

**CORPORATE SOCIAL RESPONSIBILITY AND COMPETITIVE
ADVANTAGE AT THE NAIROBI COCA-COLA BOTTLING
COMPANY LTD**

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DECLARATION

This research project is my original work and 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 the Supervisor.

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DEDICATION

This work is dedicated to my life coach, my late mum, Joyce Chengetai Chishanga. I owe it all to you, mum! You have made me the person I am today, you will always be remembered.

Special thanks my husband, Dr Fungai S Makoni, for supporting, mentoring and instilling in me the spirit of hardwork and the importance of education. Thank you for supporting this decision I made, to continue realizing my true potential in life. I will never be able to pay back the love and affection. I also dedicate this work to my beloved children, Nyasha, Zvikomborero, Tamutenda and Tanaka. Girls, you are truly a gift from God! You are more special to me than words can describe. Thank you for keeping me motivated and to never give up on my dream. May this work inspire you to great achievements.

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ABSTRACT

Most organizations have realized the importance of integrating Corporate Social Responsibility (CSR) in their operations and embraced the concept of incorporating Corporate Social Responsibility .CSR is a way of giving back to the community within which organizations operate. It is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the well-being of their internal stakeholders as well as for the local community and society at large. Corporate Social Responsibility has become a critical component of organizations that wish to build a strong image of themselves towards the public as an aid to achieving their stated objectives or who merely want to give back to society the gains they make in business. There is also a growing consensus that corporate social responsibility (CSR) has crossed the line from being a business jargon to becoming a critical business function. The importance of CSR in marketing has been demonstrated both in academic circles and in managerial practice by the growing importance and publicity given to it. As such, Corporate Social Responsibility (CSR) is the idea that companies should combine economic, social and environmental concerns, seems an unavoidable component of discourses on business and society. The fact that social responsibility has become an inescapable priority in business enterprises have led to the study of its influences towards brand performance in major organizations and to business leaders .The purpose of this study was to establish the effects of corporate social responsibility on competitive advantages in a company in an industry. The study focused on Nairobi Coca-Cola Bottling Company Ltd. The study sought to achieve one objective: to establish the extent to which corporate social responsibility affects the competitive advantages in the case of Nairobi Coca-Cola bottling Company Ltd. The study adopted a case study research design and data was collected through an interview guide from middle to senior managers of the company. The findings indicate that the company has is very keen on incorporating CSR activities in their operations. The company has a CSR policy that supports education, health, sports and there are also keen on young talent development. It was clear from the study that the Company's market share has greatly improved due to their well thought and executed CSR activities. The adoption of a sound CSR policy by the company has helped them become strong and successful in the industry. There is a lot of good will on the ground and this has positively impacted their performance. The implications of this study are that organizations increase their spending on CSR activities with the aim of having a competitive edge in the market. This is supported by stakeholder's theory which argued that higher level of CSR practices leads to higher level of business performance. The organizations that invest in CSR activities will have a competitive advantage over others. The study recommends that more studies be conducted on more than one company so as to avoid the overgeneralization of the findings. The study also recommends the company to explore other CSR activities that are being offered by the other institutions so as to be at par with the industry standards. This could help them penetrate areas where they have not been able to penetrate.

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ABBREVIATIONS AND ACRONYMS

CSR	:	Corporate Social Responsibility
EABL	:	East African Breweries Ltd
NGO's	:	Non-Governmental Organization
SABCO	:	Coca-Cola South Africa bottling company

CHAPTER ONE: INTRODUCTION

1.1 Background

The concept of corporate social responsibility has received a lot of attention from scholars for a very long time now. Corporate Social Responsibility has become indispensable (Mintzberg, 1983). Corporate Social Responsibility is concerned with the way in which an organization exceeds its minimum obligations to stakeholders (Johnson et al, 2010). Ashley (2002) states that CSR is currently a source of competitive advantage that companies should employ in the quest for greater competitiveness and better results. The direction that Corporate Social Responsibility takes has several dimensions thus corporate philosophy, corporate responsibility and corporate policy. Charitable donations and not for profit organization is an example of corporate philosophy whereas strategic philosophy involves companies making a long term commitment to one cause (Cozen, 1996).

This study is based on the arguments of Stakeholders theory, Resource Based View and Dynamic Capabilities Theory. The Stakeholders Theory suggests that a higher level of CSR practices leads to a higher level of business performance, (Freeman, 1984). The success of an organization depends on the organization's capacity to manage the relationships with its stakeholders. The Resource Based View define it as the competitive advantage of a firm lies primarily in the application of a bundle of strategic resources at the firm's disposal (Mwailu & Mercer, 1983 ; Penrose, 1959). A strategic resource is an asset that is valuable, rare, difficult to imitate, and non-substitutable. A resource is valuable to the extent that it helps a firm create strategies that capitalize on opportunities and ward off threats.

The dynamic capability approach focuses attention on the firm's ability to renew its resources in line with changes in its environment. Dynamic capabilities refer to the firm's ability to alter the resource base by creating, integrating, recombining and releasing resources (Eisenhardt & Martin, 2000). The term 'dynamic' refers to capacity to renew competences so as to adapt to the changing business environment (Teece et al., 1997). The term 'capabilities' emphasizes the key role of strategic management in appropriately adapting, integrating and reconfiguring internal and external organizational skills, resources and functional competences to match the requirements of a changing environment.

The global and competitive environment in the beverage industry has caused stiff competition in the beverage business environment, hence the need for businesses to create a competitive advantage to remain competitive and to survive in the dynamic market. In line with this emerging perspective, more and more companies are engaging in initiatives to improve public health, safety, the environment or community well-being through the active participation of key stakeholder groups such as consumers. Kenyan companies have not been left behind in terms of embracing corporate social responsibility. Despite the adoption of these strategies, a number of companies that have adopted CSR still performed dismally hence the need to establish whether Nairobi Coca Cola Bottling Company Ltd enjoys better competitive advantages by getting involved in CSR.

1.1.1 Corporate Social Responsibility

There is a growing interest in social responsibility of the corporations among organizations, academicians and practitioners. Companies now are not only expected to be responsible to their shareholders but to society in general. According to Kevan and Scholes (2010), CSR is concerned with ways in which an organization exceeds its

minimum obligations to stakeholders which is specified through regulation. How much a company engages in Corporate Social Responsible activities is determined a lot by ethical stance that the organization has embraced and how this is aligned with the organization's strategy.

A firm's capacity that generates sustainable wealth over time and its long-term value are determined by the relationship with both internal and external stakeholders. By organizations giving back to the society it has found immense reciprocation of goodwill from it that is tangible and quantifiable. For instance Coca Cola East Africa teamed up with various NGO's representatives and planted a thousand trees in Kenya's Mau forest area to rehabilitate Kenya's biggest water catchment Napuyopui Mara river area and this has led to creation of brand loyalty by its customers who find it difficult to switch to a competitor.

