Social Responsibility, the interviewee indicated the gains were on improving the company image , enhancing corporate reputation , increasing demand for organization products and also increased organization market share. The interviewee were further requested to indicate how corporate social responsibility has affected Unilever ESA Kenya's performance, the interviewee indicate that corporate social responsibility enhanced the organization sale volume , it made employee feel part of the society , it made the organization to be socially acceptable.

The interviewee were requested to indicate how the profit is increased by the activity of corporate social responsibility of Unilever ESA Kenya, the interviewee indicated that there was between 5% to 8% increase in profitable attributed to corporate social responsibility , this is an indication that corporate social responsibility affects organization performance. The interviewee further indicated that profits were not decreased by the activity of corporate social responsibility of Unilever ESA Kenya.



The study further requested the interviewee to state whether Corporate Social Responsibility has a significant impact on the performance of Unilever ESA Kenya; the interviewee indicated that that corporate social responsibility has a significant impact on the performance of Unilever ESA Kenya. The interviewee indicated that Corporate Social Responsibility lead to an increase in sale volume, increased in demand for organization products, it increased organization awareness and also lead to more profitable sale through increased market share. The interviewee were requested to indicate whether Unilever ESA Kenya use corporate social responsibility as a business strategy to improve profit or market growth, the study found that Unilever ESA Kenya ca use corporate social responsibility as a business strategy to improve profit or market growth , through increase in market share , increased product awareness and also enhance market share. The interviewees were requested to indicate whether Corporate Social Responsibility guarantees the customers' confidence level and loyalty to Unilever ESA Kenya. Likewise, the interviewee indicated that Corporate Social Responsibility guarantees the customers' confidence level and loyalty to Unilever ESA Kenya, through social acceptability of the company by the communities and communities feeling part of the company and also bring the employee of the company close the communities.

#### **4.4 Challenges Facing Corporate Social Responsibility**

On the challenges Unilever ESA Kenya is facing in Corporate Social Responsibility, the interviewee indicated that the challenges Unilever ESA Kenya is facing in Corporate Social Responsibility were selection of the project which represent the interest of the community.

Employee involvement in project implementation, stakeholders involvement in the projects, selection of project that are environment friendly and project ownership by the community.

The interviewee were requested to indicate whether companies use corporate social responsibility as a way to escape taxation, the interviewee indicated that company were using CSR to build their name to the masses , being corporate responsible to the community rather than to escape taxation . On the recommendations given to other companies who would want to have a Corporate Social Responsibility department in their own organization, the interviewee indicated that the organization can influence its corporate organization performance by engaging in various Corporate Social responsibility activities as this will help it build it reputation and also gain competitive advantage and thus higher productivity. There is need for the organization to provide their employees with training as this will enhance their creativity and thus increase in the innovatiness in the organization thus enhancing organization performance in the organization.

#### **4.5 Discussion**

The study found that the organization was involved in environmental awareness, poverty alleviation, education support, water project, social welfare support, and children welfare support and sport sponsorship. These finding concurs with the finding of Sims (2003) who argues that there is an expectation on business to be a good corporate citizen and with that to fulfill voluntary philanthropic (discretionary) responsibility. The study revealed that public relations was between the organization and the environment and it was aimed at enhancing corporate image, whereas corporate social responsibility was involved improving the welfare on the community around the organization and also impacting on the life of the community

around the organization. The finding concurs with the finding of Carroll (1998), who claims that some observers call businesses social responsibility Corporate Social Responsibility, whilst others call it corporate ethics.

The study also revealed that interviewee indicated that the project had positive impact to the community as the project was aimed at improving the life of the communities. Mwai (2013) found out a significant positive correlation between Corporate Social Responsibility and Corporate Financial Performance of Corporate engaging in partnership with NGO. Oyenje, (2012) found that there was insignificant positive relationship between CSR practice and financial performance. Financial performance and manufacturing efficiency was found to have a significant linear inverse relationship.

The study revealed that corporate social responsibility enhanced the organization sale volume, it made employee feel part of the society, it made the organization to be socially acceptable. Cheruiyot, (2010) found that there was a statistically significant relationship between CSR and financial performance. The study further revealed that profits were not decreased by the activity of corporate social responsibility of Unilever ESA Kenya. The study further revealed that corporate social responsibility has a significant impact on the performance of Unilever ESA Kenya through increase in sale volume, increased in demand for organization products, it increased organization awareness and also lead to more profitable sale through increased market share.

