Spillover Effects of Tusker Project Fame on Retail Partners in the Liquor Industry in Nairobi: Implications for Strategic Corporate Social Responsibility

BY
TOM NJERU

UNITED STATES INTERNATIONAL UNIVERSITY

Spring 2016
SPILLOVER EFFECTS OF TUSKER PROJECT FAME ON RETAIL PARTNERS IN THE LIQUOR INDUSTRY IN NAIROBI: IMPLICATIONS FOR STRATEGIC CORPORATE SOCIAL RESPONSIBILITY

BY

TOM NJERU

A Research Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Masters in Business Administration

UNITED STATES INTERNATIONAL UNIVERSITY

Spring 2016
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: _______________________________  Date: _______________________________

Tom Mutwiri Njeru - 608803

This project has been presented for examination with my approval as the appointed supervisor.

Signed: _______________________________  Date: _______________________________

Supervisor - Fred Newa

Signed: _______________________________  Date: _______________________________

Dean - Chandaria School of Business
ABSTRACT

The general objective of the study was to establish the spillover effects of Tusker Project Fame on SMEs in the liquor industry in Nairobi. The study sought to achieve the following specific objectives: to determine the spillover effects of TPF on the monetary outcomes of small retail partners of EABL in Nairobi; to establish the spillover effects of TPF on the non-monetary outcomes of small retail partners of EABL in Nairobi; and to assess the moderating role of small retail partner characteristics on the spillover effects of TPF in the outcomes.

Descriptive research design was used. The population comprised the 1,648 retail outlets in Nairobi. A stratified sampling technique was used. The study was based on a sample size of 160 managers of small retail partner outlets. Data was collected using a structured questionnaire. Inferential statistical analysis techniques used were Spearman’s rank correlation coefficient and independent samples t-test. SPSS computer software was used to analyze data. The findings were presented in figures and tables.

The study established that in terms of spillover effects of TPF on monetary outcomes of small retail partners, TPF spillover effects was significantly correlated with sales revenue, sale of all food and drinks, profitability and cost savings on advertising. However, the correlation between TPF Spillover effects and premium price was not statistically significant.

Concerning the spillover effects of TPF on the non-monetary outcomes, TPF Spillover effect was positively and significantly correlated to goodwill for retail partner, customer loyalty, perceived quality, market share and reputation.

In terms of the moderating role of small retail partner characteristics on the spillover effects of TPF in the outcomes, there was no statistically significant difference between the mean score of retail partners that employed between 1-20 employees and those that had more than 20 employees in terms of making more money during TPF season. Further, the mean score of retail partners in terms of making more money while TPF was on session, was not significantly higher than that of the retail partners with 1-6 years of market presence. Similarly, no statistically significant difference existed in the mean scores between retail partners that were guided by a business plan and those that were not.
It was concluded that EABL’S CSR project through TPF had significant spillover effect on the monetary as well as non-monetary outcomes of its small retail partners in Nairobi. Retail partner characteristics did not moderate TPF spillover effects on the performance of small retail partners of EABL in Nairobi.

It was recommended that EABL should leverage on the positive aspects of the spillover effect of its CSR projects on the monetary outcomes of small retail partners to consolidate its market presence in the region and lock in distributor loyalty. It could also exploit the spillover effects of its CSR programs on non-monetary outcomes by positioning itself in the market as a responsible corporate citizen. It could increase its sales volumes by extending the airtime of the program as well as the number of days. It could use the same platform to promote other EABL brands in order to increase the demand for the other brands other than Tusker brand only. Further research could focus on other retail partners of EABL such as supermarkets and medium-sized to bigger hotels that store EABL brands. Another study could also be undertaken among retail partners based in the rural areas for comparison purposes.
ACKNOWLEDGEMENT

I would like to acknowledge my supervisor, Mr. Fred Newa who gave his professional guidance throughout to the completion of my project. I also appreciate my immediate boss and colleagues who supported and encouraged me during this period. The timely and candid feedback from the management of the diverse retail outlets formed the basis of my research and their response is deeply appreciated. My family and friends have always been there for me with their contribution and encouragement. I sincerely appreciate the consistent nudge that has helped me complete this course. Most of all I am grateful to God Almighty for the grace He has given me throughout this period. Thank You!
DEDICATION

To my family and friends for their understanding and support.
# TABLE OF CONTENT

STUDENT’S DECLARATION ................................................................................................................. i
COPYRIGHT ....................................................................................................................................... ii
ABSTRACT .......................................................................................................................................... iii
ACKNOWLEDGEMENT ..................................................................................................................... v
DEDICATION ......................................................................................................................................... vi
LIST OF TABLES ............................................................................................................................... ix
LIST OF FIGURES ............................................................................................................................. x
LIST OF ACRONYMS ......................................................................................................................... xi

## CHAPTER ONE ............................................................................................................................... 1

1.0 INTRODUCTION ......................................................................................................................... 1
1.1 Background to the Study .............................................................................................................. 1
1.2 Problem Statement ...................................................................................................................... 5
1.3 General Objective of the Study .................................................................................................... 7
1.4 Specific Objectives ...................................................................................................................... 7
1.5 Scope of the Study ...................................................................................................................... 7
1.6 Significance of the Study .......................................................................................................... 8
1.7 Definition of Terms .................................................................................................................... 8
1.8 Limitations of the Study ............................................................................................................ 9
1.9 Chapter Summary ...................................................................................................................... 10

## CHAPTER TWO ............................................................................................................................. 11

2.0 LITERATURE REVIEW ............................................................................................................... 11
2.1 Introduction ............................................................................................................................... 11
2.2 The Spillover Effects of CSR on the Monetary Outcomes of SMEs ....................................... 11
2.3 The Spillover Effects of CSR on the Non-Monetary Outcomes of SMEs ...................... 16
2.4 The Moderating Role of Firm-Specific Factors on CSE Spillover Effects ........................ 20
2.5 Chapter summary ....................................................................................................................... 24

## CHAPTER THREE .......................................................................................................................... 25

3.0 RESEARCH METHODOLOGY ................................................................................................. 25
3.1 Introduction ............................................................................................................................... 25
3.2 Research Design ......................................................................................................................... 25
3.3 Population and Sampling Design .............................................................................................. 25
3.4 Data Collection Methods .......................................................................................................... 27
3.5  Research Procedures .................................................................27
3.6  Data Analysis Methods ..............................................................28
3.7  Chapter Summary .................................................................28

CHAPTER FOUR .................................................................................29
4.0  RESULTS AND FINDINGS .........................................................29
4.1  Introduction ..............................................................................29
4.2  General Information .................................................................30
4.3  Spillover Effects of TPF on Monetary Outcomes .......................34
4.4  Spillover Effects of TPF on Non-Monetary Outcomes ..............39
4.5  The Moderating Role of Small Retail Partner Characteristics ....44
4.6  Chapter Summary .................................................................47

CHAPTER FIVE .................................................................................48
5.0  DISCUSSION, CONCLUSIONS AND RECOMMENDATION ..........48
5.1  Introduction ..............................................................................48
5.2  Summary .................................................................................48
5.3  Discussions ..............................................................................49
5.4  Conclusion ..............................................................................54
5.5  Recommendations .................................................................55

APPENDIX I: COVER LETTER ...........................................................63
APPENDIX II: QUESTIONNAIRE .......................................................64
LIST OF TABLES

Table 3.1 Sample Size Distribution ................................................................. 27
Table 4.2 Correlation between TPF Spillover Effects and Monetary Outcomes .......... 35
Table 4.3 Correlation between TPF Spillover Effects and Monetary Non-Outcomes ..... 40
Table 4.4 Group Statistics of Role of Firm Size on PTF Spillover Outcomes ............... 44
Table 4.5 Independent Samples T-Test of Role of Firm Size .................................. 45
Table 4.6 Group Statistics of Role of Tenure on PTF Spillover Outcomes ................... 45
Table 4.7 Independent Samples T-Test of Role of Tenure ..................................... 46
Table 4.8 Group Statistics of Role of Strategic Planning on TPF Spillover Outcomes ... 46
Table 4.9 Independent Samples T-Test of Role of Strategic Planning .......................... 47
LIST OF FIGURES

Figure 4.1 Response Rate ....................................................................................................................29
Figure 4.2 Type of Retail Partner ........................................................................................................30
Figure 4.3 Location of the Enterprise ..................................................................................................31
Figure 4.4 Number of Years in Operation ............................................................................................31
Figure 4.5 Number of Employees .......................................................................................................32
Figure 4.6 Use of Strategic Plan ..........................................................................................................33
Figure 4.7 TPF Positives ......................................................................................................................33
Figure 4.8 TPF Negatives .....................................................................................................................34
Figure 4.9 More Revenue while TPF on Session ....................................................................................35
Figure 4.10 Increased Sales Volume during TPF ...................................................................................36
Figure 4.11 Increased Sales of all Foods and Drinks during TPF ..........................................................36
Figure 4.12 Increased Sales of Tusker Brand .........................................................................................37
Figure 4.13 Premium Price during TPF Season ....................................................................................38
Figure 4.14 TPF Effect on Cost of Doing Business .............................................................................38
Figure 4.15 Spillover Effects on Financial Outcomes ..........................................................................39
Figure 4.16 Business gain goodwill during TPF ..................................................................................40
Figure 4.17 Customer Patronage Increase during TPF ......................................................................41
Figure 4.18 Better Perceived Quality during TPF .................................................................................42
Figure 4.19 Better Perceived Market Share ..........................................................................................42
Figure 4.20 TPF Help Build Retail Partner Reputation .......................................................................43
Figure 4.21 TPF Help Build Retail Partner gain Competitive Advantage ...........................................44
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>SME</td>
<td>Small &amp; Medium-sized Enterprises</td>
</tr>
<tr>
<td>EABL</td>
<td>East Africa Breweries Limited</td>
</tr>
<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
</tr>
<tr>
<td>TPF</td>
<td>Tusker Project Fame</td>
</tr>
</tbody>
</table>
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Study

Corporate Social Responsibility (CSR) has been described as the obligation for businesspersons to implement policies, make decisions and conduct themselves in a way that responds to the objectives and values considered desirable by society (Swaen and Chumpitaz, 2008). CSR occurs when firms engage in activities that appear to advance a social agenda beyond that which is required by law (Siegel and Vitaliano, 2007). Some of the terms which are synonymously used by firms to denote CSR are ‘Corporate Citizenship’ and ‘Corporate Responsibility’ (Sharma and Mehta, 2012). The common idea put forward in these different terms is that companies should conduct their business in a manner that demonstrates consideration for the broader social environment in order to serve constructively the needs of society (Graafland and Van de Ven, 2006).