Organizations are free to choose which area they would prefer to make a difference in. This has its pros and cons in that at times organizations can over-emphasize on one area at the expense of another. For instance with the recent hunger in Kenya in 2011, several organizations donated to the kitty in the campaign dubbed Kenya for Kenyans. With such focus other important activities such as tree planting and protection of water catchment areas take a back sit. Organizations engage in CSR activities in different ways; examples of some of the ways are wings to fly by Equity bank which sponsors needy students, Heart run by Matter Hospital which aids children with heart conditions.

1.1.2 Competitive Advantage

Peteraf and Barney (2003) states that an enterprise has a Competitive Advantage if it is able to create more economic value than the marginal (breakeven) competitor in its product market. The Economic Value created by an enterprise in the course of providing a good or service is the difference between the perceived benefits gained by the purchasers of the good and the economic cost to the enterprise. It is also possible for firms to attain competitive parity thus when a firm creates the same economic value as its own rivals and or competitive disadvantage when a firm creates less economic value than its rivals.

An important strategic objective for many firms/brands is to gain a competitive advantage over their often formidable rivals. Thus, it is not surprising that a recent large scale study of CFO's, investment professionals, CSR managers (McKinsey Quarterly 2009) revealed that "strengthening competitive position" is a key impetus for firms to engage in strategic CSR. Yet, even as the debate on CSR has shifted decisively from "whether" to "how" (Smith 2003), there exists little conceptual clarity regarding when, how and why firms might be able to achieve their strategic goals, such as gaining a competitive advantage, through their CSR actions. This is due in part to the disparate perspectives the different disciplines have brought to their examination of strategic CSR.

According to Porter (1985), a firm can use the generic strategies of cost leadership thus where the costs are kept to a minimum to attain the highest returns, organizations can also make their products different through differentiation or organizations can choose to concentrate on a part of the market and serve them well in what we refer to as a focus or niche and finally the organization can add value within their value chain. The other competitive advantage basis is through use of resources. Some of the

resources that exist that can create an edge to an organization as brand equity, good reputation of the firm, ability of the firm to utilize resources effectively such as deliver goods faster than competition.

1.1.3 Corporate Social Responsibility and Competitive Advantage

Porter and Kramer (2006) demonstrated that when corporations support the right causes in the right ways-when they get the where and how right-they set in motion a virtuous cycle. In order to achieve this strategic approach to corporate social responsibility, they proposed a five-step approach that is, examine the competitive context , review the existing philanthropic portfolio, assess corporate giving initiatives against the value creation principles, seek opportunities for collective action within a cluster and rigorously track and evaluate results. Porter and Kramer (2006) state that if “corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices they would discover that CSR can be much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage”.

When organizations begin to engage with stakeholders from the basis of building shared value then they will no longer see stakeholder management as simply protecting corporate reputation or “green washing”. Human beings relate a lot to what they can see and with this knowledge some of the multinationals in the food and beverage industry in Kenya have taken full advantage of this and created a competitive advantage. For instance Coca-Cola has been at the fore front of various community programs related to water, women empowerment and education. Others such as Nestlé Foods in Kenya have partnered with farmers at Kabiyet in a dairy project (Kamau, 2011).

1.1.4 Beverage Manufacturing Sector in Kenya

Globally the beverage industry has had several dominants in that sector. Some of the dominant industries include Coca Cola, PepsiCo and SabMiller. It would be very difficult for a new company to enter this industry as they cannot compete with the established brand names, distribution channels and high capital investment. Likewise it would be very difficult for the existing companies to exit the market due to the high investments made by the shareholders. The beverages industry constitutes a significant portion of the manufacturing sector in Kenya and therefore contributes towards employment, revenue collection by government and the export of products to earn foreign exchange. It is also an industry that has linkages with other sectors and industries such as transportation, glass making and advertising. The beverage industry has both local and multinational companies thus making it one of the very competitive industries. The soft drink industry is classified into; the carbonated soft drinks, fruit juices and mineral water.

The beer industry market throughout the world has been undergoing increased consolidation. The key players in the alcohol industry is East African Breweries Ltd (EABL) and Keroche Breweries Ltd. Kenya's soft drink industry players are Kevian Kenya Ltd the producers of Afia juice, While those for Kuguru foods are Softa cola, Softa lemon, Softa orange (www.euromonitor.com). Kenya's bottled beverages industry is also composed of the Carbonated Soft Drinks portion. Within this industry are the two main competitors and they differ in size, scope of operations and business strategy. The dominant market player here is the Coca-Cola with bottling plants throughout the country.

The most common soft drink manufacturer in Kenya is the Coca Cola Company. Coca Cola is one of the drinks that is sold in all continents in the world. Coca Cola Company also has various the companies in Kenya. The major brands of Coca cola are Coke, Fanta, Sprite, Krest, Stoney and Dasani with Coke being their flagship brand. Another soft drinks company is Pepsi Company in Kenya. Earlier Pepsi company had operations in Kenya but pulled out after a bruising battle with Coca cola during the difficult trading environment of the early 1980s (Abdallah, 2000). It adopted the name Seven Up Bottling Company. Pepsi had stopped its operation in Kenya for some time, but it relaunched in February 2013. The Seven Up Bottling Company in Kenya is a bottler which is a franchise. The seven up bottling company is also a distributor of Pepsi products in Kenya which it bought in 2009 (www.zakenya.com/product). Schweppes Company entered the market in the late 1990s but also pulled out in early 2000.

1.1.5 Nairobi Coca Cola Bottling Company, Kenya

Coca-Cola originated as a soda fountain beverage in 1886 selling for five cents a glass. Early growth was impressive, but it was only when a strong bottling system developed that Coca-Cola became the world-famous brand it is today. It was however until 1948 that the Coca Company founded Nairobi Bottlers in Kenya. The Nairobi Coca-Cola bottlers therefore is a franchise of the coca cola company whose headquarter is Atlanta, Georgia. Nairobi Bottlers later formed a partnership in the late 1960s with the Industrial and Commercial Development Corporation (ICDC), which is the government's initiative for promotion of investment. There were eight bottlers in Kenya, the other seven being: Mt Kenya Bottlers, East Kenya Bottlers, Equator Bottlers, Kisii Bottlers, Flamingo Bottlers, Rift Valley Bottlers and Coastal Bottlers. All these have common ownership in ICDC, while the other investing owners differ.

Coca-Cola South Africa Bottling Company (Sabco), together with a local investment partner, acquired Nairobi Bottlers Limited from The Coca-Cola Company in November 1995 (www.coca-cola.co.ke).

According to the 2014 annual report, Coca-Cola had sales distributed in a manner where 42% of the sales were in the United States, 37% in Mexico, India, Brazil, Japan and the people's republic of China and 20% spread throughout the rest of the world. The total revenue in 2014 was us\$ 49.542 billion according to the United States Securities and Exchange Commission. Coca-Cola started operations in Kenya in 1948, on a Nairobi plot measuring just a quarter of an acre. The new beverage proved so popular that another production line was commissioned almost immediately in the coastal town of Mombasa. Coca-Cola Sabco's Kenyan plant in Embakasi, Nairobi, employs approximately 1 000 people. It is one of the biggest bottling plants in the group. This state-of-the-art facility was officially opened by Kenyan president Mwai Kibaki in 2005 (www.coca-cola.co.ke).

