CHALLENGES OF IMPLEMENTING CORPORATE SOCIAL RESPONSIBILITY STRATEGIES AT THE JOHNSON & JOHNSON IN KENYA

BY

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DECLARATION

I hereby declare that this research project is my original work and has not been submitted for a degree in this, or any other University.

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D61/72247/2008

This research project has been submitted for examination by my approval as the University supervisor.

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DEDICATION

This management research project is dedicated to my dear husband Alex and our daughter Fiona.

ABSTRACT

Organizations operate in a dynamic environment and have to employ unique strategies in order to gain sustainable competitive advantage over other players in the industry. One of the practices adopted by organizations to ensure success in the market arena is corporate social responsibility. This refers to the organization's consideration and response to issues beyond narrow economic, technical and legal requirements in order to accomplish social benefits. Organisations employ strategies to ensure that their efforts are well focused and directed towards the company's mission and vision. However, as organizations embark on the implementation of these strategies, they are faced by challenges emanating from the micro environment, the macro environment and the industry in which they operate.

A case study was carried out to focus on the challenges experienced by an organization in implementing the social responsibility strategies and the measures employed to tackle these challenges. The organization studied was Johnson & Johnson due to their notable contribution to CSR and the continuous ranking that they have held as the most ethical and trustworthy as per the Harrison Interactive Corporate Study (Plunkett, et al ,2009). The organization is guided by a one page document "Our Credo" that has been in existence for over sixty years in her responsibilities to the different stakeholders. Johnson & Johnson has a distinct board that deals with the CSR initiatives all over the world. The Africa board consists of 11 members of which 3 are Kenyans. The study employed interview as the mode of data collection in which the 3 Kenyan board members were interviewed and an interview guide was used as a tool. Also interviewed was the personal assistant to the Managing Director of A New Thing Limited which is the agency that offers secretariat services for the Johnson & Johnson CSR board in Kenya. The primary data collected was analyzed using content analysis. The study found that Johnson & Johnson worked with partners in the implementation of the CSR initiatives but did not engage in the actual implementation on the ground. They provided the funding and the support systems to ensure the success of the initiatives. Among the challenges emanating from the micro environmental factors were inadequate budgets, poor communication and involvement of the commercial team. Also, it was noted that there was conflict between the Foreign Corrupt Practices Act (FCPA) that guides organizations with parent companies in the USA and the behavior among the African communities in which the organization operates. FCPA has very punitive fines to those who seem to cause undue influence to the healthcare practitioners by use of these initiatives. Challenges from the macro environment include the selection on high integrity partners, dependency syndrome among the beneficiaries of the projects, abuse of partnerships and poor reports that do not meet the deadlines, are cooked or are not availed at all. Industry challenges were not a major threat and the major aspect reported was the duplication of projects by new entrants. The measures employed by the organization to deal with these challenges included the employment of due diligence before selecting the partners. This ensured the partners chosen were of high integrity and challenges of cooked reports and abuse of partnerships was minimized. The CSR team embarks on frequent impromptu supervisory visits so as to experience the real situations and progress of the projects on the ground. Through these close monitoring corrections can be made in good time in situations where the implementation is not on course. Regular trainings on healthcare business integrity (HCBI) are conducted to the employees so that they embrace the concept of compliance as per the FCPA. The organizations tend to engage in projects in a holistic way such that in instances where there is duplication of projects, they deal with the aspect not considered by other organizations or partner with them in projects requiring huge funding and attention. The study found out that there is a lot to be done in CSR and the more the players, the better the impact to the society and as such competition is not a challenge.

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LIST OF ABREVIATIONS

CSR	Corporate Social responsibility
FCPA	Foreign Corrupt Practices Act
HCBI	Health Care Business Integrity
USA	United States of America
EABL	East African Breweries Limited

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Organizations after strategic planning embark on the implementation process. Strategy is implemented through organizational design in which a company selects a combination of organizational structure and control systems that lets it create a sustainable competitive advantage. The primary role of organizational structure and control is to coordinate the activities of employees so that they work together in harmony enabling them to implement a strategy that increases the company’s competitive advantage. It also motivates employees and provides them with the incentives to achieve superior efficiency, high quality, innovation and timely customer responsiveness.

One of the practices adopted by organizations to ensure success in the market arena is corporate social responsibility (CSR). Corporate social responsibility can be defined as the firm’s consideration and response to issues beyond narrow economic, technical and legal requirements of the firm to accomplish social benefits along with traditional gains which the firm seeks (Davis,1973). CSR has many advantages that include; enhancing competitive advantage, improving financial performance, reducing exposure to non financial risk, helping in identifying new products and markets, enhancing brand image and reputation, enhancing sales and customer loyalty, improving recruitment and retention performance and creating new business networks.CSR also increases staff motivation, improves trust in companies and improves on government relations.

According to Wheelen & Hunger (2008), Johnson & Johnson is one of the companies that does its best to consider its responsibilities to its primary and secondary stakeholders. It has a legacy of giving of more than 100 years that is inspired by a one page document "our credo" on the responsibility to communities. Johnson & Johnson's CSR primary focus is on making life changing, long term differences in human health by targeting the world's major health related issues. It works to fulfill this and other philanthropic efforts through community based partnerships. Its initiatives are based on three pillars which are, saving and improving lives of women and children, building the skills of people who serve community health needs primarily through education and lastly preventing diseases and reducing stigma and disability in underserved communities where Johnson & Johnson has a high potential for impact.