According to Jamali (2007), the initial rise of CSR coincided with fragmented postulations on the role of businesspeople as stewards not only of their personal resources but also of societal resources. Today, CSR has become mainstreamed with estimated spending on charitable giving reaching $300 billion in the United States alone (Vlachos, Tsamakos, Vrechopoulos and Avramidis, 2009). Klein (2004) finds that the websites of more than 80% of the Fortune 500 companies address CSR issues, reflecting the pervasive belief among business leaders that CSR is not only an ethical imperative but also an economic one in today's national as well as global marketplace.

Proponents of CSR are of the opinion that there are benefits attained by the organizations, society and the environment if organization pursues CSR activities and in the long term it provides economic benefits to the organizations apart from providing social benefits (Sharma and Mehta, 2012). Graafland and Van de Ven (2006) identified two elements incorporated in CSR. These are: sufficient focus by the enterprise on its contribution to the welfare of society in the longer term, and; the relationship with its stakeholders. CSR represents a context in which there are a large number of different stakeholders with different, potentially conflicting goals (Raghubir, Roberts, Lemon and winer, 2010). The
stakeholder perspective is founded on the assumption that a company has a responsibility
toward all those who contribute directly or indirectly to its life from close or afar, and
who depend on its existence, development and survival (Swaen and Chumpitaz, 2008).

While critics of CSR view it as a liability on the organizations which hinders them from
their fundamental economic role of maximizing profitability (Sharma and Mehta, 2012),
its supporters argue that in today’s global competitive environment, it is no longer an
issue of whether firms should engage in CSR actions but rather how the firm can assess
and improve on its efforts as part of its global branding strategies (Maden, Roth and
Dilon, 2012). This draws from the realization that, increasingly, consumers want to buy
products from companies they trust, suppliers want to form business partnerships with
companies they can rely on, employees want to work for companies they respect, large
investment funds want to support firms they perceive to be socially responsible and non-
profits and NGOs want to work together with companies seeking practical solutions to
common goals (Werther and Chandler, 2010).

Vlachos et al. (2009) delineate four types of CSR motives. Egoistic-driven motives relate
to exploiting the cause rather than helping it. Strategic-driven motives support attaining
business goals (such as increase market share, create positive impressions) while
benefitting the cause. Stakeholder-driven motives relate to support of social causes solely
because of pressure from stakeholders. Finally, values-driven motives relate to
benevolence-motivated giving.

Of the four types of CSR discussed by Vlachos et al. (2009), strategic CSR is increasingly
becoming the most compelling. Strategic CSR is defined by Werther and Chandler (2010,
p. 40) as “the incorporation of a holistic CSR perspective within a firm’s strategic
planning and core operations so that the firm is managed in the interests of a broad set of
stakeholders to achieve maximum economic and social value over the medium to long
term”.

Vlachos et al. (2009) observed that attributions related to strategic goals inherent in the
firm’s survival are widely accepted. This view finds support in social exchange theory’s
principle of reciprocal reinforcement as consumers may legitimize profit-motivated
giving, since corporate survival requires retaining customers (Zafirovsky 2003). Thus, strategic CSR is strategic philanthropy aimed at achieving strategic business goals while also promoting societal welfare as the company strives in this respect to identify activities and deeds that are believed to be good for business as well as for society (Jamali, 2007).

Recent scholars contend that CSR should be integrated into corporate strategy, because it would be the most advanced, far-reaching and therefore desirable way to practice CSR (Perrini and Minoja, 2008). For instance, Asongu (2007) is of the view that strategic CSR should be implemented by every company because it can be used as a strategy to focus on new opportunities and respond to concerns in the marketplace with respect to economic, societal and environmental issues.

Owing to relentless pressure by investors for increased returns and accountability, Jamali (2007) predicts that the trend will likely be toward more strategic-type CSR interventions in the future. Piercy and Lane (2009) consider the following as a most topical issue: the impact of business on the physical environment in which it operates and the search for “sustainability”; the employment conditions experienced by individuals in the value chain delivering goods to customers; health issues, particularly in the emerging markets; and, the standards of ethical behaviour evidenced by companies in their value chain operations.

Literature on CSR extends the appeal of strategic CSR to its spillover effects on its constituents. According to the United Nations Conference on Trade and Development (2004), the scope of CSR encompasses the direct impacts of enterprises’ actions as well as the spillover effects they may have on society. Spillover effects of business have been examined for instance, when economic expansion or cost-cutting leads to unsafe working conditions for employees or pollution jeopardizes the health and well-being of the community at large (Crane, 2008). Similarly, improving those companies’ social and environmental performance has direct benefits for their employees and the communities in which they operate but equally important is its potential for generating positive spillover effects (Bernstein and Pauly, 2008).
Spillover effects are construed as externalities that accrue from a company’s operations. According to Maltz, Thompson and Ringold (2011), externalities exist when private costs or benefits do not equal social costs or benefits. Corporations also carry out actions that generate benefits not fully captured by their direct constituents. They posit that positive operating externalities can result from commercial activities that create, maintain, or enhance the operations of others.

This research sought to examine the positive spillover effects of CSR activities within the alcohol industry. A report by the Export Processing Zone Authority (2005) noted that the global alcohol industry is on the rise, with demand expected to rise in developing nations. The report by the EPZA suggested that Kenya has a flourishing beer industry producing high quality beer recognized internationally. However, alcohol is often associated with a wide range of problems that affect both drinkers and abstainers and impose a tremendous social and economic burden to society (Muller and Klingemann, 2004). CSR therefore seems to be an attractive strategy for offsetting the negative perceptions associated with alcohol marketing.

The history of alcoholic beverage in Kenya can be traced back to the year 1922 with the incorporation of Kenya Breweries Limited (EPZ, 2005). In the year 1934, the company incorporated Tanganyika Breweries and changed its name to East Africa Breweries. Since then, it has grown through mergers and acquisitions and today, it enjoys near monopoly and boasts an extensive beer operation within the East African Community member states with three independent brewing entities namely: Kenya Breweries Limited; Uganda Breweries Limited and Kibo Breweries Limited. In addition to increased consolidation, the Institute of Economic Affairs (2002) noted that beer markets have also shown that main marketing advantage is derived from building of strong brands. The key brands available in the Kenyan market identified by EPZA (2005) are Tusker Lager, Pilsner Lager, Tusker Malt, Allsopps, White Cap, Citizen and Guinness.

Branded events in the name of CSR have become a growing trend in the alcohol industry. For example, the report by Euromonitor International (2013) cited recent activities including the Heineken-sponsored Skyfall premiere and the Miss World Kenya 2012 beauty pageant sponsored by Snapp to the Smirnoff-themed end-of-year party at the
Carnivore (a retail partner), 2012 was peppered with events featuring alcoholic drinks brands as their sponsors. The report noted that this appeared to be a new marketing strategy from producers to tap into Kenyans’ robust appetite for socialising and partying, further creating associations between their brands and the vibrancy of youth. Such marketing, the report concluded, undoubtedly boosted the popularity of specific brands.

East African Breweries Limited (EABL) is East Africa's leading branded alcohol beverage business with an outstanding collection of brands that range from beer, spirits and adult non-alcoholic drinks. The company’s vision is to be the most celebrated business in Eastern Africa (East Africa Breweries Limited, 2013). In its year 2011 annual report, the company reported that a substantial proportion of the increased demand for Tusker in the region was driven by the Tusker Project Fame, whereby more than 15 million adult viewers were believed to have watched the reality show over its eight week duration (EABL, 2011).

1.2 Problem Statement
Strategic CSR must leverage the unique position of the firm (Maltz et al., 2011). However, past empirical studies have shown that while CSR is a valid source of intangible competitive advantage, it is not used to its full potential and this has been attributed to non-alignment of CSR initiatives with corporate strategy (Melo and Galan, 2010). According to Asongu (2007), for an action to be seen as strategic, the responsible company should take into full account the impact of that action on all its stakeholders and on the environment when making decisions. The classical strategic CSR perspective argues that it is necessary to go beyond the company to examine the effects of a company’s actions on its customers, channels, and competitors (Raghubir et al., 2010). However, the manner in which corporations approach social responsibility does not seem to regard CSR as a critical business function, one that would be embedded in its overall strategy (Melo and Galan, 2010). In addition, while there exist effects of CSR from one firm to other firms or even the whole industry (Rhona, 2010), the spillover effects of CSR on small retail partners which are channel members of a corporation’s supply chain have received the least attention in the evolving CSR discourse. This is even greater in Kenya where it has been reported that the concept of CSR has been applied only relatively recently (International Business Publications, 2012).
An understanding of how a company’s CSR activities lead to externalities that affects its constituents in the same industry would help the company leverage its CSR strategies for competitive advantage. Based on EABL’s TPF initiative, this study seeks to determine the spillover effects of CSR on local enterprises that are channel members from a strategic management viewpoint. In a recent financial report of the company, it was claimed that, in addition to nurturing raw talent, the CSR Project also left a lasting impact on local economies as many small businesses from the region participated in the project (EABL, 2011). This claim was however not supported by empirical evidence. To achieve the benefits from CSR measurement, Benn and Bolton (2011) suggest that it is particularly important that the firm establish a range of indicators that will enable the measurement of both monetary and non-monetary outcomes as these can then feedback into the inputs and process elements in order to improve future performance. Therefore, this study sought to evaluate the spillover effects of TPF on small retail partners in its supply chain in terms of monetary and non-monetary outcomes.