1.2 Research Problem

Corporate Social responsibility enables organizations to engage in activities using its own resources that would solely benefit the society. Importance of this is that it acts a foundation for building a positive and lasting relationship with the community. The organization also benefits by paying less taxes as donations to such projects are tax exempt and this in turn reduces the tax implication on an organization. Competitive advantage on the other hand is the ability of the firm to use its unique resources and capabilities and using them in choosing and implementation of strategies (Barney, 2007). Competitive advantage enables an organization to get higher returns than competitors, increase market share and at times enables them to lead the industry.

The beverage industry in Kenya has become extremely dynamic, and often highly volatile, commercial environment. The industry is constantly undergoing change, and the ability to react and adjust swiftly is imperative. For instance, Kenya's soft drink industry has seen the entry of players such as Kevian Kenya Ltd the producers of Afia Juice, Kunguru foods producers of Softa brands and East African Breweries Ltd produce Alvaro as there soft drink. In addition government policies and laws such is the liberalization of the Kenya economy in 1990. Despite and in spite of government and Non-Governmental Organizations initiatives to reduce alcohol intake, through increase in taxation and prohibiting advertisement EABL has continued to grow its profits in leaps and bounds. This is strongly linked to EABL being involved heavily in Social Responsibility.

A number of international scholars have examined and provided useful insights on research directions in the discipline of corporate social responsibility and organizational competitive advantage. These include studies, such as those by (Prajogo& Sohal, 2010) on the effects of adoption of corporate social responsibility of multinational corporations on organizational performance. Using a survey of 50 American companies comprising of different industry players; the findings indicate that corporate social responsibility is a key determinant of organizational performance and eventual organizational success. Additionally the studies suffer from the limitations of generalization as it involves large samples of multinational organizations. Tuan (2011) studied The effects of CSR adoption on changes in competition, and organizational performance in small and medium manufacturing companies in Asia. Results of the study show that the majority of respondents recognized changes in their competitive business environment and manufacturing

technology, which have impacted on organizational strategic behavior and competitiveness in terms of the organizations corporate social responsibility activities.

The findings show positive relationships among competitive environment, manufacturing technology and organizational strategy, with a positive impact on competitive advantages. The limitation of the study is that it focuses mainly on the manufacturing industry. On the relationship between CSR and competitiveness, Jones (1995) concluded that the companies involved in repeated transactions with stakeholders based on trust and cooperation, motivated to be honest, reliable and ethical because they yield high for such behavior. Hillman and Keim (2001) identify the activities of CSR as a corporate form of differentiation that generates competitive advantage, for example in the provision of investment capital. In a study of stock prices of companies from 1995 to 2003. It has been noted the evidence of a link between CSR and competitiveness. Smith (2003) points out, that reputation contributes to a sustainable competitive advantage because the reputation of socially responsible companies has a significant positive impact on the value of the shares.

A number of studies have been done on Corporate Social Responsibility in Kenya. For instance, Odhiambo (2007) studied CSR as a tool for stakeholder management in large scale enterprise. From this study it emerged that in building product differentiation and brand, CSR inclusion in strategy formulation could be important so long as the activities to be done through CSR met the cost benefit analysis criteria. Ominde (2007) researched on the link between CSR and competitive strategies among companies listed in the stock exchange and showed it could be important for building their image. In a study by Kimathi (2009), on the relationship between CSR and competitive advantage in the oil industry in Kenya concluded that each company can identify a certain particular set of societal problems that it could best solve and while

at it gain competitive advantage. Lastly, Ominde (2006) looked at the link between strategy of companies listed in the stock exchange and CSR and concluded that there exists one and owing to this that matters pertaining to CSR ought to be considered to the highest level of decision making.

There is therefore a gap in literature as far as a study on corporate social responsibility in organizations in Kenya is concerned. Therefore, a buildup of literature in the Kenyan setting is needed. Looking towards most research studies completed in Kenya, the researcher observed that there is insignificant research work done on this topic hence creating a knowledge gap that this study seeks to fill. The study will therefore answer the research question: What's the relationship between corporate social responsibility and competitive advantage at Nairobi Coca-Cola Bottling Company Ltd?

1.3 Research Objectives

The research objective of this study was to determine how Corporate Social Responsibility affects the competitive advantage of Nairobi Coca Cola Bottling Company Ltd.

1.4 Value of the Study

The study examined the extent to which Corporate Social Responsibility impact on competitiveness and how the concept and different models of Corporate Social Responsibility are applied in the beverage manufacturing industry in Kenya. The research contributes to the vast body of knowledge in validating the need of Corporate Social Responsibility by firms.

Policy makers are usually informed by research findings that attempt to explain a phenomenon or address an existing knowledge gap. The findings and recommendations of this study will enhance effectiveness of policy decisions made by policy makers as such policy decisions are backed up by actual field research. Multinationals and policy makers will be able to make informed policy adjustments.

Multinational corporations within the beverage manufacturing industry and other industries can draw great learning from this study. In essence organizations that may be hesitant on engaging on CSR will now have greater and deeper insights as to the intangible benefits of this engagement.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is divided into three parts. The first part covers the theoretical literature on CSR and performance and how the two variables relate to each other. The second part reviews some of the studies that have been done to establish the effect of CSR on competitive advantages and last part is an analytical summary of the theory, empirical evidence and the gap that this proposal seeks to fill.

2.2 Theoretical Foundation

There is generally no universally accepted definition of CSR. Wood (1991) defined “CSR as a business organizations configuration of principles of social responsibility, process of social responsiveness, policies, programs, and other observable outcomes as they relate to the firms societal relationships.” Mc Williams and Siegel (2001) portrayed CSR as activities that seem to further some social great past the enthusiasm of the firm and that, which is required by law. The relationship amongst CSR and performance is all around caught in CSR theories.

2.2.1 Stakeholder Theory

The basic theory, which proposes that a more elevated amount of CSR practices prompts to a more elevated amount of business performance, is the partner theory (Freeman, 1984). As indicated by the partner theory, the achievement of an organization relies upon the organizations ability to deal with the associations with its partners. Management of associations with key business partners has turned into a fundamental apparatus for esteem era (Hammann, 2009), making the partner theory’s elucidation an essential stride in seeing any conceivable relationship among CSR and firm performance (Perrini, 2011).

According to stakeholder theory, organizations are able to achieve business competitiveness by establishing appropriate objectives and using joint efforts of socially responsible behavior to implement CSR programs that will add to the transient banquet and to the aggressiveness and long haul business development (Moore and Manring, 2009). To accomplish these upper hands, a few creators make their own contemplations. Tomomi (2010) noted, for instance, that organizations see natural management as a conceivable approach to give chances to their business and likely cause upper hands.