The success of a strategy depends on how well the implementation process is undertaken. Strategy formulation on its own cannot make a company gain competitive advantage over its competitors thus the implementation process is quite essential for a company. However even as organizations undertake to put plan into work, it is not without a number of challenges that face them. This study aimed at establishing how well Johnson & Johnson puts its structures and processes in place while carrying out their corporate social responsibility strategies within the country. It aimed at establishing the challenges that they experience as they embark on this noble activity of giving back to the community that they serve and establish ways in which they tackle these challenges.

1.1.1 Strategy Implementation

According to Hill and Garneth (2006), strategy implementation can be referred to as the process in which the planned strategies are translated into carefully implemented action. In other words, this is the 'action' phase. It is the fourth phase in the strategic management process which comes after strategy formulation, analysis of alternative strategies and strategic choice. Hrebiniak (2006) argues that implementing a strategy throughout the organization is more difficult than even the formulation of the strategy. Thompson & Strickland (2003) stresses that the implementation of strategy is the most time consuming part of the strategic management process. Implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives. It is the manner in which an organization should develop, utilize and amalgamate organizational structure, control systems and culture to follow strategies that lead to competitive advantage and better performance.

Pearce and Robinson (2011) observed that to ensure success, the strategy must be translated into guidelines for the daily activities of the firm's members. The strategy and the firm must also become one such that the strategy is reflected in the way the firm organizes its activities and in the firm's values, beliefs and culture. The company's managers must put into place steering controls that provide strategic control and the ability to adjust strategies, commitments and objectives in response to ever-changing future conditions. Increasingly, the organization must make a serious commitment to be innovative and must consider bringing the entrepreneurship process into their company to survive, grow and prosper in a vastly more competitive and rapidly changing business arena.

Organizational action is successfully initiated through four interrelated steps. The first step is the creation of clear short term objectives and action plans. Next are the developments of specific functional tactics to include outsourcing that create competitive advantage. The third step involves empowerment of operating personnel through policies to guide decisions and lastly the implementation of effective reward systems to motivate personnel and encourage effective results. To be effectively implemented, a strategy must be institutionalized, that is must permeate the firm's day to day life. They also acknowledged that an effective organizational leadership and the consistency of a strong organizational culture reinforcing norms and behaviors best suited to the organization's mission are two central ingredients in enabling successful execution of a firm's strategies and objectives.

According to Wheelen & Hunger (2008), since the firm's strategy is implemented in a changing environment, successful implementation requires strategic control. This is the ability to steer the firm through an extended future time period when premises, sudden events, internal implementation efforts and the general economic and society developments will be sources of change not anticipated or predicted when the strategy was conceived and initiated. The firm should also have in place operations control systems that monitor performance, evaluate deviations and initiate corrective action.

1.1.2 Corporate Social Responsibility Strategies

According to DuBrin (2009) corporate social responsibility is the idea that firms have obligations to society beyond their economic obligations to owners or stockholders and also beyond those prescribed by a law or contract. It is a broad concept that relates to an organization's impact on society, beyond doing what is ethical.

DuBrin (2009) observed that a continuing debate concerns what obligations companies have towards being socially responsible. The position advanced by a growing number of non-government organizations is that business firms should take action on issues ranging from pollution, global warming, AIDS, illiteracy and poverty. However investors want companies to focus on the bottom line so that they can maximize returns. In reality, these two positions can be mutually supportive. Many socially responsible actions are the byproducts of sensible business decisions.

Pearce and Robinson (2011) suggested that in defining the company's mission, strategic managers must recognize the legitimate rights of the firm's claimants. These include not only the stockholders and employees but also other stakeholders that are affected by the firm's actions. Each of these interest groups has justifiable reasons for expecting or demanding that the firm satisfy their claims in a responsible manner. In general, the stockholders claim appropriate returns on their investment; employees seek broadly defined job satisfactions, customers want what they pay for, suppliers seek dependable buyers, government want adherence to legislation, union seek benefits for their members, competitors want fair competition, local communities want the firm to be a responsible citizen and the general public expects the firm's existence to improve the quality of life.

There are four types of social commitments: economic, legal, ethical and discretionary social responsibilities. Economic responsibilities refer to the duty of managers as an agent of the company's owners to maximize stockholder's wealth. Legal responsibility refers to the firm's obligations to comply with the laws that regulate business activities. Ethical responsibility refers to the strategic manager's notion of right and proper business behavior while discretionary responsibility are those assumed voluntarily by a business such as public relations, good citizenship and full corporate responsibility. Corporate social responsibility has become a priority for business. This has been caused by the following three broad trends. The first trend is the resurgence of environmentalism, the increasing buyer power and lastly the globalization of business.

According to Friedman (1962) as cited in Rowe et al (1996) there is one and only one social responsibility of business which is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game which is to engage in open and free competition without deception or fraud. This contradicts Carroll (1979) who proposes that the managers of business organizations have four responsibilities to the stakeholders which include economic, legal, ethical and discretionary responsibilities. These two arguments contribute to the never ending debate on CSR. These four categories are mutually exclusive and the boundaries between them are difficult if not impossible to define. These terms are not value free and will be interpreted differently by different people. Again, no corporate social posture will be value free and this makes corporate social responsiveness a difficult undertaking.

Halt (1977) states that a firm can only attempt to unite the diverse interests of various social groups to form a workable coalition engaged in creating value for distribution among members of the coalition. Beyond a certain level of an economic activity the social issues at stake may become conflicting, for instance profitability and pollution, and tradeoffs must be done by management. Again cultural norms and values vary between countries and even between different geographic regions and groups within a country (Wheelen & Hunger, 2008).For instance what is considered a bribe to expedite a service in one country may be normal business practice in another. Moral relativism claims that morality is relative to personal, social or cultural standard and there is no method for deciding whether one decision is better than the other. This poses a challenge to ethical responsibility aspect.