Monetary outcomes are measured in terms of profitability, increased sales, premium prices and reduced average cost. Several studies have focused on the impact from CSR considerations on a firm’s financial performance as related to income and profitability among others, with some evidence indicating that a positive relationship exists between CSR and improved financial performance as measured by sales growth and profit growth (Aras and Crowther, 2012). Since negative spillover effects of alcohol have been claimed in extant CSR literature, it would be interesting to establish whether positive spillover effects of CSR activities of firms in the alcohol industry accrue to its retail partners as key stakeholders in the alcohol supply chain.

Non-monetary outcomes on the other hand are results that contribute to the organization’s success which cannot be measured in financial terms. They include: stakeholder trust, improved quality, increased loyalty, reputation and competitiveness. With the evidence of spillover effects of a company’s activity severally documented in past research (Maltz et al., 2011; Muller and Klingemann, 2004), it can be speculated that CSR spillover effects also affects retail partners in the alcohol supply chain. The reason for studying non-financial outcomes is to establish how such spillover effects contribute to the stakeholder’s competitive advantage.
Pervasive literature suggests that small businesses experience unique challenges in the marketplace as compared to corporate giants due to their size, location, age of the business and entrepreneurial orientation of the owner. It can be postulated that spillover effects of CSR initiatives on local enterprises in a developing nation such as Kenya cannot be discounted. In Kenya, as in many developing as well as developed nations, small businesses account for the majority of local enterprises (Sharma et al., 2008). A report published by the Central Bureau of Statistics in Kenya revealed that these firms make up 100% of the employment in trade (According to ECI Africa, 2008). It would therefore be interesting to determine whether the unique challenges of small retail partners moderate positive spillover effects of EABL’s CSR activities on their enterprises.

1.3 General Objective of the Study
The general objective of the study was to establish the spillover effects of Tusker Project Fame on SMEs in the liquor industry in Nairobi.

1.4 Specific Objectives
The study sought to achieve the following specific objectives:

1.4.1 To determine the spillover effects of TPF on the monetary outcomes of small retail partners of EABL in Nairobi.

1.4.2 To establish the spillover effects of TPF on the non-monetary outcomes of small retail partners of EABL in Nairobi.

1.4.3 To assess the moderating role of small retail partner characteristics on the spillover effects of TPF in the outcomes.

1.5 Scope of the Study
While stakeholder groups range from clearly defined consumers, employees, suppliers, creditors and regulating authorities to other more amorphous constituents, such as local communities and even the environment (Werther and Chandler, 2010), this study focused on small retail partners in the liquor industry as channel members of EABL’s supply chain. The study was limited in scope to bars and restaurants in Nairobi City, which has
the highest concentration of retail outlets. Questionnaires were administered to the floor manager of each of the retail outlet. Data was collected in the month of September 2014.

1.6  **Significance of the Study**

The following stakeholders would benefit from this study:

1.6.1  **East Africa Breweries Limited**

EABL would appreciate the full impact of its CSR activities on stakeholders and use the findings of the study to leverage on its strategies to maintain a competitive edge in the region.

1.6.2  **The Liquor Industry**

Other players in the liquor industry would find the study useful in developing CSR programs that maximize the full potential to consolidate relationships with business constituents.

1.6.3  **Small Retail Partners in EABL’s Supply Chain**

Retail partners in the EABL’s supply chain would be informed on how CSR spillover effects affect their business performance and how they can harness the positive spillover effects to improve their bottom-line results.

1.6.4  **Future Researchers**

The aspect of spillover effects of CSR is a relatively under-researched area. Therefore, this study could be used by future researchers and academicians who wish to extend studies on CSR impacts from a strategic management viewpoint.

1.7  **Definition of Terms**

1.7.1  **Corporate Social Responsibility**

This is the obligation that a corporation has to implement policies, make decisions and conduct themselves in a way that responds to the objectives and values considered desirable by society (Swaen and Chumpitaz, 2008).
1.7.2 Strategic CSR
Strategic CSR is defined as the incorporation of a holistic CSR perspective within a firm’s strategic planning and core operations so that the firm is managed in the interests of a broad set of stakeholders to achieve maximum economic and social value over the medium to long term (Werther and Chandler, 2010).

1.7.3 Spillover Effect
Spillover effects are those externalities, whether positive or negative, that is created when a firm undertakes CSR and which impacts on unintended third parties (Husted and Allen, 2010).

1.7.4 Stakeholder
This refers to “any identifiable group or individual who can affect the achievement of an organization’s objectives or who is affected by the achievement of an organization’s objective” (Gossy, 2008, p.6).

1.8 Limitations of the Study
This study was constrained by time and money resources. This means that the research only targeted retail partners within Nairobi City, which can affect the generalization of the study findings to the wider population. This is because the representation of the retail outlets did not span wide enough to cover the TPF project’s scope. Time constraints were mitigated by recruiting a research assistant who was supervised to help with the administration of the questionnaires to the retail partners. Money constraints were overcome by using the most economic minimum sample size adequate for an empirical study. Another limitation concerned the nature of self-reported data. There was potential for inferences to be drawn from subjective views of respondents rather than objective facts as it relates to the spillover effects of CSR on their financial outcomes. A third limitation related to the fact that the data collected may not be real-time considering when the last TPF was concluded. This is because the data was collected in May 2014, more than six months after the program ended.
1.9 Chapter Summary

This chapter has provided the background of the study and looked at the concept of SCR and its evolution to strategic CSR. The background has also discussed spillover effects of CSR activities, narrowing down to the EABL as a company and its TPF program. The problem statement has been made, general and specific objectives stated, the significance and scope of the study provided and the operating terms defined.

The rest of the report is outlined as follows:

Chapter two discusses the existing theoretical, conceptual and empirical literature on financial and non-financial performance of small retail partners and the nexus between CSR spillover effects and the small business performance. Chapter three describes the methodology that was used, including the research design, population and sampling design, data collection methods, research procedures and data analysis methods. Chapter four presents the analysis and interpretation of the findings. Lastly, chapter five discusses the findings, draw conclusions from the discussions and make recommendations for improvement.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The following metrics proposed by (Raghubir, Roberts, Lemon and winer, 2010) can be used to determine the spillover effects of CSR activities on the company’s channel members (distributors). These are: satisfaction, lifetime value, margins, sales, market share, profitability, customer base, sales revenue, brand loyalty.

2.2 The Spillover Effects of CSR on the Monetary Outcomes of SMEs

Monetary outcomes depict the economic or financial performance of SMEs. It is argued that since no business can solve global problems alone, corporations should choose a cause that creates shared value, represents a benefit for the society they are engaged in that also brings back benefit and is valuable for business (Kamal, 2011). Existing literature suggest that potential positive CSR outcomes can translate into key performance indicators such as: increased sales, profitability, premium income (monetary brand value) and reduced average costs.

2.2.1 Increased Sales

With the passage of time, the importance of sales in the world of business and trade has increased manifold (Mathur, 2008). Fundamental to a business' market share and profitability are sales volume realized and new business created or retained (Myers, 2003). Marketing literature maintains that the success of any business depends upon the success of the sales generated (Trehan and Trehan, 2004). This argument follows from the fact that it is only the sales function that brings in revenue. Crane (2008) opines that the most direct explanation of a positive effect of CSR on financial performance is the view of CSR as a revenue generator – especially in the long run. These effects may manifest through a larger customer base which may help the business generate more sales revenues. Kamal (2011) however observe that the academic experimental research evidence about these outcomes is however tenuous. It can be deduced from the vast amount of literature that the increase in sales accruing for companies engaged in CSR has spillover effects on the sales performance of enterprises in the company’s supply chain.
such as retail outlets like pubs and restaurants in the liquor industry. However, as Kamal (2011) interjects, empirical evidence is inconsistent.

An important construct that underpin consumer attitude-sales performance is customer loyalty, whose central determining factor is customer satisfaction (Veena and Venkatesha, 2008). According to Valentini, Montaguti and Neslin (2011), an unsatisfying experience such as an outlet that is not convenient as expected may cause the customer to reassess and try another channel. Researchers point to the relevance of satisfaction with previous services as the determining feedback element in the buyer decision's process. A result of a higher percentage of loyal customers in the purchaser portfolio is that it reduces the threat that customers will buy elsewhere, thus securing expected sales, and aggregated this will help safeguard substantial sales over the customer's lifetime (Veena and Venkatesha, 2008).

Prior research has demonstrated that there is a positive link between a company’s CSR program and consumer patronage of its products, mainly shown in the form of consumers’ increased willingness to purchase from companies that carry out CSR activities (Lober, 2012). Other scholars associate this increased willingness to their level of satisfaction. Lee and Katzorke (2009) opine that the following provides good reasons to satisfy customers. Satisfied customers are significantly more likely to come back to do business in the future. Satisfied customers not only solicit others to do business with you, but their opinions also carry more weight than all the company’s advertising combined. Satisfied customers will pay a hefty premium to do business with companies that have a reputation for high quality and great customer service. High – satisfaction companies have lower warranty expenses and spend less on service recovery. High satisfaction companies make a sale to a higher percentage of potential customers.

Skapinker (2008) notes an increasingly widespread view that there is a business case for social initiatives – behind the drive for sustainability lies a growing belief that environmental and social projects not only improve corporate reputations, but also foster innovation, cut costs and open up new markets. For instance, Lober (2012) found that CSR association have a spillover effects on product evaluation. When consumers have a favourable impression of the company and its products/service accordingly, then they are
consequently more likely to purchase the corporation’s offerings. By virtue of those positive characteristics associated with the company through CSR, people evaluate it more favourably and at the same time also its products so that they show an intention for purchasing its products/services. This is further promoted by their identification with the company which generally leads individuals to company-supporting behaviors (Lober, 2012). Kamal (2011) thus concluded that socially responsible behaviour is adding value to the products and services of a firm, making them more attractive and desirable. It can be deduced from this stream of literature that, by association, this attractiveness has a spillover effect in that SMEs in the liquor industry realize a general increase in sales during TPF seasons.

2.2.2 Profitability
Profitability is defined as “the monetary surplus left after deducting expenditure” (Kamal, 2011, p. 19). Naturally, businesses perish if they do not generate a healthy return on invested capital in order to keep the business operational, as breaking even will not allow the business to flourish. According to Cramer and Bergmans (2003), the basic idea underlying CSR is therefore to find a proper balance between people, planet and profit but it is profits that represent economic prosperity. It is often debated that CSR issues and business interest oppose each other in a way that social engagement comes at the expense of the economic performance of firms which is unhealthy for a strategic orientation of CSR (Rang, 2011). The strategic motive holds that CSR contributes to long-term financial success (Graafland and Van de Ven, 2006).