Niehm, (2008) utilizing stakeholders theory as a hypothetical supporting for her studies demonstrated how an organization's dedication to the group was straightforwardly connected with performance .Under the instrumental approach of stakeholders theory, CSR ought to be joined into business arranging by attempting to create business strategies that meet the endorsement of partners; (Parker, 2005). Along these lines, directors could attempt to expand the advantages and estimation of their organizations while meeting the desires of their partners (Jensen, 2001).

2.2.2 Resource Based View

The resource based view (RBV) underlines the company's assets as the key determinants of competitive advantage. This model expects that organizations inside an industry might be interesting as for the heap of assets that they control. Asset heterogeneity (or uniqueness) is viewed as a fundamental condition for an asset package to add to competitive advantage. The contention goes "if all organizations in a market have a similar supply of assets, no procedure is accessible to one firm that would not likewise be accessible to every other firm in the market (Cool, Almeida Costa and Dierickx, 2002).

The RBV is a proficiency based clarification of performance contrasts, performance differentials are owing to assets having characteristically extraordinary levels of effectiveness as in they empower the organizations to convey more noteworthy advantages to their clients for a given cost and convey a similar advantage levels for a lower cost. (Peteraf and Barney, 2003). As indicated by Barney (1991), a firm asset must, moreover, be profitable, uncommon, and incompletely imitable and substitutable keeping in mind the end goal to be wellspring of a managed upper hand. Priem and Butler contend that Barney's (1991) articulation "if an asset is significant and uncommon, then it can be wellspring of upper hand.

The RBV outlines how organizations that control unique resources are able to provide social amenities such as a cleaner environment and community social amenities to its customers and communities at a much lower cost than its competitors and hence its competitive advantage . It is therefore argued that such organizations using their efficiency-based performance differences are able to deliver greater benefits to their customers for a given cost and deliver the same benefit levels for a lower cost using their valuable, rare, and imperfectly imitable and substitutable resource and hence enhance its sustained competitive advantage (Peteraf & Barney, 2003).

2.2.3 Dynamic Capability Theory

The dynamic abilities approach alludes to ability to restore skills in order to adjust to the changing business environment. The term capacities accentuates the key part of vital management in fittingly adjusting, incorporating and reconfiguring interior and outside authoritative abilities, assets and useful skills to coordinate the necessities of a changing domain to upgrade business aggressiveness (Teece 1997). The dynamic

capacity approach centers consideration on the company's capacity to restore its assets in accordance with changes in its surroundings and to utilize such interests in natural adaption projects to upgrade business aggressiveness.

The Dynamic Capability Theory argues that when changes in the external business environment such as a more environmentally conscious consumer base and neighboring communities accompanied by increases in calls for environmental protection by regulatory authorities as well as threats from competitors superior social responsible behavior ;organizations have no option but to adapt to these changes in the external environment by implementing corporate social responsibility programs that will enhance its public image, improve customer loyalty and reduce the cost of compliance to environmental regulations which in the long run will result in improved business performance and enhanced business competitiveness (Teece 1997).

2.3 Empirical Studies and Knowledge Gaps

With the overall advancement of CSR, more scientists give careful consideration for CSR in the field of business practices. Among these looks into, a standout amongst the most alluring additionally the most dubious issue is the relationship between corporate social obligation and corporate execution .The essential explanation behind this circumstance is that: the most crucial focus of company is to make monetary advantages, and the most major social duty is the duty to shareholders. Endeavors are benefit arranged, however the relationship between corporate social duty and corporate execution is mind boggling, regardless of from the hypothetical point of view or from the techniques look into process viewpoint.

Regardless of it is hard to assume that conclusions can be specifically extrapolated few studies have been done investigating the CSR-firm execution connect in associations. Few concentrates, just have attempted to quantify the CSR rehearses from a multi-partner point of view. Enthusiasm for finding any conceivable relationship amongst CSR and business execution rose over forty years back. Most past studies confirm that endeavors to complete CSR hones enhance firm execution (Beurden and Gössling, 2008). Be that as it may, the early introduction is a field of blended confirmation (Peloza, 2009). Barnett expressed in 2007 that, after over thirty years of research, we can't obviously finish up whether a one-dollar interest in social activities returns pretty much than one dollar in advantage to the shareholder.

A late study breaking down the connection amongst CSR and aggressiveness performance has been directed by (Battaglia, 2014). Utilizing information from Italian Organizations, which work in the mold business, creators demonstrate a solid and positive connection among a few social execution pointers and two aggressiveness measurements: advancement and immaterial execution. Torugsa, (2012) likewise found that the organization capacity of overseeing partners, alongside the advancement of a proactive procedure and the learning to accomplish a common vision, are decidedly connected with a proactive CSR. Thusly, their study demonstrates how this proactive CSR causes a change in firm performance.

CSR and Performance Margolis and Walsh (2002) refer to that one hundred twenty-two distributed studies somewhere around 1971 and 2001 observationally analyzed the relationship between corporate social duty and execution. Kotler and Lee (2005) and express that CSR prompts to benefit over the long haul. Predominant execution might be shown by expanded benefits, deals, piece of the pie or accomplishment of vital objectives. McWilliams and Siegel (2000) in their investigation of surviving

writing contend that there have been blended aftereffects of the money related effect of such well-doing procedures on transient and long haul gainfulness of the association. Various different concentrates, in any case, recommend that, as an aftereffect of a firm captivating in socially mindful practices, general gainfulness of the firm is upgraded (Berrone, 2007).

Margolis and Walsh (2003) assessed 127 investigations of CSR. Half of these studies (54) reported a positive relationship and just seven of them demonstrated a negative connection. Of the rest of the studies, 28 found a non-noteworthy connection and 20 reported blended results. There are a larger number of results than studies since four of them explore the relationship in both ways. Since there is no concession to this, Margolis and Walsh (2003) proposal is to investigate this relationship in both routes, to have a more total vision of the theme. Indeed, even from this brief writing audit, it is apparent what number of various observational studies can be made on this point. A portion of the purposes behind these opposing results come from theoretical, operationalization and methodological contrasts in the meanings of social and execution.

Locally, numerous studies that have been completed on CSR don't really relate it to upper hands of firms. Kipkemoi (2010) did a study to decide the relationship amongst CSR and upper hands at the NSE utilizing an example of 36 firms recorded at the NSE. Utilizing relapse investigation, 27 he found that there was a huge positive relationship amongst CSR and ROA and a huge negative relationship amongst CSR and GIS. In the business part, the study yielded a critical positive relationship amongst CSR and ROA. This concentrate however can't be contended to give indisputable information on the relationship amongst CSR and upper hands of business organization's thinking about that it just tested recorded organizations and in

this manner the example utilized was not a satisfactory representation of business organizations in Kenya.