1.1.3 Medical Supplies Industry

The health industry in Kenya consists majority of multinational organizations as the key players. The local companies act as distributors in situations where the multinationals do not have offices locally. The leading companies in the industry include General Electric, GlaxoSmithKline Beecham, Boerlinger Ingleim, Pfizer International, Bayer East Africa, Novo Nordisk, Covidien Ltd among others. The countries with major representation include USA, Germany, U.K, India and China. The products in the industry can be categorized into two in terms of quality where we have branded products that are premium and generic products for the low end markets that are less priced.

1.1.4 Johnson & Johnson

Johnson & Johnson is a US based company founded back in 1886.Its family of companies comprises of the world's sixth largest consumer health company, the world's largest and most diverse medical devices and diagnostics company, the world's fifth largest biologics company and lastly the world's eighth largest pharmaceutical company.

Johnson & Johnson have more than two hundred and fifty operating companies in sixty countries employing approximately one hundred and eighteen thousand employees. The worldwide headquarters is in New Brunswick, New Jersey, USA. At Johnson & Johnson, for more than sixty years, a simple one page document 'our credo' has guided the company in its actions in fulfilling its responsibilities to the customers, employees, the community and the stockholders (Wheelen & Hunger, 2008)

In our country Kenya, Johnson & Johnson do not have a local office rather it operates through local distributors and agency firms. The consumer line is represented through a local company called Radbone Clark limited, the pharmaceutical line is through Laborex limited, the medical devices line is through Phillips Healthcare technologies limited while the corporate social responsibility is through an agency called A New Thing limited. Johnson & Johnson has corporate contributions committee that sets the overall philanthropy strategy and direction for the company and is based in the United States. The contributions staff provides guidance on key regional and global initiatives. The regional teams provide guidance and strategic direction based on local needs .The African team consists of 11 members of which six members are non-Africans, two are from South Africa and three are Kenyans.

1.2 Research Problem

Bateman and Zeithaml (1990) argued that formulating an appropriate strategy is not enough;

strategic managers must ensure that the strategies are implemented effectively and efficiently. Whereas this is done, they are faced by various challenges. First and foremost, implementation is done in a changing and dynamic environment and the organization must align itself to the change. Budgets also pose a challenge especially when they are surpassed due to innovations, new technologies or even economic factors. Hart (1995) observed that unless a company articulates its strategic objectives, the contributions it makes to the community may be ad hoc and difficult to fulfill. By developing its own strategies, a company can proactively decide what activities to participate in and thus respond much more effectively to the requests available. Partnership is a fundamental principle for community investment and selection and identification of a partner can be frustrating. It embodies the concepts of mutual dependency and benefit and its success demands trust, equality of treatment, honesty, accountability, flexibility and prior agreement on objectives, resources and responsibilities.

Johnson & Johnson, whose corporate social responsibility is through an agency, experience various challenges in implementing their strategies. These include funding limitations amidst a wide range of needy projects. They are also limited to some objective pillars that are worldwide and may not be the priority areas for our country. Getting strong partners to work with, in the projects is also challenging.

A number of studies have previously been done regarding corporate social responsibility. They include Odhiambo (2006) on corporate social responsibility as a strategic tool for stakeholders' management in large and small scale enterprises in Kenya. He observed that the organizations did not have structures for sustainability of the same and there was lack of involvement of stakeholder groups in the formulation of the practices. There was also Nduko (2008) on the practice of CSR among foreign multinational corporations in Kenya, Akanu

(2008) on a survey of CSR by large and medium private hospitals in Nairobi, Ngugi (2009) on the relationship between CSR and performance of health management organizations in Kenya, Otieno (2009) on the practice of CSR by commercial banks in Kenya and Muriu (2010) on CSR as a factor in strategy development and implementation at EABL. However, little has been done on the challenges of implementing CSR strategies and this study will thus add into the existing body of knowledge. The research questions for the study are: what challenges does Johnson & Johnson face in the implementation of their social responsibilities strategies and what measures has Johnson & Johnson taken in dealing with the challenges of their corporate social responsibility strategies?

1.3 Research Objectives

The study addressed the following research objectives:

i. To establish the challenges faced by Johnson & Johnson in implementing social responsibility strategies.

ii. To determine the measures taken by Johnson & Johnson to deal with challenges of implementing social responsibility strategies.

1.4 Value of the study

There is very little literature and research in the area of implementation of corporate social responsibility strategies. This study will therefore increase the existing body of knowledge in the area of corporate social responsibility. It will add into the available literature in this field which is evolving.

The study will also be of importance to future scholars in the field of social responsibility that is currently gaining popularity among majority of companies in all industries. Future scholars can use this study to enrich on their literature review. This is especially on the challenges of strategy implementation where little literature exists.

This study will benefit Johnson & Johnson in establishing effective and efficient ways of implementing social responsibilities strategies. This will enable them gain competitive advantage over other players in the health industry. The management will be proactive in dealing with the challenges that they face in the implementation since they will be anticipated.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives the available literature on the concept of strategy. It also looks at the strategy implementation as a process in management and highlights on the importance of the same in the management process. It also looks at the available literature on how organizations undertake the implementation of strategies effectively and efficiently in order to achieve a competitive advantage. The chapter addresses the challenges that organizations are faced with even as they embark on "action" phase and ways in which they address the challenges. The chapter also looks at corporate social responsibility strategies and how the organizations utilize them in creating sustainable competitive advantage over other players in the industry.