Literature suggests that while CSR stresses the importance of social value, many organizations adopt the goal of profit maximization as well as society betterment approach. Further studies point to the fact that organizations, that develop reputation for being socially receptive and ethical are more likely to perform better. The study of the nexus between CSR and profitability has been looked at through a CSR pyramid discussed in the works of Kamal (2011). The denominator of the model is economic, which indicates that it is the foundation upon which all others rest. This is where focus is put on being profitable, maximising sales and minimising cost. It therefore shows that CSR would not be pursued if it was not looked on through a profit/loss perspective.
The pyramid of CSR places the economical aspect at the base of the pyramid, meaning that profitability is the prominent factor in implementing CSR, and corporations cannot possibly survive if they serve solely altruistically, for they will most likely run out of business (Kamal, 2011). Financial rewards are most frequently considered a direct consequence of benefits from reputation or image status gained through CSR (Melo and Galan, 2010). Meta-analysis by Crane (2008) suggests that the organizational activities entailed by CSR and financial performance can be considered mutually reinforcing. Through the use of time lags, the authors suggested that profitability is a positive predictor of future CSR and that CSR also predicts financial performance. Thus, a business can develop mutually beneficial relations with stakeholder groups, which might pay off surprisingly fast for the socially responsible firm. This is supported by several other studies that investigated the relationship between CSR and profitability without explicitly considering the role of reputation and which found that CSR really pays off for companies (Graafland and Van de Ven, 2006).

It should follow from the review of literature that the CSR-profitability nexus “spills over” to stakeholders in the organizations value chain. These claims are however not supported by empirical evidence. A review of literature suggest that there is no consensus on whether CSR is indeed profitable, cost neutral or only a waste of efforts with no proper returns on investment in real terms (Kamal, 2011). Boubaker and Nguyen (2012) surveyed the main hypotheses and theoretical models of CSR and financial performance and established conflicting results. Some authors argue for no relationship while some models establish a positive link. It is argued that CSR increases the financial performance because of the satisfaction of the goals of the stakeholders and the improvement of the public image and reputation of the firm. Other models state a negative link as the costs increase due to the CSR of the firm, which reduces its competitiveness and its financial performance. These outcomes have been associated with externalities that either positively or negatively impacts a corporation’s constituents. As such, it can be hypothesized that CSR activities by EABL have spillover effects on the profitability of SMEs which retail the company’s brands.
2.2.3 Premium Prices
According to Crane (2008), firms that enjoy favourable reputations for their CSR may be able to charge premiums for their products and services. Consumers may value social responsibility so highly that they are willing to pay more for products and services from socially responsible companies. Graafland and Van de Ven (2006) discussed several ways in which CSR can affect profitability. First, it can improve the company’s reputation in the consumer market. There is empirical support for the claim that environmental stewardship creates a reputational advantage that enhances marketing and financial performance. Several other empirical studies show that a good social reputation facilitates the support of consumers to buy or refrain from buying goods, especially in the retail sector. There is evidence that a negative social reputation ultimately can have a detrimental effect on overall product evaluations whereas a positive social reputation can enhance product evaluations.

2.2.4 Reduced Average Cost
Average cost simply refers to what the firm is currently spending (Blattberg, Kim and Neslin, 2008). Literature suggests that despite its diverse definitions, the rationale for the business case for CSR commonly includes its capacity to: reduce cost and risk (Benn and Bolton, 2011). Companies in general do not seek to achieve cost reduction or profit increase at the expense of their supply chain members. Rather, they utilize the supply chain to make themselves more competitive as a whole through collaboration (Idowu and Louche, 2011). Engagement in CSR can lead to collaboration with the supply chain stakeholders which can provide benefits, such as reduced costs, increased responsiveness to change, and visibility across the whole process. Study findings on CSR in European SMEs by Barth and Wolff (2009) showed that when it comes to the motivation for engaging in CSR, cost saving is the most important factor, being marked by more than half of the companies. They concluded that SMEs CSR is a “win-win” solution. However, according to Sears, Sears and Clough (2010), the argument against CSR include fears that its pursuit will reduce business profits, raise business costs and dilute business purpose. From this literature, spillover effects of CSR should be expected.
2.3 The Spillover Effects of CSR on the Non-Monetary Outcomes of SMEs

Non-monetary outcomes are qualitative measures of CSR effects as manifest in stakeholder trust, product/service quality, reputation and customer value. These are discussed as follows:

2.3.1 Stakeholder Trust

Crane (2008) holds that when stakeholders are engaged constructively, they may look more favourably upon a socially responsible company. For example, firms high in CSR may attract better and more committed channel members. Also external stakeholders, such as customers, may become more willing to buy the company’s products or pay a premium for the goods from socially responsible firms. According to Benn and Bolton (2011), non-monetary benefits of CSR include building a reputation in the market and the broader community; create competitive advantage in an environment experiencing increasing community expectations of firms to act in a socially responsible manner; build synergy and innovation for broad stakeholder benefit through the creation of social capital across stakeholder groups. More specifically, it would appear that CSR has both a direct and an indirect effect on consumer responses to products, attitudes toward products, and identification with a particular company (Swaen and Chumpitaz, 2008).

CSR is significant in considering relationships with consumers, but also in examining business-to-business relationships (including supply chain partners), and those with other stakeholders, such as investors, lobby groups, and the government (Piercy and Lane, 2009). Trust derives from a mechanism wherein characteristics, motives and intentions are attributed to exchange partners, with the evaluation of their potential being facilitated by the assumption that their behaviour is predictable and corresponds to what has been promised (Swaen and Chumpitaz, 2008).

According to Graafland and Van de Ven (2006), a good CSR reputation may be rewarded by both potential employees and the current workforce. An ethical work climate leads to more trust in the company, stronger commitment from employees, lower absenteeism and turnover rates, and a more positive attitude to work and good conduct. Crane (2008) assumes that CSR and financial performance are most likely positively correlated because CSR helps improve managerial knowledge and skills and enhance corporate reputation.
Just like economic performance, a good economic performance makes it possible to develop operations for the long term and to invest in development and the well-being of employees (Uddin, Hassan and Tarique, 2008). Stakeholder trust may manifest spillover effects that are indicated, for instance by high employee retention rate.

### 2.3.2 Improved Quality

Zeithaml and Parasuraman (2007) defined service quality as the difference between customer expectations of service and perceived service. The emerging importance of consumer perceptions of a corporation’s socially responsible actions in addition to the firm’s ability to offer high-quality products and services provides two potential positioning strategies: Management may choose to position the company on its product quality or on its CSR or align select aspects of the two. In making this decision, managers must first understand how product quality and CSR, both individually and collectively, affect brand equity nationally and across markets (Maden, Roth and Dilon, 2012).

There are a number of different "definitions" as to what is meant by service quality. Dahlgaard, Kristensen and Khanji (2005) observed that one that is commonly used defines service quality as the extent to which a service meets customers’ needs or expectations. Service quality can thus be defined as the difference between customer expectations of service and perceived service. Zeithaml and Parasuraman (2007) argued that if expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs. CSR success translates into positive product evaluations, purchase intentions, and customer satisfaction (Maden, Roth and Dilon, 2012). This may spillover to positive evaluation of outlets. A summary of customer outcomes of CSR made by Lober (2012) showed that CSR influenced a positive attitude towards the brand, the company and the product; purchase intent; store loyalty, emotional attachment to the store, store interest and purchases done at the store; customer satisfaction and higher market value; sustained patronage in the form of loyalty, positive word of mouth; willingness to pay premium prices, resilience in the light of negative information about the company.

According to Piercy and Lane (2009), adding a social dimension to the value proposition adds a new frontier for thinking about competitive positioning and competitive advantage
in business and marketing strategy. The central strategic marketing question is how CSR impacts on the customer value proposition. While widely-used and loosely defined, the value proposition describes the unique offer made to the customer, with all its hard and soft dimensions, and is at the centre of how a company aims to differentiate itself from competitors in its target market segments. A strategic marketing perspective requires the identification of opportunities for stronger competitive positioning in key market segments through enhanced customer value associated with CSR initiatives.

2.3.3 Increased Loyalty
Customer loyalty is measured by the intention and possibility of customers repeating their purchases, increasing their purchasing, and recommending the firm to other people (Yang, Yang and Pai, 2009). Melnyk, Osselaer and Bijmolt (2009) observe that, despite substantial disagreement about the exact definition or nature of the loyalty concept, common elements among many of the loyalty definitions are that there is a relationship of some sort (that is, ranging from very shallow to very strong) between an actor and another entity and that the actor displays behavioural or psychological allegiance to that entity in the presence of alternative entities. Although most marketing research on measuring loyalty of the consumers has focused on frequently purchased goods (brand loyalty), the loyalty concept is also important for services (service loyalty) and retail establishment (store loyalty) (Majumdar, 2005). The spillover effects of CSR should translate to loyalty indicators manifesting in customer traffic to channel members.

2.3.4 Reputation
According to Minor and Morgan (2011), the most precious asset of a firm lies not on the balance sheet, nor in the human capital of the workforce, but rather in its reputation. CSR can be an integral element of a firm’s business and corporate-level differentiation strategies. From theoretical and practical perspectives, organization reputation ranks as one of the most important mediating variables linking CSR and financial performance (Crane, 2008). Because of their own moral convictions and value systems, customers and suppliers may be, or become, more willing to deal with a good CSR track record. Therefore, it should be considered as a form of strategic investment. Even when it is not directly tied to a product feature or production process, CSR can be viewed as a form of reputation building or maintenance (McWilliams, Siegel and Wright, 2006). The main
argument of the critics of CSR is that many CSR activities simply represent costs without sufficient benefits. They argue that managers have an incentive to display CSR beyond the level justified by shareholder value, as managers receive personal positive spill over effects from social responsibilities such as enhanced reputation, which they might not receive from alternative cash outflows of the corporation (Baker and Nofsinger, 2012). It should be construed that the positive image accruing to CSR oriented companies spills over to their constituents in their supply chains such as retail outlets which, in the liquor sector, includes like pubs and restaurants.