A study by Anyona (2005) CSR and performance of business organization's in Kenya, dominant part of respondents concurred that CSR is in the long haul enthusiasm of firms. Mutuku (2004) completed a registration overview on all the 32 organizations recorded at the NSE. Utilizing relapse examination, he found that there was no relationship amongst CSR and upper hands for every one of the organizations recorded at the Nairobi securities trade. One clear restriction of this concentrate however is the strategy utilized. The concentrate just measured CSR record for the year 2004 and overlooked CSR scores for the earlier years. It is conceivable that the monetary condition was not great and firms enlisted poor money related results notwithstanding their contribution in CSR activities.

A study by Ominde (2004) to decide the connection between corporate CSR and Corporate Strategy among firms recorded at the NSE observed that organizations fuse CSR in all their corporate methodologies. In this study, enumeration review outline was utilized. Respondents were requested that show the degree to which their organizations joined the expressed CSR exercises in the different corporate procedures recorded. Illustrative measurements were utilized to decide the extent of linkage amongst CSR and corporate system. This concentrate however does not demonstrate the impact that this linkage had on the upper hands of these organizations.

Odhiambo (2006) did a study on CSR as a vital apparatus for partner administration in vast scale undertakings in Kenya. In this study, a specimen of 103 substantial scale undertakings was drawn utilizing efficient stratified inspecting strategy. A standard

survey was utilized to gather information 29 and distinct measurements used to break down the information. The study found that CSR is seen to have a colossal beneficial outcome on the exposure of the association.

2.4 Summary of Literature

A number of studies have been done on the relationship between CSR and business competitiveness. The studies on the effect of CSR adoption on performance of organizations in Kenya have resulted in mixed results. Existing empirical evidence is however majorly in view of created nations while a couple of observational examinations had been attempted in African nations like Kenya. From the above exchange of the hypothetical and exact writing, constrained research has been directed on the effect of CSR implementation on business intensity of organizations in Kenya. The current studies have been done in different economies which have distinctive working environment from that in Kenya. This concentrate consequently tries to fill this exploration hole.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a general approach to studying a research topic. This chapter, therefore, explored how the research was carried out. It outlined procedures and techniques used in the collection and processing of data such as the research design, data collection instruments, data collection procedures and finally in data analysis.

3.2 Research Design

The study was conducted using a case study design. Yin (1984), defines a case study research method as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used. The study focused on interpreting in-depth details concerning the Corporate Social Responsibility and Competitive Advantage at Nairobi Coca-Cola Bottling Company Ltd.”

The research used interview guide, administered to all the top level management of Coca-Cola Bottlers to get their opinion on how adoption of corporate social responsibility activities has affected the organizations competitive advantage. The collected data was analyzed with a view to determine relationship between CRS practices and Competitive Advantage of Nairobi Coca-Cola Bottling Company Ltd.

3.3 Data Collection

The primary data on corporate social responsibility and competitive advantages of Coca-Cola Bottling Company in Nairobi was obtained through in-depth interview using interview guide. The primary data was obtained from top level management.

The Interview guide was divided into three sections. Section (A) captured information about general characteristics of the organization and the interviewees; Section (B) captured information on the relationship between corporate social responsibility and business competitiveness, Section (C) captured management recommendations.

Data from senior management staff of Coca-Cola Bottling Company Ltd comprising of Plant Manager, Production Manager, Human Resource Manager and Product Development Manager was collected by way of personal interview guided by an interview guide.

3.4 Data Analysis

Considering the kind of data intended as per the interview guide, the collected data was summarized, coded, classified and tabulated. The researcher used content analysis to analyze the data through describing phenomena, classifying it and seeing how the concepts interconnect as was indicated by the respondents.

This approach of analysis was preferred because it gives results that are predictable, directed, or comprehensive. Content analysis also enables the researcher to shift through large volumes of data with relative ease in a systematic fashion. The analyzed data was presented in table and charts and conclusion for these finding was relayed and discussed in chapter four and five respectively.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, interpretation and presentation of the study which was on the effects of corporate social responsibility on competitive advantage at the Nairobi Coca-Cola Bottling Company Limited. The qualitative data was analyzed by use of content analysis in answering the various questions in regard to the study objective.

4.2 Response rate

The study targeted a total of 15 respondents who constituted top level management at the Nairobi Coca-Cola Bottling company ltd. Out of these, 13 interviewees could be reached while 2 were not available to be interviewed

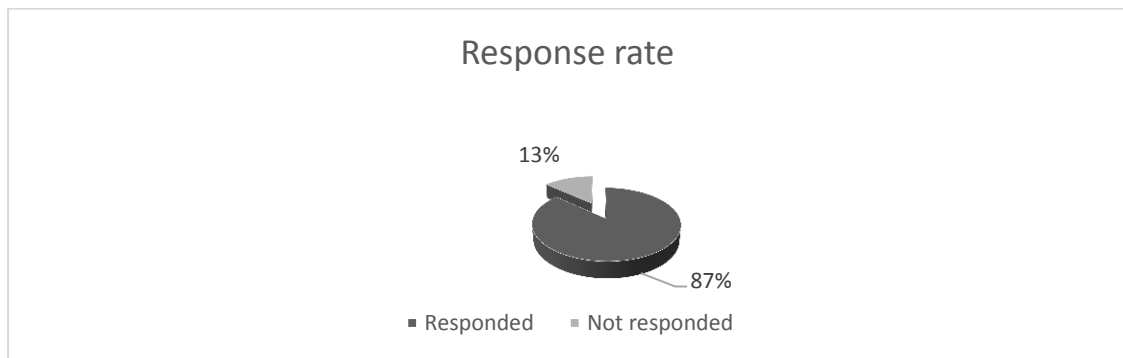
Table 4.1 Response rate

	Frequency	percentage
Responded	13	87%
Not responded	2	13%
Total	30	100%

Source: Research (2016)

The figure below presents the response rate of the study at 87%

Figure 4.1: Response rate



Source: Research (2016)

4.3 Demographic information of the respondent

The study required the respondents to indicate their respective positions in the company. According to the study findings, 87% of the respondents who participated in the study were either top or middle level managers. This implies that respondents were all in the management and these are the people who oversee CSR initiatives in the organization.

The respondents were required by the study to disclose the duration they had served in their organizations. According to the research findings, the study established that most of the respondents had served in their respective company for a period of 5 years and above while a few of the respondents said that they had served for over 10 years.

Table 4.2: Length of service

Length of service	Frequency	Percentage (%)
1-4 years	2	8%
5-10 years	4	15%
11-14years	4	15%
15-19 years	5	19%
Total	15	58%

Source: Research (2016)

The respondents were required by the study to state their highest level of education. On this question, 60% of the respondents said that they had university graduate certificates, 20% had university masters certificates, 19% middle college level certificates and 1% PhD level education. This is an implication that most of the respondents had enough experience in their positions and the number of years they had served in their organizations.