2.2 Concept of Strategy

According to Bateman and Zeithaml (1990), a strategy is a pattern of actions and resource allocations designed to achieve the organisation's goals. The strategy that an organization implements attempts to match the skills and resources of the organization to the opportunities found in the external environment. Thompson et al (2008) describes a company's strategy as the management's action plan for running the business and conducting operations. The crafting of a strategy represents the managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance.

Jack Welch, former CEO, General Electric refers to strategy as "making clear-cut choices about how to compete." Joel Ross and Michael Komi say "without a strategy, the organization is like ship without a rudder" (Thompson et al, 2008). A company's strategy is all about how the management intends to grow the business, how it will build a loyal clientele and out-compete rivals and how each functional piece of the business will improve the company's product offerings and competitive approaches to generate a revenue stream and have an associated cost structure that produces attractive earnings and return an investment.

Managers face three central questions in evaluating their company's business prospects (Thompson *et al* 2008). These include: What is the present situation, where does the company need to go from here and how should it get there? The first question prompts managers to evaluate industry conditions and competitive pressures, the company's present performance and market standing, its resource strengths and capabilities and the competitive weaknesses.

The second question pushes managers to make choices about the direction the company should be headed which includes what new or different customer groups and customer needs it should endeavor to satisfy, what market positions it should be staking out and what changes in its business make up are needed. The third question challenges managers to craft and execute a strategy capable of moving the company in the intended direction, growing its business and improving its financial and market performance.

2.3 Strategy Implementation

Formulating an appropriate strategy is not enough and strategic managers must ensure that the new strategies are implemented effectively and efficiently. According to Bateman and Zeithaml (1993), there has been greater appreciation to implementation of strategies by corporations which has led to the emergence of the following two trends. First, organizations are adopting a more comprehensive view of implementation whereby the strategy must be supported by decisions regarding the appropriate organizational structure, technology, human resources, reward systems, information systems, organization culture, and leadership style.

Therefore, just like a strategy must be matched to the external environment, it must also fit the multiple factors responsible for its implementation. Secondly, organizations are extending the more participative strategic management process to implementation. Thus, managers at all levels are not only involved with strategy formulation and identification but also with the execution of the means to implement the new strategies.

According to Thompson *et al* (2008), managing the implementation and execution of strategy is an operation-oriented, make-things-happen activity aimed at performing core business activities in a strategy supportive manner. It is easily the most demanding and time consuming part of the strategy management process. Converting strategic plans into actions and results tests a manager's ability to direct organizational change, motivate people, build and strengthen company's competences and competitive capabilities, create and nurture a strategy supportive work climate and meet or beat performance targets. Pearce and Robinson (2011) argues that management's action agenda for implementing the chosen strategy emerges from assessing what the company will have to do differently or better given its' particular operating practices and organizational circumstances in order to execute the strategy competently and achieve the targeted financial and strategic performance.

Thompson *et al* (2008) observes that the management of the strategy execution process includes the following principal aspects. First and foremost is satisfying the organization with the required skills and expertise, consciously building and strengthening strategic supportive competences and competitive capabilities and organizing the work effort. Next is to allocate ample resources to those activities critical to strategic success. One should also ensure that the policies and procedures facilitate rather than impede effective execution. Best practices should be used while performing core business activities also install information and operating systems that enable the personnel to better carry out their strategic roles day in day out.

Thompson *et al* (2008) argues that people should also be motivated to pursue the target objectives energetically and if need be modify their duties and job behavior to better fit the requirements of successful strategy execution. Motivation will also be achieved by tying rewards and incentives directly to the achievement of performance objectives and good strategy execution. It is also vital to create a company culture and work climate that is conducive to successful strategy execution. Lastly, organizations should exert the internal leadership needed to drive implementation forward and keep improving on how the strategy is being executed. When challenges are encountered, the management should see that they are addressed and rectified in timely and effective fashion.

According to Pearce and Robinson (2008), the key aspect of implementing a strategy is the institutionalization of the strategy such that it permeates daily decisions and actions in a manner consistent with long term strategic success. Pearce & Robinson (2008) observed that four fundamental elements must be managed to “fit” a strategy if it is to be effectively institutionalized. These include the organizational structure, leadership, organizational culture and reward system. A good strategy execution requires diligent pursuit of operating excellence (Thompson et al 2008). It is a job of the whole company’s management team and success hinges on the skills and cooperation of operating managers who can push for needed changes in their organization units and consistently deliver good results.

2.4 Challenges of Strategy Implementation

Strategy implementation involves establishing programs to create a series of new organizational activities, budgets to allocate funds to the new activities and procedures to handle the day to day details (Wheelen and Hunger, 2008). Any new strategy will likely involve a sequence of new programs and activities that may conflict with the existing practices and activities. Managers are faced by a problem to decide how quickly change should proceed and in what order change should take place. They also need to decide whether to start a new site and whether the proposed systems are stable and coherent.

The Budget process begins after the programs have been developed. Planning a budget is usually the last real check a corporation has on its selected strategy. Sometimes an ideal strategy may become impractical after the implementation programs are costed in detail. Wheelen and Hunger (2008) argues that in most cases, due to changes in the environment in which a strategy is being implemented the planned budget may be surpassed by the actual. This is because the environment is dynamically changing as a result of factors such as inflation, technology and economical factors. Standard operating procedures must be developed after budget approval.