2.3.5 Competitiveness

Competition refers to any service or product that a customer can use to fulfil the same needs as the company fulfils, including businesses that offer like products, alternate products and other customer options (Patterson, 2012). A business must deliver what the market needs and wants and do so more efficiently, effectively and with more value added than its competitors (Osarenkhoe, 2007). Where such value is “better” or “higher” than the perceived value of competitors’ offerings, the business has the potential to succeed in the marketplace; however, where customers place a higher value on competitors’ offerings, the organization needs to take some action to maintain competitiveness (Evans, 2002).

According to Griffin (2010), CSR in practice involves a mix of the following: (a) brand-led cause-related marketing initiatives, which openly position a brand alongside a good cause or charity. The underlying logic with more strategic approaches is that CSR provides a new growth platform potentially bringing access to new markets, new partnerships and new types of product/service innovation that generate value – this represents a shift from compliance and defensiveness to integrating CSR into strategy to achieve revenue growth and brand differentiation (Piercy and Lane, 2009).

Crane (2008) suggests that a company may become relatively more efficient not only by decreasing its own costs but also by raising competitors’ costs. High CSR firms can try to make their new technology and industry standard through which they effectively restrict access to substitute resources. It can be shown that companies, especially large ones, can use occupational safety and health as well as environmental regulations strategically to
raise rivals’ costs. Some organizations may concentrate on those social or environmental
criteria that they already find relatively easy to meet or exceed, and then push their
various stakeholder coalitions for broader adoption of those policies in their
organizational fields. Ultimately, strategic actors will adopt those CSR practices that
make the firm-specific resources valuable, rare and costly to imitate in order to render the
company’s competitive advantage more sustainable. Thus, the competitiveness of CSR-
oriented organizations should “spill over” to channel members in its value chain.

2.4 The Moderating Role of Firm-Specific Factors on CSE Spillover Effects

2.4.1 Retail Outlet Size
According to Ezeoha (2008), the size of a firm plays an important role in determining the
kind of relationship the firm enjoys within and outside its operating environment. He
argues that the larger a firm is, the greater the influence it has on its stakeholders. Crane
(2008) postulates that size is a variable which may confound the SCSR-financial
performance relationship. In defining firm size, Song (2005) contends that there exist
several different definitions of specific factor: number of persons employed, size of total
assets, size of turnover, and more. Furthermore, size can be measured as a continuous
variable or as a categorical variable. In order to present a rough picture of leverage figures
across different firms sizes within the retail sector, he choose to categorize company sizes
according to following scheme: firms with less than 10 employees are defined as small
firms; medium sized firms are companies with 10-100 employees. This compares fairly
well with the classification used for the retail sector in Thailand as reported by the (ECD,
2011) where all enterprises with less than 15 employees are regarded as small. However,
the report limits the number of employees for medium enterprises in the retail trade sector
between 16 to 30. In this study, the former criterion was used.

In selecting a geographic area the small retail outlet is at a disadvantage when compared
to the large retailer because he does not have the financial resources or the manpower to
conduct a systematic review of various locations (Mazze, 2013). Large firms may both
exhibit greater financial performance and engage in more socially responsible activities as
they tend to have more slack resources (Crane, 2008).
2.4.2 Location

Location refers to the place where products and services are made within the reach of the consumer (Young, 2008). Location is an important component of business which answers the question of where demand is likely to be highest (Wright and Race, 2004). It is usually one of the most important elements customers use in choosing a store (Karadeniz, 2009).

Mazze (2013) argues that a common cause of failure among retailers is the selection of the wrong store location. This is also known as place in general marketing literature. The term; “place” refers to “placing products and services within the reach of the consumer” (Young, 2008, p.211). Outlet location plays a critical role in the performance of retail businesses. The same store might prosper in one location, but fail in another (Esteban-Bravo, Mugica, Vidal-Sanz, 2006). According to proper places give chance to easy transportation, attracts lots of customers and they change customers shopping and buying concepts (Karadeniz, 2009).

According to Wright and Race (2004), location alternatives are evaluated in terms of accessibility by customers (which include distance to be travelled by customers) and transportation (or delivery system). It includes all the locations where goods are distributed, stored and transported (Kemmer and Boden, 2012). Customer numbers and market density are important especially if the business focus is on maximizing revenue and sales. In their review of literature, Jessie (2002) reported a study which established that a good volume of sales and profits is determined by location which frequently offset deficiencies in management, suggesting that poor location can handicap the sales performance of even the expert in management. Particularly, the study revealed that location has 29 percent influence on sales.

A study by Meuller, Alt and Michelis (2011) also found a significant effect of location on sales, which suggests that retailers should strongly account for location specific effects that are dependent on the general target market. A study by Yuksel and Yuksel (2003) showed that availability of conveniences is important in selection of restaurants. They showed that a group of customers also exist in the benefit seekers segments that seek specific benefits. Bojanic (2007) lists some of these benefits as availability of parking and
sitting space in bars and restaurants. Mazze (2013) posits that less than one hundred feet often marks the difference between a good location and a bad location in selecting a site. He discusses three variables that can be measured concerning location. The first one is product assortment – measured by the number and types of like and unlike stores surrounding the site selected; population density – which is indicated by population per square mile within a designated number of miles of the site selected and traffic configuration, given by the distance of major traffic control devices from the site selected. Related to location is the number of outlets which can affect the performance of a retail outlet. Sullivan and Adcock (2002) postulate that the number of retail outlets in a given trade area would have an effect on potential demand, levels of required marketing activity, site availability, among others. They argue that the most important aspect of infrastructure, or the physical assets and attributes associated with a retail area, is accessibility. Poor accessibility will deter patrons, thus lowering the likely sales volume, whereas excellent accessibility may have opposite effect. They also posit that the question of parking also comes into play. They argue that parking can be a difficult issue for retailers to handle, as it has space limitations. Added to the issues associated with location is visibility, which refers to how noticeable the store or retail area is to the potential patron. All these factors may determine the extent to which spillover effects of CSR manifest in the retail partners.

2.4.3 Age of the Outlet

Harrison and Lseitch (2008) postulated that the knowledge derived from past experience has an influence on the strategic choices made by entrepreneurs in their subsequent ventures which in turn influences the performance of those ventures. The basic premise of organizational life stage theory is that firms – in a similar fashion to living organisms – progress through a set of life stages that starts at birth and ends in death (Frielinghaus, Mostert and Firer, 2005). At start up, should an entrepreneur decide to assume the risk, and commercialize his/her idea, the firm advances to the infancy life stage (Adizes, 2004). Here the firm’s cash flow is negative as it pours cash into its investment schedule. The firm is still small, does not boast extensive reserves and is therefore vulnerable to financial shocks (Marshall and Heffes, 2004).
2.4.4 Entrepreneurial Orientation

According to Alejandro, Luz and Esther (2008), a firm’s strategic orientation refers to the processes, practices and decision-making activities that lead to its growth. In an attempt to identify the variables that are relevant to organizational patterns of strategic decision processes, many researchers have focused on delineating the dimensions of a firm’s strategic orientation. In the context of SMEs, one of the most widely used constructs of firms’ strategic posture is the typology of Miles and Snow (1978). They proposed different strategic archetypes interrelating organizational strategy, structure and process variables within a theoretical framework of co-alignment. They identify four types of firms’ strategic postures: prospectors, defenders, analysers and reactors. Depending on the strategic orientation adopted, the firm may emphasize more or less aspects such as technological position, innovation, organizational design, and personnel management. These aspects of management can largely determine firm performance and business efficiency (Antonio and Gregorio, 2005) and consequently, significantly impact on SME growth.

Understanding the reasons for the orientation differentials among companies’ wealth creation requires analyzing their vision of the future and their strategic planning processes through which they develop, exploit and sustain competitive advantages (Alejandro, et al., 2008). They consider Strategic Orientation as the specific managerial attitude that guides the strategic planning and decision-making processes, including entrepreneurial postures, and analytical and long-term behaviours.

Prospector orientation - This strategic orientation concept focuses on building competitive advantages and exploring new business opportunities through innovation, experimentation and risk-taking decisions; and sustaining competitive advantages through analysis, organizational planning and long-term vision (Alejandro, et al., 2008).

Defensive orientations usually have less well-developed strategies and are more influenced by management intuition, hunches and unplanned reactions to unanticipated events. In those firms, the top management style is decidedly risk-averse, non-innovative and non-aggressive. This type of defensive Strategic Orientation reflects a short-term perspective with relatively little value placed on formal planning, low levels of demand
and market analysis, and low anticipation of environmental changes (Alejandro, et al., 2008).

2.5 Chapter summary
This chapter has reviewed the literature related to CSR and potential spillover effects on SME outcomes. The chapter has discussed the monetary outcomes such as sales revenues, profitability and cost. The chapter has also explored literature related to non-monetary outcomes. It has further reviewed the firm specific factors to be taken into the account in the assessment of CSR spillover effects.

The next chapter describes the methodology that was used including the research design, the population and sampling design as well as the data collection methods, research procedures and data analysis techniques.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
The general objective of the study is to establish the spillover effects of Tusker Project Fame on EABL’s retail partners in Nairobi City. In this chapter, the methodology to be adopted is described. The chapter details the research design, the population and sampling design which entails the target population, sampling frame, sampling technique and sample size. The chapter also explains the data collection methods, research procedures and data analysis techniques.

3.2 Research Design
Research design refers to the structure of a piece of research inquiry (Mitchell and Jolley, 2009). In this study, a descriptive research design was used. According to Matthews and Kostelis (2011), descriptive research designs attempt to answer immediate questions about a current state of affairs. Houser (2011) portends that descriptive studies help identify relationships between variables. Denscombe (2007) sees in descriptive designs an emphasis on producing data based on real world observation through a purposeful and structured approach. This design was therefore chosen because the researcher sought to determine the spillover effect of CSR on SMEs. In this study, the dependent variable is retail partner performance whereas the independents are CSR spillover effects.