4.4 CSR and Competitive advantages at the Nairobi Coca-Cola Bottling Company Ltd

4.4.1 Understanding of Corporate Social Responsibility in the Organization

The respondents were required by the study to indicate their understanding of Corporate Social Responsibility concept in the organization. On this question, 45% of the respondents indicated their understanding on CSR as a business contribution to sustainable development that meets the needs of the present without compromising the ability of the future generations to meet their own needs. 25% of the respondents also said that CSR is an idea whereby organizations consider the interests of the general public by assuming liability for the effect of their activities on clients, workers, shareholders, groups and the earth in all parts of their operations. 16% of the respondents said that corporate social obligation is about the coordination of social, natural, and monetary contemplations into the basic leadership structures and procedures of business.

Further CSR was said to be all about taking account of society's needs and finding more effective ways to satisfy existing and anticipated demands in order to build more sustainable businesses. 19% of the respondents said that CSR is about conveying enhanced shareholder value, giving improved products and ventures to clients,

building trust and believability in the general public in which the business works, and turning out to be more feasible over the more extended term. 5% of the respondents also said that CSR is not only customer based but it is also about considering the needs of the employees of a certain organization.

4.4.2 Availability of Business Case for CSR and its Justification

Respondents were required to state whether there was a business case for CSR adoption in their company setting. On this question, 60% of the respondents said that it is out of CSR that; enhanced corporate image and increased staff, customers and stakeholder's loyalty is achieved and that the company's main goal is to achieve a positive transformation of life in the areas of environmental, social and economic well-being of the society in which it operates at the same time promoting its welfare in the society.

The respondent's also said that the CSR adoption by the company ensures a trade-off between economic and social goals of the efficient utilization of scarce resources; significantly improving business house reputation and confidence of the customers and business partners, and motivates the employees to work for a company they could feel proud of. 40% of the respondents stated that the organization's adoption of CSR is because it leads to improved competitive advantages , decreased hazard exposure, distinguishing proof of new products and markets, upgraded mark picture, expanded client devotion, enhanced enrollment and maintenance performance, representative inspiration, enhanced trust, group advancement, improved corporate notorieties, enhanced government relations, assess waiver on socially and ecologically mindful business lines, diminished administrative mediation, lessened expenses through natural best work on prompting to economical productivity.

4.4.3 Whether the Company has any CSR Initiatives

The study required the respondents to confirm whether the company has any CSR initiatives and at the same time to list some of the ones they were aware of. Majority of the respondents indicated that the company had CSR initiatives. The table below presents the number of respondents who confirmed on the availability of CSR in their organization.

Table 4.3: Whether the company has any CSR initiatives

	Frequency	Percentage (%)
Yes	13	87%
No	1	7%
Not Sure	1	7%
Total	15	100%

Source: Research (2016)

The respondents also stated that the company's major CSR initiatives relate to its involvement in community development projects. The respondents said that the company sponsors several students to pursue secondary education as part of its corporate social responsibility through the Company Education Scholarship Fund and that their organization supports education initiatives with the sole aim of building and enhancing capacity. The Company and individual staff from the company also contributed foodstuff to feed the hunger stricken Kenyans in the Eastern Province; blankets and mattresses to the victims of post-election violence.

The respondents added that the company is also keen to lead in corporate stewardship with regard to environmental management. In this regard, respondents said that the company in partnership with the other organizations, have in the past participated in a clean-up exercise for some major towns though mostly outside Nairobi. This initiative

was well received and inspired the business community in the town to develop strategies for continuous improvement. The respondents also said that their organizations participation in the jigger eradication campaign run by Ahadi Kenya Trust where the management donates funds to purchase spraying kits for the schools and homesteads of those infected and affected by jiggers.

4.4.4 Percentage of Annual Budget Allocated to CSR in the Organization

The study sought to find out from the respondents on what percentage of annual budget allocated to CSR and the reasons as to why. The Company being a private organization they were not willing to divulge any information on the budget allocation. The interviewee said that the amount set aside for CSR was too confidential and they would not want to leak it into the competition. However, one Relationship Manager said that approximately the company spends about 10% of its annual budget. The amount is also determined by the company's performance in the previous year.

4.4.5 CSR Based Factors that Lead to Improved Competitive Advantages

The research study sought to find out from the respondents the various CSR based factors that lead to improved competitive advantages. According to the responses 45% of the respondents said that various CSR based factors lead to the improved competitive advantages. These factors were tied to effective customer relationship management practices that have continuously led to brand awareness, customer company inter-relationship, customer satisfaction, loyalty & trust and consumer pride. 30% of the respondents also indicated that the CSR activities like the support for education directly touch on the people's lives and this had impacted the company's performance positively since its launch.

The respondents made it clear that CSR activities that touch on the welfare of the less privileged members of the society receive more attention and more effects including increased customer advocacy are felt in the company. CSR enhanced the competitive advantages in organization; respondents who participated in the study indicated that the investment in CSR activities has an impact on the external customers and also on the internal customers who are the company's employees. CSR initiatives for employees will include activities that nurture employee's motivation and pride. When this is observed, employees are better placed to execute their duties hence more productivity which promote the growth within the company.

The respondents said that sound CSR activities have a direct impact on the company's market share. This was witnessed after the launch of the Company's Education Scholarship Fund where the company's visibility was enhanced hence translating into more people making the company brands their choice. The respondents also said that CSR initiatives adopted by their company promote respect for their company in the marketplace which result in higher sales, enhance employee loyalty and attract better personnel to the firm.

Respondents stated that CSR activities focusing on sustainability issues lower costs and improve efficiencies as well and that it has been an added advantage in helping them attract new customers and new investors; hence leading to the organizations competitive advantage in the long run. Two respondents also had the same view that CSR activities lead to company's stock price optimization, making executives' stock and stock options become more profitable and shareholders happier and the long run promoting the organizations competitive advantages .

According to the results obtained, 35% respondents said that; through brand awareness through CSR, Corporate Social Responsibility (CSR) activities have the potential to create several distinct forms of value for customers making them feel associated with the company. A potential advantage of CSR brand mindfulness battle as expressed by one of the respondents is that 'it can enhance an organization's notoriety and marking, thus enhances the prospects for the organization making it to be more powerful in the way it oversees correspondences and advertising in endeavors to pull in new clients and increment piece of the pie. The respondents included that brand mindfulness through CSR with different apparatuses can help an organization to position itself in the commercial center as an organization that is more dependable and more manageable than its rivals; hence promoting its competitive advantage.

30% respondents indicated that customer interaction by way of CSR initiatives helps the staff feel free and learn from consumers on best ways of improving current services and products. It makes it easy for the company's to collect useful feedback on areas that need improvement. On the same question, 35% respondents indicated that when customer satisfaction is enhanced through CSR initiatives, customers tend to believe more in the organizations products and services hence buying more of their products than from any other company. Therefore Corporate Social Responsibility helps the beverage company in creating repeat business and the company prides itself for having achieved this with most of their customers.