These are organizational routines by which organizations accomplish much of what they do. They must be updated to reflect any changes in technology and in strategy. Consistency of the procedures is necessary to ensure that they are affected to the letter which in turn requires policies (Wheelen and Hunger, 2008). Changing current procedures in order to implement new strategies is not easy especially due to the resistance to change that is normally inculcated by the personnel. This can be challenging to the organization to motivate and encourage the staff to cooperate.

2.5 Dealing with Challenges of Strategy Implementation

One of the goals to be achieved in strategy Implementation is synergy between and among functions and business units. Goold and Campbell (as cited in Weilrich et al, 2010) suggests synergy can take place in one of these six forms: Shared know-how, coordinated strategies, shared tangible resources, economies of scale and scope, pooled negotiation power and new business creation.

Through shared knowhow, combined units benefit from sharing knowledge and skills thereby leveraging for core competencies organizations can also coordinate strategies by aligning business strategies to provide significant advantage by reducing inter-unit competition and developing a coordinated response to common competitors. Sharing tangible resources enable organizations to save money and when they coordinate flow of products and services they reduce on inventory, increase capacity utilization and improve on market access. Again, when units combine, this improves on their bargaining power leading to reduced costs and improved quality. Units, on exchanging knowledge and skills, could facilitate new products or services by extracting discrete activities from various units, combining them in a new unit or by establishing joint ventures among internal business units.

Weihrich *et al* (2010) observed that re-engineering, which is the radical redesign of business processes to achieve major gains in cost, service or time is not in itself a type of structure but an effective way to implement a turnaround strategy. Business process re-engineering strives to break away from old rules and procedures that develop and become ingrained in every organization over the years. It may be a combination of policies, rules and procedures that have never been seriously questioned because they were established years earlier. Normally, it works on the question “If this were a new company, how would we run this place?” rather than fine tune existing processes. Jobs can also be re-designed the way they are done for easier strategy implementation. This involves changing individual tasks to make them relevant to the company’s strategies. The re-design of jobs and subsequent job performance can be sources of competitive advantage.

2.6 Corporate Social Responsibility Strategies

According to Weihrich *et al* (2010), corporate social responsibility refers to the serious consideration of the impact of the company's actions on society. Thompson et al (2008) discusses the concept of social responsibility as the essence of socially responsible business behavior with which a company should balance strategic actions to benefit shareholders against the duty to be a good corporate citizen.

Company managers are obligated to display a social conscience in operating the business and specifically take into account how management decisions and company actions affect the wellbeing of employees, local communities, the environment and society at large. Demonstrating social responsibility entails undertaking actions that earn trust and respect from all stakeholders thus operate in an honorable and ethical manner, striving to make the company a great place to work, demonstrate genuine respect for environment and trying to make a difference in bettering society.

Thompson *et al* (2008) suggests that there are five components of a socially responsible business behavior. These actions form a company's social responsibility strategy and they include actions to ensure the company has an ethical strategy and operates honorably and ethically. They also include actions to promote workforce diversity, actions to protect or enhance the environment, actions to enhance employee wellbeing and make the company a great place to work and also actions to support charitable causes, participate in community service activities and better the quality of life.

A debate on CSR is whether a manager's efforts to promote the interests of the stakeholders are at odds with their duty to safeguard shareholders interests. To the extent that firms are not social agencies and that their primary function is to serve as economic enterprises, it is certainly true that firms cannot take on all the social problems of the world, though on the other hand failing to heed to certain CSR imperatives may be self defeating in the long run. The key is then to strategize with CSR.

Peng (2009) argues that the three perspectives on strategy can shed light on CSR with relatively little adaptation and extension. These considerations that form the scale and scope of CSR activities include: Industry based considerations, the five forces framework bring about competition on CSR. They include; rivalry among competitors, threat of potential entry, bargaining power of suppliers, and buyers as well as threat of substitutes.

The more concentrated an industry is, the more likely competitors will recognize their mutual interdependence based on old ways of doing business and the incumbents can resist CSR pressures. The more the number of rivals, the more difficult it becomes to sustain a united front against CSR pressures. Incumbents can also raise entry barriers to deter potential entrants through more superior products that are difficult for new entrants. Organizations can turn threats into opportunities by embracing CSR challenges through selective but pre-emptive investments and sustained engagement thus making their CSR activities a source of differentiation rather than an additional item of cost.

Resource based aspect involve value, rarity, limitability and organizational capabilities consideration (Peng, 2009). The CSR related resources can include tangible technologies and processes or intangible skills and attitudes. There has been no conclusive evidence of a direct positive link between CSR and economic performance and previous studies show different results. Thus the assumption is that not every firm's economic performance is likely to benefit from CSR. The strategic response framework consists of reactive, defensive, accommodative and proactive strategies. From a CSR perspective, the best firms employ a proactive strategy by constantly anticipating responsibility and endeavoring to do more than is required.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research design, the data collection and the data analysis. It discusses the research design that was employed in the study and its appropriateness. It also identifies the type of data to be used and the mode of data collection. Also discussed in this chapter are the persons that were interviewed, the interviewer and the mode of data analysis that was used in the study.

3.2 Research Design

Research design refers to the way a study is planned and conducted, the procedures and techniques employed to answer the research problem or question (McMillan and Schumacher, 1984 as cited in Ngau and Kumssa, 2006).The research design for this study was a case study. Frankfort and Nachmias (1996) suggested that a one shot case study is the best in exploratory research. Since the main target is Johnson & Johnson in Kenya, the method enabled the researcher to gain a deeper understanding of the challenges encountered in CSR projects that Johnson & Johnson engage in.