The study found that corporate social responsibility guarantees the customers' confidence level and loyalty to Unilever ESA Kenya, through social acceptability of the company by the

communities and communities feeling part of the company and also bring the employee of the company close the communities. Obusubiri, (2006) found a positive relationship between CSR and portfolio performance.

The study found that company were using CSR to build their name to the masses, being corporate responsible to the community rather than to escape taxation. Surroca (2010) found positive associations between firm's intangibles and both measures of performance CSP and CFP. On the recommendations given to other companies who would want to have a Corporate Social Responsibility department in their own organization, the interviewee indicated that the organization can influence its corporate financial performance by engaging in various Corporate Social responsibility activities as this will help it build it reputation and also gain competitive advantage and thus higher productivity. Shen and Chang, (2009) found a positive relation with the CFP regarding to CSP companies.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

From the analysis and data collected, the following discussions, conclusion, and recommendations were made. The responses were based on the objective of the study. The researcher had intended to investigate how practicing corporate social responsibility affects organisation performance at Unilever ESA.

#### **5.2 Summary of Findings**

The study found that the organization was involved in environmental awareness, poverty alleviation, education support, water project, social welfare support, and children welfare support and sport sponsorship. The study revealed that public relations was between the organization and the environment and it was aimed at enhancing corporate image, whereas corporate social responsibility was involved improving the welfare on the community around the organization and also impacting on the life of the community around the organization. The study established that corporate social responsibility , improved the organization reputation , it enhanced organization image , it make organization close to the people , it make organization social acceptable to the people and create demand from the organization product thus enhance it performance .

The study also revealed that interviewee indicated that the project had positive impact to the community as the project was aimed at improving the life of the communities. The study

further requested to indicate whether there are other benefits Unilever ESA Kenya stands to gain aside profitability from the execution of Corporate Social Responsibility, the interviewee indicated the gain were on improving the company image, enhancing corporate reputation, increasing demand for organization products and also increased organization market share. The study revealed that corporate social responsibility enhanced the organization sale volume, it made employee feel part of the society, it made the organization to be socially acceptable.

The study established that there was between 5% to 8% increase in profitable attributed to corporate social responsibility, this is an indication that corporate social responsibility affects organization performance. The study further revealed that profits were not decreased by the activity of corporate social responsibility of Unilever ESA Kenya. The study further revealed that corporate social responsibility has a significant impact on the performance of Unilever ESA Kenya through increase in sale volume, increased in demand for organization products; it increased organization awareness and lead to more profitable sale through increased market share. The study found that Unilever ESA Kenya can use corporate social responsibility as a business strategy to improve profit or market growth, through increase in market share, increased product awareness and also enhance market share. The study found that corporate social responsibility guarantees the customers' confidence level and loyalty to Unilever ESA Kenya, through social acceptability of the company by the communities and communities feeling part of the company bringing the employees of the company close the communities.

The study revealed that the challenges Unilever ESA Kenya is facing in Corporate Social Responsibility were selection of the project which represent the interest of the community,

employee involvement in project implementation, stakeholder's involvement in the projects, selection of project that are environment friendly and project ownership by the community.

The study found that company were using CSR to build their name to the masses, being corporate responsible to the community rather than to escape taxation. On the recommendations given to other companies who would want to have a Corporate Social Responsibility department in their own organization, the interviewee indicated that the organization can influence its corporate organization performance by engaging in various Corporate Social responsibility activities as this will help it build it reputation and also gain competitive advantage and thus higher productivity. There is need for the organization to provide their employees with training as this will enhance their creativity and thus increase in the innovatiness in the organisation thus enhancing organisation performance in the organization.

### **5.3 Conclusion**

The study found the corporate social reasonability affects the corporate organisation performance of the organization to great extent. The study revealed that corporate social responsibility enhanced organization performance through creation of demand for organization product, bring the company close to the people, increasing sale volumes and making the company socially responsible.

The study established that through the CSR activities, the company was able to enhance its reputation and through reputation management, the organization influenced corporate

organisation performance in the organization. The study found that reputation management enables a company to build positive relationships to deliver business advantage, helps companies to build customers trust thereby increasing sales, a good reputation demonstrably increases corporate worth and provides sustained competitive advantage.

The study further revealed that challenges Unilever ESA Kenya faced in Corporate Social Responsibility were selection of the project that represents the interest of the community, employee involvement in project implementation, stakeholders' involvement in the projects, selection of project that are environment friendly and project ownership by the community.