According to the results obtained 27% of the respondents, the study established that CSR enhances the organizations market share. These respondents added that people generally easily associates with the company gain trust with the company viewing it as the one that cares for the welfare of the community making them to continue

beverage industry with organization. The company CSR activities have helped increase brand awareness. Since the company embarked on engaging the community in the various community development programs, more people have come to know more about the company and the various products and services which they offer. At the same time this has increased the company's visibility even in areas where the company is not represented.

The company's CSR programs are implemented in all regions hence getting more people to recognize the company brands. CSR also has a positive effect on the company's reputation. This was echoed by the 23% of the respondents who participated in the research. According to the research finding, most respondents accepted that some of their CSR initiatives have helped them become resilient to negative publicity. This has helped them in maintaining their reputation which could otherwise have a big negative effect on the company's performance. Interestingly the study revealed that the companies with strong CSR initiatives have helped them handle price adjustments positively. One manager observed that their customers are willing to pay more for products and services offered by organizations that are more socially responsible. This has greatly helped in the introduction of new products by the company.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusion and recommendations of the study which was on the effects of corporate social responsibility on competitive advantages at the Nairobi Coca-Cola Bottling Company Ltd. The findings have been discussed relative to the interview guide aspects which were on; demographic data on the respondent, CSR, factors influencing it and the effect of CSR on competitive advantages of Nairobi Coca-Cola Bottling Company Ltd.

5.2 Summary

The study established that the greater part of the respondents had a comprehension on CSR as a business commitment to manageable advancement that addresses the issues of the present without bargaining the capacity without bounds areas to address their own particular issues; as an idea where organizations consider the interests of the general public by assuming liability for the effect of their activities on clients, workers, shareholders, groups and the earth in all parts of their operations. As per the discoveries, the study found out that corporate social responsibility is about the coordination of social, ecological, and monetary contemplations into the basic leadership structures and procedures of business; CSR is about utilizing development to discover innovative and esteem added answers for societal and natural difficulties.

The results revealed that CSR is about delivering improved shareholder providing enhanced goods and services for customers, building trust and credibility in the society in which the business operates, and becoming more sustainable over the longer term. It was established from the study that it is out of CSR that; enhanced

corporate image and increased staff, customers and stakeholder's loyalty is achieved and that the company's main goal is to achieve a positive transformation of life in the areas of environmental, social and economic well-being of the society in which it operates at the same time promoting its welfare in the society.

The study uncovers that CSR appropriation by the organization guarantees an exchange off amongst financial and social objectives of the effective usage of rare assets; essentially enhances business notoriety and certainty of clients and business accomplices, and inspires the representatives to work for an organization they could feel glad for. The study discovered that the organization appropriation of CSR is on the grounds that it prompts to enhanced upper hands , decreased hazard introduction, recognizable proof of new items and markets, upgraded mark picture, expanded client devotion, enhanced enrollment and maintenance performance, spurred workers, enhanced trust, group advancement, upgraded corporate notorieties, enhanced government relations, impose waiver on socially and earth dependable business lines, lessened administrative mediation, diminished expenses through natural best work on prompting to economical gainfulness.

The study established that indeed the Company had CSR initiatives in place since its inception. The study revealed that some of the company's major initiatives in; its involvement in community development projects; the company sponsors students in secondary schools through the company Education Scholarship Fund, supports entrepreneurs or business start-ups through business seminars and also helps in the nurturing of talents to those who seek and wants to grow their popularity in the society. On the same, the study established that the company has initiatives in

environmental management while in partnership with the other organizations and have in the past participated in a clean-up exercise in major towns in the country.

The company has also formed a green team that supports tree planting and environment cleaning initiatives. The results indicated that the organization participates in the jigger eradication campaign run by Ahadi Kenya Trust; the company have extended donations to charity homes such as Alpha joy Care Centre, Imani Children's Home in Kayole, Springs of Hope Orphanage in Machakos, Kuluthira Children's home; their organization also sponsors trainings for farmers in various field days and that CSR initiatives have also been extended to those affected and infected with HIV /AIDS through giving donations. In addition, the study revealed that the company and individual staff also contributed foodstuff to feed the hunger stricken Kenyans in the Eastern Province and other needy homes and also takes part in sport events sponsorship for talent development. It was established from the study that it was in the interest of increasing operational efficiencies through reducing energy and materials as input factors for production ensuring value creation, satisfaction, loyalty, growth, trust, popularity and recognition to the society.

The study found out that the company values; ethics, culture, effective resources management, diversity of the workforce and the types of products and services to determine the effectiveness of CSR initiatives. The percentage of annual budget allocated to CSR in the organization was approximately 10% of the total annual budget, an indication that a favorable percentage is in each year set aside by the organization towards CSR initiatives in the organization.

This study established that the Company as a brand is a very strong brand. The company's products are well known and common brands among the company's target market. The study found out that the various CSR based factors that lead to improved

Company's brand performance. According to the responses gathered from the respondents, the various CSR based factors that lead to the improved Company's brand performance were closely related to effective customer relationship management practices that have continuously led to brand awareness, customer inter-relationship, customer satisfaction, loyalty & trust and consumer pride.

In addition, the study revealed that CSR activities themselves act like factors and so are usually predetermined since not all may lead to brand performance of a given organization. On how CSR activities adopted by the company enhance the competitive advantages in organization, the study found out that investment in CSR activities promotes goodwill to the company and as well improve on the relationship between the customers and the employee. This is due to the fact that generally people want to be associated with organizations that care about the welfare of the society. Besides, the results revealed that CSR activities focusing on sustainability issues lower costs and improve efficiencies, helping them gain a stable share price hence an improved performance of the organization. This way the company's CSR initiatives are felt by all the stakeholders.

The results revealed that creating brand awareness through CSR activities helps improve on the brands visibility. This helps in attracting new customers and eventually impacting on the brands market share. Sound CSR activities also have a direct impact on the brands reputation. Strong CSR activities help create strong brands. The study also revealed that that brand awareness through CSR with various tools help the company to position itself in the marketplace, hence promoting its competitive advantage. The study found out that customer interaction by way of CSR initiatives helps the staff to freely interact with their customers and learn from consumers on best ways of improving current services and products. This way CSR

helps in collecting customer feedback easily hence provide products and services that address the needs of the customers.

When customer satisfaction is enhanced through CSR initiatives, they tend to believe more in the organizations products and services purchasing more of their products instead of running to the competition. The study revealed that CSR is a critical consideration to the company and cannot be ignored. It has helped the company become a strong and a successful brand in the industry. The research established that CSR enhances the organizations market share because people want to be associated with companies which are ready to work with them not only in their safe keeping of their money but also in their various community development projects. The study revealed that CSR has helped them in their strategic expansion strategies in the region. Peoples good will created through CSR has created the need to open more branches to serve the ever growing market.