3.3 Data Collection

The study relied on primary data. The data was collected through personal interview in which the researcher was the interviewer. The researcher interviewed four respondents who included: The Managing Director of A New Thing Limited, his Personal assistant and two Kenyan board members who are responsible for the evaluation and monitoring of the Johnson & Johnson CSR projects in Kenya. Personal interviews were advocated by Parasulaman (1986) as having the potential to yield the highest quality and quantity of data and supplementary information can also be collected in the process. Qualitative researchers can get closer to the actor's perspective through detailed interviewing and observation (Silverman, 2005).

3.4 Data Analysis

The collected data was edited for completeness and consistency. The qualitative data was analyzed using content analysis. Mugenda and Mugenda (2003) advocated for content analysis as the mode of analysis for qualitative data. To enhance clarity, the findings were presented using descriptions and explanations.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study and discussion. The data was analyzed through content analysis and the findings were presented according to the major themes in the data analysis. The themes included: macro environmental challenges and strategies, micro environmental challenges and strategies as well as the industry challenges and strategies. These themes constitute the major headings and sub headings in this chapter.

4.2 Macro environmental challenges and strategies

The interviewees were asked questions relating to the various challenges emanating from the macro environment. They reported that Johnson & Johnson does not deal with the actual implementation on the ground, rather they work with partners and their main role is to fund the projects. They cited a number of challenges such as poor implementation of the projects by the partners in which case their main objectives are not realized. They reported on the measures they have put in place which include frequent supervision and monitoring of the projects to ensure engagement in the various stages of the implementation. It was also noted that they are stricter in the choice of partners to ensure that they share same objectivity and values and it is clear by all parties from the start on the guiding principles and objectives of the projects.

Dependency and lack of ownership by the beneficiaries who expect support year in year out was also noted. They lack creativity to ensure sustainability of the projects even after withdrawal of the funding. The responsive measures include involvement of the beneficiaries and the communities where the projects are located. Innovation is encouraged through reward programmes so that people are more creative. Most of the projects are also funded yearly and subsequent funding is determined by the success of previous year. This is made clear to the parties from the commencement of the projects.

Also noted by the interviewees was the lack of accountability by some partners where progress reports are not given on time and sometimes are not availed at all. Sometimes reports are cooked to create the desired impression rather than what is the reality on the ground. At times the mode of reports given is substandard and not explanatory. Measures to these effects include templates for reports to ensure uniformity and conformity. Strict deadlines are given to ensure reports are availed in good time and frequents follow ups on the same are done. It was also reported that regular and unalerted supervision of the projects is employed to ensure the actual happenings are witnessed.

Conflicting interests by some partners who use the Johnson & Johnson as a platform for their own gain was reported by the respondents. The CSR approach by Johnson & Johnson is purely philanthropic, one of the interviewees argued. It was cited that some partners however have a different objective in the initiatives and want to gain commercially. Due diligence is thus paramount before settling on any partner to ensure their values are in line with the Johnson & Johnson credo.

4.3 Micro environmental challenges and strategies

The interviewees reported lack of communication between the CSR and commercial teams. There exists a disconnect between the two arms of the same organization. Majority of the commercial team have no idea of the initiatives the CSR team engage in. The CSR have resulted into a blog where the initiatives and success stories from the beneficiaries are documented. Communication is also to be disseminated regularly through the local distributors. The CSR team is also to be invited during major meetings held by the commercial team for a better interaction.

It was also noted that budgets are challenging due to the vast list of needs but with minimal budgetary allocation which comes from the commercial arm. There are a lot of requests that come across and priorities need to be done on what is more wanting. The CSR is guided by the strategies in their strategic plan and the initiatives have to fall within these strategies. The commercial team is also involved in seeing the impact and value from the initiatives so that they are more generous in allocating the CSR budget.

The interviewees noted the perception of the employees to the foreign corrupt and practices act that governs all US companies and their intermediaries as a challenge. The compliance to this act is a bit conflicting to the attitudes of the Kenyan people. The interviewees indicated that employees need to justify all the projects they engage in so that they do not seem to cause undue influence on the beneficiaries to have a preference to the company's products. The interviewees indicated that the project may be very noble but if justification is not done well then it may fail to get approvals. The values are also conflicting to the normal practices of the Kenyan society, though if understood is a good tool for compliance and business integrity. The measure to this was reported to be frequent training to the employees on this act so that they understand and embrace it as a noble value in their day to day operations.

4.4 Industry challenges and strategies

The interviewees noted duplication of projects as a major challenge. Organisations want to engage on what will give them a milestone and publicity. They thus tend to focus on issues that seek more recognition regardless of whether they are the priorities as at then. The interviewees noted that Johnson & Johnson tries to be more creative and re-analyses the project for a more holistic view and engage in the aspects that are not covered by others. They are also accommodative to new entrants and give room for more ideas to make the impacts of the projects more fruitful. If a project attracts many players and there is a feeling like not much can be done, they diversify their efforts to other needs that are wanting.

The interviewees noted that there is no competition in this field. A lot needs to be done and the more the players, the better the impact to the society. They observed that the concept is relatively new in the country and is slowly gaining popularity. The budgets are the hindrance otherwise they can do more to the society.

4.5 Discussion of findings

Johnson & Johnson applies the proactive approach of social responsibility where they continually look to the needs of their constituents and try to find ways to meet them. This is also in line with the Harris Interactive Corporate reputation study (Alsop) which has continually ranked Johnson & Johnson as number one since the commencement of the survey in 1999 as being the most ethical and trustworthy (Plunkett et al, 2009).The company does not engage in the actual implementation of projects rather it partners with corporations who have expertise in the particular field, share similar values and objectives and are efficient and reliable in their operations. Choosing partners is challenging and due diligence is paramount in ensuring that they settle for the right partners. Partner choice as a challenge is consistent with Hart (1995) who argued that partnership is a fundamental principle for community investment and selection and identification of a partner can be frustrating.