#### **5.4 Recommendations**

From the findings and conclusion, the study recommends that the organization can influence its corporate organisation performance by engaging in various Corporate Social responsibility activities, as this will help it build its reputation and gain competitive advantage and thus higher productivity.

There is need for the organization to provide their employees with training as this will enhance their creativity and thus increase in the innovations in the organisation thus enhancing organisation performance in the organization.

#### **5.5 Implication on Policy Practice and Theory**

Multi-National Corporations are important in any country as they help to attract foreign direct investment, their performance is critical to the economic growth of a country, this study will enlighten policy makers in design strategies aimed at assisting Multi-National



Corporations to enhance their performance. The study would help management and the employees at Unilever ESA who would utilize the findings and recommendations from the study. It will enable them evaluate and link the results which would contribute to a better understanding of the role of the Corporate Social Responsibility. For researchers and scholars the research is expected to contribute to the existing literature in the field.

### **5.6 Limitation of the Study**

The method used is case study research design whereby the variables cannot be controlled by the researcher. The study used interview guide as the instrument for collecting data. This was because time for the data collection was limited to two weeks. The study was carried out in only one company due to financial constraints of the researcher. The study was also limited to investigate how practicing corporate social responsibility affects organization performance at Unilever ESA.

The study concentrated on senior managers who are mainly involved in the corporate social responsibility programs implementation. There was minimal involvement of the other staff in the lower cadres who also contribute to the success of CSR implementation. Their views were not captured which probably would have enriched the study.

### **5.7 Areas for Further Research**

This study sought seeks to investigate how practicing corporate social responsibility affects organisation performance at Unilever ESA. The study recommends an in-depth study to be carried out on the challenges faced by organization as they implement Corporate Social Responsibility in the country.

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# APPENDICES

## Appendix 1: Interview guide

### SECTION A

1. What is your current position?
2. What department do you work in?
3. For how long have you been working in the department?
4. Have you worked for another organization's CSR department before?

### SECTION B

5. What activities do you undertake for your CORPORATE SOCIAL RESPONSIBILITY activities at Unilever ESA?
6. Where do you as Unilever ESA draw the line between public relations and Corporate Social Responsibility?
7. What do you think about Unilever ESA Kenya embarking on CORPORATE SOCIAL RESPONSIBILITY?
8. What impact has the project / programme had on the community?
9. Are there other benefits Unilever ESA Kenya stands to gain aside profitability from the execution of Corporate Social Responsibility?
10. Would you say CORPORATE SOCIAL RESPONSIBILITY has affected Unilever ESA Kenya's performance? How?

### SECTION C

11. Would you say Profit is increased by the activity of corporate social responsibility of Unilever ESA Kenya? By approximately how much?

12. Would you say Profit is decreased by the activity of corporate social responsibility of Unilever ESA Kenya
13. Would you say Corporate Social Responsibility has a significant impact on the performance of Unilever ESA Kenya? How?
14. Can Unilever ESA Kenya use CORPORATE SOCIAL RESPONSIBILITY as a business strategy to improve profit or market growth?
15. Would you say Corporate Social Responsibility guarantees the customers' confidence level and loyalty to Unilever ESA Kenya

#### SECTION D

16. What are the challenges Unilever ESA Kenya is facing in Corporate Social Responsibility?
17. Would you say some companies use CORPORATE SOCIAL RESPONSIBILITY as a way to escape taxation?
18. In your own opinion what recommendations would you give other companies who would want to have a Corporate Social Responsibility department in their own organization?

## **Appendix II– Letter of Introduction**

The respondent

Unilever - ESA

Nairobi

Dear respondents,

### **RE: RESEARCH PROJECT**

I am a postgraduate student at the University of Nairobi pursuing an MBA-International Business management course. In partial fulfillment of the course requirements, I am undertaking a research on “An investigation of how corporate social responsibility affects organization performance: A case study of Unilever-ESA-Kenya” The information you provide is needed purely for academic research purpose and will therefore be treated with utmost confidentiality. A copy of the final research paper will be submitted to the company for acknowledgement and reference.

Your assistance in facilitating the same will be highly appreciated.

Thank you.

Yours faithfully,

Gloria Mwiyeria.

MBA student

School of Business

University of Nairobi



Appendix III: Request Letter to Collect Data



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE 24/09/2014

**TO WHOM IT MAY CONCERN**

The bearer of this letter ... GLORIA MWIYERIA MUTHAMI ...

Registration No. ... D61.1.60255/2011 ...

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

**PATRICK NYABUTO**  
**MBA ADMINISTRATOR**  
**SCHOOL OF BUSINESS**