3.3 Population and Sampling Design

3.3.1 Population
Cooper and Schindler (2005) define a population as the total set of subjects from which a researcher wishes to draw some inferences. In this study, the population comprised the 1,648 retail outlets in Nairobi (EABL, 2013). Target population refers to a group of people that will be the focus of study (Carter and Aaron, 2003). This study targeted the managers of these enterprises.
3.3.2 Sampling Design

3.3.2.1 Sampling Frame
A sample refers to the objective list of elements from which the sample is actually drawn (Denscombe, 2007). In this study, the list of retail partners was obtained from EABL’s online database.

3.3.2.2 Sampling Technique
A stratified sampling technique was used. Stratified sampling refers to the technique in which every member of the population has an equal chance of being selected in relation to their proportion within the entire population (Denscombe, 2007). According to Jackson (2011), stratified random sampling takes into account the different sub-groups of people in the population and helps guarantee that the sample accurately represents the population on specific characteristics. Gravertter and Forzano (2011) hold that the technique is particularly helpful when there is need to describe each individual segment of the population or to compare segments. However, the authors observe that it tends to produce a distorted picture of the overall population. The sample was stratified according to the eight administrative divisions. These are: Makadara, Kamukunji, Starehe Langata, Dagoretti, Westlands, Kasarani and Embakasi. Equal stratification was applied to arrive at respondents per stratum. Kothari (2010) suggests that in stratified sampling, equal sample selection for each stratum is more efficient even if the population within each stratum differ in sizes.

3.3.2.3 Sampling Size
According to Kumar (2005), sampling refers to the process by which a few subjects are selected from a bigger group to become the basis for estimating the occurrence of an unknown piece of information or situation regarding the bigger group. Thus, a sample is a section of a part that represents the larger whole (Saunders et al. 2009). Mugenda and Mugenda (2003) recommend a sample size equivalent to 10% of the population size. Therefore, a sample size of 160, representing about 10% of the population size was used. A sample of 20 retail partners was randomly selected from each administrative division in Nairobi County as shown in Table 3.1 below.
Table 3.1 Sample Size Distribution

<table>
<thead>
<tr>
<th>Administrative Division</th>
<th>Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makadara</td>
<td>166</td>
<td>20</td>
</tr>
<tr>
<td>Kamukunji</td>
<td>143</td>
<td>20</td>
</tr>
<tr>
<td>Starehe</td>
<td>484</td>
<td>20</td>
</tr>
<tr>
<td>Langata</td>
<td>127</td>
<td>20</td>
</tr>
<tr>
<td>Dagoretti</td>
<td>109</td>
<td>20</td>
</tr>
<tr>
<td>Westlands</td>
<td>108</td>
<td>20</td>
</tr>
<tr>
<td>Kasarani</td>
<td>189</td>
<td>20</td>
</tr>
<tr>
<td>Embakasi</td>
<td>322</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,648</strong></td>
<td><strong>160</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Primary data was collected. This was achieved using a questionnaire. Saunders et al. (2009) defines a questionnaire as the general term including all data collection techniques in which each person is asked to answer the same set of questions in a predetermined order. The questionnaire comprised of semi-structured questions which gave respondents a relatively easy task of giving a relevant response and reduced the likelihood of variations in meaning. Open ended questions were included to get in-depth views from the respondents that validate the semi-structured questions. The questionnaire comprised of three sections. The first section contained interval questions about the respondents’ business. The second section comprised of Likert type questions asking respondents about the spillover effect of CSR on financial performance. The third section also comprised of Likert scale questions seeking to establish the spillover effects of CSR on non-financial aspects of EABL’s retail partner performance.

3.5 Research Procedures

The researcher began by first obtaining a letter of introduction from the university. The researcher then drew from the list of EABL’s retail partners / which was used to secure appointment with the target respondents and also map out the locations of each establishment. The researcher then carried out a pilot test of a small sample of the population in order to ensure robustness of the research instrument. The purpose of pre-
testing the instrument is to ensure that items in the instruments are stated clearly and have the same meaning to all respondents (Mugenda and Mugenda, 2003). Any discrepancies in the questions and the relevancy of answers were ironed out at this stage.

Once the final questionnaire was drafted, the researcher recruited and trained one research assistant to enhance the speed of data collection. Working with this assistant, the researcher then physically administered the questionnaires to all the respondents. In order to ensure high response rate, the researcher sought for a face to face interaction with the respondents during which the researcher created rapport and was available to make any clarifications regarding either the research or the questions in the questionnaire. This exercise lasted for two weeks. Data was collected in the month of September 2014.

3.6 Data Analysis Methods
Data was analyzed using descriptive statistical techniques. According to Healey (2011), descriptive statistics allow researchers to summarize large quantities of data using measures that were easily understood by the observer. This consisted of graphical and numerical techniques for summarizing data that is, reducing a large mass of data to simpler, more understandable terms. The descriptive statistics used included percentage frequencies, mean and standard deviations. Inferences were drawn using Spearman’s correlation techniques. Spearman’s rank correlation coefficient is a statistic which is used to measure the relationship of paired ranks assigned to individual scores on two variables. It is an index of the strength of association between the variable ranges from 0 (no association) to \( +1.00 \) (perfect association). A perfect positive association \( (r = +1.00) \) would exist if there were no disagreements in ranks between the two variables. A perfect negative relationship \( (r = -1.00) \) would exist if the ranks were in perfect disagreement (Healey, 2011). This technique was used to draw inferences on the relationship between TPF and the business outcomes of EABL’s retail partners.

3.7 Chapter Summary
This chapter has described the methodology that was employed for the study. The chapter has explained the research design, the population and sampling design including sample size, sampling frame and sampling technique. The chapter has also detailed the data collection methods, the research procedures and data analysis techniques to be used. In the next chapter, the study findings are analyzed and interpreted.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
The general objective of the study was to establish the spillover effects of Tusker Project Fame on SMEs in the liquor industry in Nairobi. In this chapter, the results and findings are presented. The chapter begins by presenting the descriptive statistics of respondents’ general information. The rest of the chapter is thematically organized according to the specific research objectives. The first section analyzes the findings regarding the spillover effects of TPF on the monetary outcomes of small retail partners of EABL in Nairobi. The second section presents the analysis of the spillover effects of TPF on the non-monetary outcomes of small retail partners of EABL in Nairobi. The last section presents the findings concerning the moderating role of small retail partner characteristics on the spillover effects of TPF in the outcomes. A summary of the major findings is made at the end of the chapter. Out of 160 questionnaires administered, a total of 110 questionnaires were successfully filled and returned. Therefore, a response rate of 68.8% was achieved as shown in figure 4.1.

![Figure 4.1 Response Rate](image-url)
4.2 General Information
In this section, the analysis of respondents’ general information such as type of enterprise, location, years of operation, number of employees, strategic planning and evaluation of Tusker Project Fame.

4.2.1 Type of Enterprise
The distribution of retail partners by type of enterprise is shown in figure 4.2. The figure shows that bar and restaurants accounted for 99.1% of the retail partners in this survey whereas supermarkets were 0.9%. Thus, majority of the responding retail partners were bar and restaurants.

![Type of Retail Partner](chart.png)

Figure 4.2 Type of Retail Partner

4.2.2 Location of the Enterprise
The distribution of the retail partners in the study by location is shown in figure 4.2. The figure shows that 22.7% of the retail partners were located in Embakasi while 9.1% were from Makadara. Each of the rest of the locations accounted for 13.6% of the retail partners. Therefore, Embakasi accounted for most of the respondents in the survey.
4.2.3 Years of Operation

The research question sought to establish the number of years the retail partners had been in operation. Figure 4.4 shows that 72.0% of the retail partners had been in operation for more than six years. However, 19.6% and 8.4% of the retail partners had been in operation for 3-6 years and less than 3 years, respectively. Therefore, majority of the retail partners had been in operation for more than 6 years.
4.2.4 Number of Employees

The study sought to determine the number of employees that worked in business of retail partners. Figure 4.5 shows that 51.4% of the retail partners employed between 6 and 20 employees whereas 29.4% of the retail partners employed five or less employees. However, 16.5% of the retail partners employed between 21-50 employees. Lastly, 2.7% of the retail partners employed more than 50 staff. The statistics suggest that majority of the retail partners employed between 6-20 employees, meaning that they were small enterprises.

![Figure 4.5 Number of Employees](image)

4.2.5 Use of Strategic Plan

Respondents were asked whether their businesses were guided by a strategic plan. Figure 4.6 shows that 60% of the respondents said yes and 40% said no. Therefore, majority of the retail partners were guided by a strategic plan.
4.2.6 TPF Positives

Respondents were asked to indicate the one thing that they were most happy about Tusker Project Fame. Figure 4.7 shows that most (43%) of the respondents were most happy about the fact that TPF was nurturing talents, followed by 30% of the respondents who indicated that they were most happy with the fact that TPF was advertising the brands the retail partners stocked. Some 18% of the respondents said they were happy with TPF because it boosts business and 9% were most happy with the entertainment.
4.2.7 TPF Negatives
Respondents were also asked to indicate the one thing they were least happy about TPF. Figure 4.8 shows the results. The figure shows that 55% of the respondents complained that the airtime was too short; 33% of the respondents were least happy with the fact that promotion of EABL’s brands was not equal as the focus was Tusker brand only. Lastly, 12% of the respondents lamented that there were no offers during the event. Thus, majority of the respondents complained that TPF airtime was too short.