Dependency syndrome among beneficiaries also poses a challenge. People by nature do not perceive value of a product or service especially if provided free of charge and are not involved in its provision. Ownership is developed when people are involved and engaged in the exercise. This is also the principle behind managing resistance to change according to Lussier (2009).Provision of accurate reports in a timely manner amongst the implementers of the CSR initiatives was noted to be challenging. Choosing partners of high integrity reduces the risk of cooked reports. Frequent and impromptu visits to supervise the progress of the projects ensure that corrective measures are effected in good time especially in situations where there is laxity in implementation. The supervisor is also able to witness the actual position on the ground.

Proper communication and involvement of the employees brings about synergy in the organization. Both teams can benefit from the ripple effect of each other. Smythe (2010) observes that employee engagement and involvement brings about ownership and personal commitment. This is because they become personally implicated thus wanting to contribute to the success of the strategy. Resources are usually limited and so are the budgets which are monetary resources. Organisations have to prioritize on the most wanting needs to fit the stringent budgets. Timely implementation of projects is also key in ensuring that the allocated budgets are not surpassed due to increase in prices. This is consistent with Wheelen & Hunger (2008) who argues that the planned budgets may be surpassed by the actual due to changes in the environment.

There were no major challenges emanating from the industry. This is inconsistent with the five forces as observed by Potter (1990) which includes: bargaining power of suppliers, bargaining power of consumers, rivalry within the industry, new entrants in the market and competition from substitute products. The only challenge emanated from new entrants through duplication of the projects. However it was observed that in such a situation what Johnson & Johnson would do is to relook at the project and concentrate in specific areas that the new entrant does not focus in to make the impact more holistic. They would also in certain situations partner with the new entrant especially if the area requires more funding. They also observed that there are enough philanthropic initiatives to engage in and the more the players the better the impact and as such more players are a benefit rather than a challenge.

It was also noted that the government plays a supportive role in the CSR initiatives. The government has been quite supportive especially in activities that require the Ministry of Medicals Services good will. These involve the award of the theatre nurse of the year award that has been running for over a decade now in which the ministry is the major partner. It aims at recognizing the nurses who play an exemplary role in offering the best healthcare service to the patients. The criteria for assessment are made by the two partners but the real selection is done by the ministry.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter consists of the summary of findings and the conclusions. It also includes the limitations of the study, suggestions for further research and the implications of the study to policy and practice. These areas constitute the major sub headings in this chapter.

5.2 Summary of findings

This study has two major objectives. In this part, a summary of each objective is addressed. The first objective was to determine the challenges encountered by Johnson & Johnson in the implementation of the social responsibility strategies. It was established that identification and choice of partners to work with since Johnson & Johnson does not engage in the actual implementation rather it funds the projects was a key challenge. Due Diligence was essential in establishing who to partner with and the guiding factors were values, accountability, expertise in the area, effectiveness, efficiency and reliability. Some partners were also noted to be poor in giving progress reports in terms of not meeting timelines, failing to provide reports at all and in some situations providing faked reports. It was also noted that dependency syndrome from beneficiaries of the projects was a challenge. This is where they expect support throughout and are not creative to make the projects their own to ensure sustainability. Abuse of partnership was also cited where some partners have commercial objective on the side and only use the goodwill of Johnson & Johnson to achieve such objectives. Clear objectives should be laid down by both parties before embarking to solemn the partnership so that such concerns are not encountered in the course of implementation.

Budgets pose a challenge especially since the requests are always enormous as compared to the available monies. Priotising is key so that the most crucial needs are addressed first. Communication of the ongoing projects to the employees is vital to reduce the challenge of resistance from the staff. Proper communication could also bring synergy among the commercial and CSR teams. Another challenge from the industry forces is duplication of projects. This is especially since organizations seek the popular initiatives for recognition.

The other objective of the study was to establish the measures employed by Johnson & Johnson to deal with the above challenges. The first measure was to practice due diligence before identifying and selecting the partners for the projects. Partners with integrity and good values would not cook reports or more so abuse the partnerships. Johnson & Johnson had key factors which included values, accountability, efficiency, effectiveness, expertise in the particular field and reliability. Involving the beneficiaries is also important since it creates ownership. Johnson & Johnson gives yearly funding on their projects and they make it clear that their interest is to kick off the projects. They recognize creativity and innovation through rewards so that the projects become self sustaining. They also engage in frequent visits to the projects to ensure the progress is in line with the initial plan. Johnson & Johnson has established a blog on their CSR initiatives and the feedbacks from the beneficiaries. They also try to bring the CSR and commercial teams in forums so that the two learn and benefit from each other.

5.3 Conclusions of the study

It is notable that the implementation of any strategy is not without challenges.CSR strategies are no exception. These challenges emanate from the macro-environment, micro-environment and the industry forces. It has been observed that partner choice is a major Endeavour for any organization engaging in partnership CSR initiatives. Clear cut objectives need to be laid down by each of the parties before the commencement of the projects to ensure that they are on the same page and their objectives and values coincide. The beneficiaries also pose the challenge of dependency syndrome. They lack ownership and creativity that are crucial for the sustainability of the CSR initiatives. Inadequate budgets are another challenge especially since the allocation of more funds for a project depends on reports availed the previous year. Even in instances where implementation is done well but there are no reports to account for the funds, more funds cannot be availed. Lack of communication between the CSR and the commercial teams is a challenge. This also affects the budgetary allocation for the CSR since it emanates from the commercial side. Unless they are convinced that CSR are putting the monies in the right areas then they fail to prioritize their needs and keep slashing the budgets. New entrants pose a challenge of duplicating the already existing projects. This is because in most instances, organizations want to engage in the most popular initiatives.