5.3 Conclusion

The concept of corporate social responsibility has prevailed since time immemorial and has for a long time paved way for organizations' to have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. For a long time, corporate social responsibility has raised issues on who actually benefits from the CSR initiatives. Business analysts have documented that CSR benefits the organization by pushing the business to the next level while at the same time benefiting the society. For a long time, CSR has been associated with profitability for organizations though the area has not been well researched.

The study has revealed that CSR actually has a positive impact on a company's competitive advantages, particularly the profits. Significant relationship between organizational culture and organizational performance were found. Organizational culture, including employee participation, collaboration, learning, and care about customers shows that employees pay more attention to organizational culture as CSR activities of their organization.

5.4 Recommendations

The study has established that CSR has a positive effect on company's competitive advantages. This means that the increase on the amount spent on CSR enabled the company to reach most of its customers and the public at large through CSR projects.

This study recommends that there is need for the management to ensure that all the staff at the company acquires enough knowledge on CSR since it has become an integral part of business practice. CSR programs should be enhanced so as to enrich the employees with a good understanding of the issues associated to it. It is recommended that the management continue with the same motive of establishing more community pleasing initiatives. This study recommends that the management at the company conduct more research and development so as to increase CSR awareness levels in order to ensure staffs buy in to the various CSR activities.

There is also a need to develop new strategies towards brand management so that right initiatives which are less costly are adopted. Effective evaluation and monitoring need to be conducted so that the CSR behavior can be compared at various peaks of Company's brand performance. The right determinants of CSR adoption should also be evaluated alongside their associated risks if any. The study therefore recommends

that the departments responsible of creating awareness on CSR activities continue being effective in their mandate of communicating and coordinating.

On the effects of CSR on competitive advantages, the study recommends that the management ensure that the right brand performance measurements/statistics be put in place. This way, the managers responsible for customer relations will be in a good position to address related issues on; brand awareness, customer inter-relationship, customer satisfaction, customer loyalty & trust.

This study recommends that effective management of culture, communication, coordination, top management support and commitment be enhanced so as to streamline on the effectiveness of CSR in the organization for these are key moderating factors in the setting. The achievement of effective CSR if well-handled will definitely lead to increased share market, profitability in brands offered by the company, distribution coverage, and effective cost/price structure of brand as well as brands competitiveness; all of which are enough metrics/measures of business competitiveness.

5.5 Limitations of the Study

Since it was a case study focusing on one institution the data gathered might differ from other organizations. This is because different institutions have different experiences with performance of the organization after CSR adoption. The study however, constructed an effective research instrument that sought to elicit general and specific information. The study faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried out. The study, however,

minimized these by conducting in-depth interviews that significantly covers the shortcomings of the study.

5.6 Area for Further Research

From the findings of this study, it is suggested that further research be carried out on the stakeholder and customer perception of CSR initiatives within the beverage industry. There is a need to establish whether the CSR initiatives meet their goal and benefit their beneficiaries as well as establish their sustainability. In addition, there is a need to establish whether the customer loyalty to the company it is as a result of the company's CSR initiatives or as a result of product diversity, quality customer service among others.

This study recommends that further study be done on the effects of CSR brand performance on more than one organization. This way other companies could be incorporated in the research to avoid a generalization of the findings. The studies should also attempt to look at awareness of corporate social responsibilities, level of participation of internal publics /employees in CSR activities as well as their perception towards the CSR activities. The study brings out corporate social responsibility as a key source of competitive advantage in the Nairobi Coca-Cola Bottling Company Ltd yet it seems not to be receiving a lot of support from the senior management and other support staff. More studies should be conducted to establish the relationship between corporate social responsibility and its role in giving the company a competitive advantage in the industry.

5.7 Implication of the study

The researchers aim in this study was to address how corporate social responsibility affects the competitive advantage of Nairobi Coca Cola Bottling Company Ltd. The study found out CSR has an influence on organizations performance. This implies organizations increase their budget on CSR activities with the aim of having a competitive edge in the market.

The findings that CSR has an influence on companies competitive advantage, suggest that management will need to ensure staff are educated and appreciate the company's efforts on CSR activities. The trainings will aim at improving their staff's knowledge on how to conduct sustainable CSR activities especially staff in marketing and corporate affairs departments. The organizations will also evaluate and monitor CSR behaviours at various peak of the organization performance to determine if their trainings had any influence on the staff.

CSR plays a major role in the success of organizations. This implies that organizations will win both in business and in the society. The CSR activities will be included as their long term or short term goals. This will require support from all the stakeholders on the importance of CSR activities and thus having an influence of the organization culture. The organizations which will have effectively adopted CSR will improve their performance and thus leading to increase in their profitability. Properly executed CSR activities can be much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage!

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APPENDIX I : Letter of Introduction



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

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P.O. Box 30197
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DATE...15th March 2016

TO WHOM IT MAY CONCERN

The bearer of this letterIDA H. DOREEN MAKONI.....

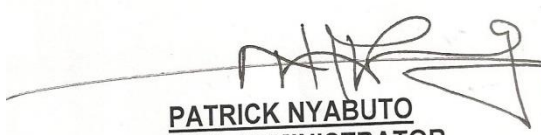
Registration No.....061 1745421 2014.....

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



Appendix II: Interview Guide

SECTION A: General information

1. What is your position in the company?
2. In which department are you?
3. How long have you worked in the beverage industry?

SECTION B: Corporate Social Responsibility

4. What are some of the corporate social responsibility activities is your organization involved in?
5. For how long have the corporate social responsibility activities is your organization been going on?
6. In your opinion has investment in corporate social responsibility activities affected your business image and good will from the public?
7. In your opinion has investment in corporate social responsibility activities improved customer awareness of your products?
8. In your opinion has investment in corporate social responsibility activities has improved the company relationship with your customers ?
9. In your opinion has investment in corporate social responsibility activities has improved the company relationship with regulatory authorities?

10. In your opinion has investment in corporate social responsibility activities improved the company relationship with policy making institutions?
11. In your opinion how has investment in corporate social responsibility activities affected your costs and profits?
12. In your opinion how has investment in corporate social responsibility activities affected the level of public awareness of your products compared to competitor products?
13. What percentage of your annual budget is allocated in corporate social responsibility activities?
14. Is the rate of growth of percentage your annual budget for corporate social responsibility activities, how is that likely to change in the near future?
15. In your opinion is your organization capable of committing more resources to enhance long term sustainability of investment in corporate social responsibility activities?
16. In your opinion how has investment in corporate social responsibility activities enhanced constant supply of raw materials?
17. In your opinion how has investment in corporate social responsibility activities enhanced reduction in cost of supply of raw materials?
18. Do you think corporate social responsibility activities has improved the living standards of the neighboring communities?
19. In your opinion how investment has in corporate social responsibility activities has improved your market shares as compared to your competitors?

Section C. Management recommendations

20. Do you think investment in corporate social responsibility leads to enhanced business competitiveness?

21. What are your recommendations on organizational investment in corporate social responsibility?

THANK YOU.