![Figure 4.8 TPF Negatives](image)

4.3 Spillover Effects of TPF on Monetary Outcomes
In this section the analysis of the spillover effects of TPF on monetary outcomes is presented. Spearman’s Rank Correlation Coefficient was run to establish the relationship between TPF and sales revenue. Table 4.2 shows that TPF spillover effects significantly correlated with sales revenue ($r=.793, p<.01$), sale of all food and drinks ($r=.652, p<.01$), profitability ($r=.348, p<.01$), and cost savings on advertising ($r=.509, p<.01$). The direct correlation shows that monetary outcomes rose with presence of TPF. However, the correlation between TPF Spillover effects and premium price was not statistically significant ($r=.148, p>.05$).
Table 4.2 Correlation between TPF Spillover Effects and Monetary Outcomes

<table>
<thead>
<tr>
<th>Spearman’s Rho</th>
<th>Correlation Coefficient</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 TPF Spillover effects</td>
<td>1.000</td>
<td>.</td>
<td>110</td>
</tr>
<tr>
<td>2 Sales revenue</td>
<td>.793(**)</td>
<td>.000</td>
<td>110</td>
</tr>
<tr>
<td>3 Sale of all food and drinks</td>
<td>.652(**)</td>
<td>.000</td>
<td>110</td>
</tr>
<tr>
<td>4 Profitability</td>
<td>.348(**)</td>
<td>.000</td>
<td>110</td>
</tr>
<tr>
<td>5 Premium price</td>
<td>.148</td>
<td>.122</td>
<td>110</td>
</tr>
<tr>
<td>6 Cost savings on advertising</td>
<td>.509(**)</td>
<td>.000</td>
<td>110</td>
</tr>
</tbody>
</table>

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

4.3.1 The Effect of TPF on Revenue

Respondents were asked whether they made more money every time Tusker Project Fame was on session. Figure 4.9 shows that 55.4% of the respondents agreed and 17.3% strongly agreed. Twenty percent (20%) of the respondents were neutral, 6.4% of the respondents disagreed and 0.9% of the respondents strongly agreed. Therefore, majority of the respondents agreed that they made more money during TPF seasons.

![Figure 4.9 More Revenue while TPF on Session](image-url)

35
4.3.2 The Effect of TPF on Sales

Respondents were asked whether their overall sales volumes increased during Tusker Project Fame season. Sixty percent (60%) and 10% of the respondents agreed and strongly agreed, respectively. However, 17.3% of the respondents were neutral, 10% disagreed and 2.7% of the respondents strongly disagreed. Therefore, majority of the respondents were of the view that overall sales volumes increased during TPF seasons.

![Figure 4.10 Increased Sales Volume during TPF](image)

4.3.3 Effect of TPF on Sale of Food and Drinks

The views of the respondents were sought as to whether the sale of all foods and drinks rose whenever there as TPF. Forty percent (40.0%) of the respondents agreed and a further 5.5% strongly agreed. However, 39.1% of the respondents were neutral, 10.9% disagreed and 4.5% strongly disagreed. The figure suggests that most of the respondents noted a rise in sales of all foods and drinks during TPF.

![Figure 4.11 Increased Sales of all Foods and Drinks during TPF](image)
4.3.4 The Effect of TPF on Sales of Tusker Lager
Respondents were asked if only the sales of Tusker lager went up more than other products during TPF. Thirty percent (30.0%) and 29.1% of the respondents agreed and strongly agreed, respectively, that the sales of Tusker brand went up while other brands remained low. However, 27.3% of the respondents were neutral, 9.1% of the respondents disagreed and 4.5% strongly disagreed. On aggregate, majority (59.1%) of the respondents agreed.

Figure 4.12 Increased Sales of Tusker Brand

4.3.5 Effects of Tusker Project Fame on Price Premium
The question sought to determine whether even if the retail partners charged higher for food and drinks, customers would continue paying as long as TPF was ongoing. Figure 4.13 shows that 52.7% of the respondents strongly disagreed and 39.1% also disagreed. However, 6.4% of the respondents were neutral whereas 0.9% of the respondents agreed and another 0.9% strongly agreed. The findings imply that majority of the respondents did not agree that during TPF sessions, customers would pay a premium price on food and drinks.
4.3.6 Effect of TPF on Cost Savings

The views of the respondents were sought as to whether TPF saved the retail partners business costs because they did not have to advertise for customers to come. Figure 4.14 shows that 30.9% and 22.7% of the respondents agreed and strongly agreed, respectively. However, 32.7% of the respondents were neutral whereas 13.6% of the respondents strongly disagreed. It can be inferred that on aggregate, majority of the respondents agreed that TPF saved them business cost on advertising.
4.3.7 Reasons for TPF Spillover Effects on Financial Outcomes

Respondents were asked to give reasons to support their view concerning how EABL’s TPF affected the financial outcomes of the business. Figure 4.14 shows that majority (53%) of the respondents noted effects of TPF in terms of increased sales volumes, 30% of the respondents noted a reduction in advertising costs and 17% of the respondents mentioned better brand-availability which increases the sales.

![Pie chart showing reasons for TPF spillover effects on financial outcomes]

**Figure 4.15 Spillover Effects on Financial Outcomes**

4.4 Spillover Effects of TPF on Non-Monetary Outcomes

In this section, the findings on the effect of TPF on non-monetary outcomes such as goodwill, customer patronage, perceived quality, increased market share, and reputation is presented. The relationship between the study variables is given in table 4.3. The table shows that TPF Spillover effect was positively and significantly correlated to goodwill for retail partner ($r=.561, p<0.1$), customer loyalty ($r=.510, p<0.01$), perceived quality ($r=.627, p<.01$), market share ($r=.517, p<.01$) and reputation ($r=.648, p<0.01$). The coefficient values imply that the relationship between TPF and non-monetary outcomes was strong. This means that positive non-monetary spillover effects existed with the presence of TPF.
Table 4.3 Correlation between TPF Spillover Effects and Non-Monetary Outcomes

<table>
<thead>
<tr>
<th>Spearman's rho</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 TPF spillover</td>
<td>Correlation Coefficient 1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>110</td>
</tr>
<tr>
<td>2 Goodwill</td>
<td>Correlation Coefficient .561(***)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>110</td>
</tr>
</tbody>
</table>
| 3 Customer loyalty | Correlation Coefficient .510(***)
| Sig. (2-tailed) | .000 |
| N | 110 |
| 4 Perceived quality | Correlation Coefficient .627(***)
| Sig. (2-tailed) | .000 |
| N | 110 |
| 5 Market share | Correlation Coefficient .517(***)
| Sig. (2-tailed) | .000 |
| N | 110 |
| 6 Reputation | Correlation Coefficient .648(***)
| Sig. (2-tailed) | .000 |
| N | 110 |

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

4.4.1 TPF Spillover Effects on Non-Monetary Outcomes

Respondents were asked whether their business gained a lot of goodwill whenever TPF was ongoing. Figure 4.16 shows that 36.4% and 12.7% of the respondents agreed and strongly agreed. However, 37.3% of the respondents were neutral, 10% of the respondents agreed and 3.6% strongly agreed. Therefore, most of the respondents (49.1%) agreed that their business gained a lot of goodwill during TPF season.

Figure 4.16 Business gain goodwill during TPF

40
4.4.2 TPF Spillover Effect on Customer Patronage

The question sought to establish whether more customers frequented retail partners’ enterprise during TPF than during any other season. Figure 4.17 shows that 47.3% of the respondents agreed and a further 5.5% strongly agreed. However, 30.9% of the respondents were neutral whereas 11.8% of the respondents disagreed and 4.5% of the respondents strongly disagreed. The findings suggest that majority (52.8%) of the respondents observed that customer patronage of their business increased during TPF.

![Figure 4.17 Customer Patronage Increase during TPF](image)

4.4.3 TPF Spillover Effects on Perceived Quality of Retail Partners

The study sought to determine from the respondents whether their customers somehow felt that they got better quality during TPF. Figure 4.18 shows that 61.8% and 15.5% of the respondents agreed and strongly agreed, respectively. The figure however shows that 14.5% of the respondents were neutral; 7.3% of the respondents disagreed and 0.9% of the respondents strongly disagreed. Therefore, majority (77.2%) of the respondents held the view that their customers somehow felt they got better quality at the retail outlet during TPF seasons.
4.4.4 TPF Spillover Effects on Market Share

Respondents were asked whether a number of new faces visit their enterprise whenever TPF was on session. Figure 4.19 shows that 41.8% of the respondents were neutral. However, 30.9% of the respondents agreed and 18.2% of the respondents strongly agreed. On the other hand, 8.2% of the respondents disagreed and 0.9% of the respondents strongly agreed. It can therefore be inferred that most (49.1%) of the respondents observed that their retail businesses acquired new customers during TPF seasons.
4.4.5 TPF Spillover Effects on Reputation of Retail Partners

The views of the respondents were sought as to whether TPF helped build the reputation of their enterprise more than anything else. Figure 4.19 shows that 42.7% of the respondents were neutral, 28.2% of the respondents agreed and a further 8.2% of the respondents strongly agreed. However, 17.3% and 3.6% of the respondents disagreed and strongly disagreed, respectively. Therefore, majority (70.9%) of the respondents were of the view that TPF helped build the reputation of their enterprise.

![Figure 4.20 TPF Help Build Retail Partner Reputation](image)

4.4.7 TPF Spillover Effects on the Competitive Advantage of Retail Partners

The study sought to determine whether because of TPF, the business of the retail partners has gained competitive advantage more than their competitors that do not retail EABL brands. Forty percent (40%) of the respondents agreed and a further 40.9% of the respondents strongly agreed. However, 15.5% of the respondents were neutral whereas 3.6% of the respondents disagreed. Therefore, majority (80.9%) of the respondents were in agreement that they gained competitive advantage as a result of the TPF.
In this section, the analysis of the role of small retail partner characteristics such as size, tenure and strategic planning on the monetary outcomes of the retail partners is presented.

4.5.1 The Moderating Role of Size of Retail Partner

The study sought to determine whether the size of the retail partner, measured by number of employees influenced TPF spillover effects on the monetary outcomes of the retail partners. An independent samples-t-test was run to compare the means of retail partners employing between 1-20 employees with that of retail partners employing more than 20 staff. The results are shown in tables 4.4 and 4.5. Table 4.4 shows that the mean score of retail partners that employed between 1-20 employees was lower (M=3.7742, SD=.79576) than that of retail partners employing more than 20 staff (M=4.0588, SD=.96635). This means that retail partners with more staff realized more monetary outcomes than those with less staff as a result of TPF.

<table>
<thead>
<tr>
<th>Size measured by number of employees</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make more money every time Tusker Project Fame is on session</td>
<td>93</td>
<td>3.7742</td>
<td>.79576</td>
<td>.08252</td>
</tr>
<tr>
<td>More than 20 employees</td>
<td>17</td>
<td>4.0588</td>
<td>.96635</td>
<td>.23437</td>
</tr>
</tbody>
</table>
The t-test result shown in table 4.5 reveals that there was no statistically significant difference between the mean score of retail partners that employed between 1-20 employees and those that had more than 20 employees in terms of making more money during TPF season, $t(108)=-1.311, p>0.05)$. This implies that firm size did not moderate TPF spillover effects on the performance of small retail partners.