Johnson & Johnson however puts some measures to counter these challenges. They include employing due diligence in the selection of the partners so that they engage with partners of integrity. They also embark on frequent monitoring of projects to ensure that are in line with the intended objectives. They conduct impromptu supervisory visits in order to get the real situation on the ground. Partners are also provided with templates on how to give reports and strict deadlines are given and followed up. There is a plan to engage communication students' interns to assist in communicating the CSR initiatives to the employees and the communities where Johnson & Johnson serves. Employees are also being engaged in some projects such as the Operation Smile initiative that conducts free constructive surgeries to patients with cleft lip and palate. A number of employees join the team for the whole week's project and they appreciate the impact such activities have in the society. On the duplication of projects, Johnson & Johnson have a way of re-looking at the project and offering what the rest are not giving. For projects that need more funds, they welcome the new entrants on board for better performance.

5.4 Limitations of the study

The study was conducted as a case study in which only one organization was studied. This is a limitation in the fact that it may not be a good representation of what is happening in all the other organizations. There might be some major challenges that do not affect the studied organization since it is already a renowned company but could be facing majority of other firms.

Johnson & Johnson being an international organization has more than a half of the CSR board members outside the country. Interviewing these individuals was challenging especially due to their tight travelling schedules and the short time within which the study was to be conducted. It would have been interesting to interview them on face to face and get their personal perception to the issues in the study.

5.5 Suggestion for further research

This study was a case study on the challenges of implementing CSR strategies and the coping strategies. At the Johnson & Johnson in Kenya. It was evident that the scope was narrow and it is important to widen the scope. It would be valuable to study the same in different organizations and industries and observe how they compare and contrast. A survey study on the same for different industries would encounter the limitation of this study. However, more studies on CSR are not limited to the above mentioned.

More studies could also include: Merits and Demerits of CSR initiatives; Assessments and Identification of suitable partner(s) in CSR initiatives; Due diligence process in CSR partnership; Strategic management of CSR initiatives etc.

5.6 Implications to policy and practice

This study will add in to the existing body of knowledge on corporate social responsibility that is slowly evolving. The challenges of implementing social responsibility strategies that have been observed in this study can be studied in other organizations too. Thus the study can be replicated in other industries and it would be important to note how it compares.

This study can also act as a guide to other organizations who wish to engage in CSR initiatives to establish areas of concern and instill precautionary measures to counter these challenges. For Johnson & Johnson, the study will enable them to be more proactive in the strategies implementation to ensure that they are ahead of other players in the industry.

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APPENDICES

Appendix I: Letter of Introduction

C/O UNIVERSITY OF NAIROBI,

P.O BOX 30197-00100,

NAIROBI.

KENYA.

TO WHOM IT MAY CONCERN

Dear Respondent,

REF: MBA RESEARCH STUDY

I am a student studying for a Masters degree in Business Administration at the University of Nairobi. In partial fulfillment of the requirement to the award of the Masters degree, I am required to do and write a research paper. The topic of my research "**Challenges of implementing corporate social responsibility strategies at the Johnson & Johnson in Kenya**"

The choice is based on your strategic importance of implementing corporate social responsibility strategies for your competitive advantage in your business due to dynamic consumer needs and business environment. I kindly request your assistance by availing time to respond to the questionnaire.

A copy of the final report will be made available to you at your request. Your assistance will be highly appreciated.

Thanks in advance.

STUDENT	**SUPERVISOR**
PAULINE WANJIRU MAINA	
Signature……………….	Signature…………………

Appendix II: Interview Guide

1. What is your position and responsibility in the Johnson & Johnson CSR committee?
2. For how long have you served in the committee?
3. How has been your experience so far in the CSR committee?
4. What projects are you currently conducting in Kenya?
5. Who are your partners in these projects? And why?
6. Do you experience any challenges in the selection of the partners and if yes which ones?
7. Are you experiencing any challenges in any of these projects?
8. What challenges do you encounter in the implementation of your projects in the context of
    - Technology
    - Economy
    - Social cultural
    - Legal and political
9. How do competitors in the industry influence implementation of the strategies?
10. Do you experience challenges from the employees/ the internal environment and if yes which ones?
11. What challenges do you experience as a result of the structures and systems within your organization?
12. What is the impact of your clients in the CSR initiatives that you engage in?
13. What challenges do you encounter as a result of new entrants in the industry?
14. What is the impact of the government on the success of the projects you engage in?
15. How do the communities you operate in affect the implementation of the projects?
16. What measures do you put in place to deal with challenges contributed by the

following aspects?

- Technology
- Economy
- Social cultural
- Legal/political

17. How effective are these measures?
18. What measures do you take to deal with challenges from competition and why?
19. In your own opinion, how effective are these measures?
20. What measures do you take to deal with challenges emanating from the internal environment/employees?
21. What measures do you put in place to deal with challenges from the organisation's structures and systems and how effective are they?
22. How effective are these measures?
23. What measures do you take to deal with government challenges?
24. How effective are these measures?
25. What measures do you apply to deal with community challenges?
26. How effective are these measures?
27. Do you think you are doing enough in the social responsibility initiatives and if not what more needs to be done?

Thank you for your time.