### Table 4.5 Independent Samples T-Test of Role of Firm Size

<table>
<thead>
<tr>
<th>Make more money every time Tusker Project Fame is on session</th>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
<td>T</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>.199</td>
<td>.656</td>
<td>-1.311</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>-1.146</td>
<td>20.159</td>
<td>.265</td>
</tr>
</tbody>
</table>

### 4.5.2 The Moderating Role of Tenure of Retail Partner

A t-test was run to determine the moderating role of number of years the retail partners had been in the industry. Table 4.5 shows that the mean score of retail partners with more than 6 years in existence was higher ($M=3.8289, SD=.82281$) than their counterparts which had been operational for 1-6 years ($M=3.7941, SD=.84493$) with regards to making more money during TPF seasons. This suggest that retail partners with more tenure in the business recorded higher monetary income while TPF was on session.

### Table 4.6 Group Statistics of Role of Tenure on PTF Spillover Outcomes

<table>
<thead>
<tr>
<th>Make more money every time Tusker Project Fame is on session</th>
<th>Tenure in Years</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1-6 years</td>
<td>34</td>
<td>3.7941</td>
<td>.84493</td>
<td>.14490</td>
</tr>
<tr>
<td></td>
<td>More than 6 years</td>
<td>76</td>
<td>3.8289</td>
<td>.82281</td>
<td>.09438</td>
</tr>
</tbody>
</table>

The t-test results shown in table 4.7 indicates that the mean score of retail partners in terms of making more money while TPF was on session, was not significantly higher than that of the retail partners with 1-6 years of market presence, $t(108)=-203, p>.05)$. This indicates that firm tenure did not moderate TPF spillover effects on the performance of small retail partners.
4.5.3 The Moderating Role of Strategic Planning by Retail Partner

The study sought to test the moderating role of strategic planning on TPF spill-over outcomes by performing a t-test as shown in tables 4.8 and 4.9 below. Table 4.8 shows that the mean score of retail partners guided by a strategic plan was higher (M=3.9500, SD=.81492) than the mean score of retail partners not guided by a strategic plan (M=3.8636, SD=.46756). This means that retail partners that were guided by a strategic plan made more money every time TPF was on session compared to their counterparts that lacked a strategic plan.

Table 4.8 Group Statistics of Role of Strategic Planning on TPF Spillover Outcomes

<table>
<thead>
<tr>
<th>Is the business guided by any strategic plan</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make more money every time Tusker Project Fame is on session</td>
<td>Yes</td>
<td>22</td>
<td>3.8636</td>
<td>.46756</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>40</td>
<td>3.9500</td>
<td>.81492</td>
</tr>
</tbody>
</table>

The independent sample t-test result shown in table 4.9 indicates that no statistically significant difference existed in the mean scores, t (60) =-.456, p>.05. This suggests that use of a strategic plan did not play any role in the TPF spillover effects on the performance of small retail partners.
Table 4.8 Independent Samples T-Test of Role of Strategic Planning

<table>
<thead>
<tr>
<th>Make more money every time Tusker Project Fame is on session</th>
<th>Levene’s Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>3.84</td>
<td>.055</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>.530</td>
<td>59.843</td>
</tr>
</tbody>
</table>

### 4.6 Chapter Summary

The chapter has shown that in terms of spillover effects of TPF on monetary outcomes of small retail partners, TPF spillover effects was significantly correlated with sales revenue ($r=.793, p<.01$), sale of all food and drinks ($r=.652, p<.01$), profitability ($r=.348, p<.01$), and cost savings on advertising ($r=.509, p<.01$). However, the correlation between TPF Spillover effects and premium price was not statistically significant ($r=.148, p>.05$).

Concerning the spillover effects of TPF on the non-monetary outcomes, TPF Spillover effect was positively and significantly correlated to goodwill for retail partner ($r=.561, p<0.1$), customer loyalty ($r=.510, p<01$), perceived quality ($r=.627, p<.01$), market share ($r=.517, p<.01$) and reputation ($r=.648, p<.01$).

In terms of the moderating role of small retail partner characteristics on the spillover effects of TPF in the outcomes, there was no statistically significant difference between the mean score of retail partners that employed between 1-20 employees and those that had more than 20 employees in terms of making more money during TPF season, $t(108)=-1.311, p>05)$. Further, the mean score of retail partners in terms of making more money while TPF was on session, was not significantly higher than that of the retail partners with 1-6 years of market presence, $t(108)=-203, p>.05$). Similarly, no statistically significant difference existed in the mean scores between retail partners that were guided by a business plan and those that were not, $t (60) =-.456, p>.05$. The findings are discussed in the next chapter, where conclusions are drawn and recommendations made.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

In this chapter, the findings are discussed on the basis of the specific research objectives. The chapter then draws conclusions based on the discussions. Lastly, recommendations for further improvement as well as suggestions for future research are made. The chapter begins by presenting a summary of the study.

5.2 Summary

The general objective of the study was to establish the spillover effects of Tusker Project Fame on SMEs in the liquor industry in Nairobi. The study sought to achieve the following specific objectives: to determine the spillover effects of TPF on the monetary outcomes of small retail partners of EABL in Nairobi; to establish the spillover effects of TPF on the non-monetary outcomes of small retail partners of EABL in Nairobi; and, to assess the moderating role of small retail partner characteristics on the spillover effects of TPF in the outcomes.

Descriptive research design was used. The population comprised the 1,648 retail outlets in Nairobi. A stratified sampling technique was used. The study was based on a sample size of 160 managers of EABL’s small retail partners. Data was collected using a structured questionnaire. Inferential statistical analysis techniques used were Spearman’s rank correlation coefficient and independent samples t-test. SPSS computer software was used to analyze data. The findings were presented in figures and tables.

The study established that in terms of spillover effects of TPF on monetary outcomes of small retail partners, TPF spillover effects was significantly correlated with sales revenue ($r=0.793, p<0.01$), sale of all food and drinks ($r=0.652, p<0.01$), profitability ($r=0.348, p<0.01$), and cost savings on advertising ($r=0.509, p<0.01$). However, the correlation between TPF Spillover effects and premium price was not statistically significant ($r=0.148, p>0.05$).

Concerning the spillover effects of TPF on the non-monetary outcomes, TPF Spillover effect was positively and significantly correlated to goodwill for retail partner ($r=0.561, p<0.1$), customer loyalty ($r=0.510, p<0.01$), perceived quality ($r=0.627, p<0.01$), market share ($r=0.517, p<0.01$) and reputation ($r=0.648, p<0.01$).
In terms of the moderating role of small retail partner characteristics on the spillover effects of TPF in the outcomes, there was no statistically significant difference between the mean score of retail partners that employed between 1-20 employees and those that had more than 20 employees in terms of making more money during TPF season, t(108)= -1.311, p>.05). Further, the mean score of retail partners in terms of making more money while TPF was on session, was not significantly higher than that of the retail partners with 1-6 years of market presence, t(108)=-203, p>.05). Similarly, no statistically significant difference existed in the mean scores between retail partners that were guided by a business plan and those that were not, t (60) =-.456, p>.05.

5.3 Discussions

5.3.1 Spillover effects of TPF on the monetary outcomes of small retail partners of EABL in Nairobi

The findings showed that majority (72.7%) of the respondents agreed that their retail stores made more money every time Tusker Project Fame was ongoing. This is further depicted in the statistically significant positive correlation between TPF spillover effects and sales revenue (r=.793, p<.01). This finding is consistent with past studies identified by Aras and Crowther (2012) which have provided some evidence of a positive relationship between CSR and improved financial performance as measured by sales growth (Aras and Crowther, 2012). It means that the project provides intense marketing communication for EABL’s brands, stimulating greater demand while TPF was on season. Sales then inevitably follow, and since the retail partners provide the distribution channel for the company’s brands, they technically benefit through higher sales revenues.

The foregoing is evidenced in further findings which showed that majority (70%) of the respondents agreed that overall sales volumes of their retail business increased during TPF season. It can be argued, in keeping with social exchange theory’s principal of reciprocal reinforcement put forward by Zafirovsky (2003) that CSR is strategic philanthropy which ultimately helps the corporate givers achieve strategic business goals while also promoting societal welfare as the company strives to identify activities and deeds that are believed to be good for business as well as for society. That most (43%) of the respondents were most happy about the fact that TPF was nurturing talents, followed by 30% of the respondents who indicated that they were most happy with the fact that TPF was advertising the brands the retail partners stocked, is testimony of this fact. By
extension, the finding also offers empirical evidence to support claims by EABL (2011) that TPF left a lasting impact on local economies in addition to nurturing raw talent.

The findings also showed that most (45.5%) of the respondents agreed that the sale of all foods and drinks rose whenever there as TPF in session, suggesting that a significant number of respondents noted a rise in sales of all foods and drinks, given that nearly all the retail partners were bar and restaurant. This is reflected in the statistically significant correlation between TPF spillover effects and sale of all food and drinks ($r=.652$, $p<.01$). It means that the TPF project somehow influenced the sale of non-alcoholic food products typical of a bar and restaurant such as grilled meat and potato chips. Interestingly though, the majority (59.1%) of the respondents observed that only the sales of Tusker lager went up more than other products during TPF. This means that the spillover effects of TPF on non-alcoholic food products offered by the retail customers was relatively weak.

The results however showed that majority (91.8%) of the respondents disagreed that customers would continue paying even if the retail partners charged higher for food and drinks as long as TPF was ongoing. This is showed in the lack of statistically significant relationship between TPF spillover effects and premium price ($r=.148$, $p>.05$). This disproves the speculation by Crane (2008) that customers may become more willing to buy the company’s products or pay a premium for the goods from socially responsible firms. This suggests that the demand for products from a socially responsible firm is subject to the price at which it was being offered. The message that can be drawn from this finding is that customers do not want the company to be socially responsible at their expense.

Further findings revealed that majority (53.6%) of the respondents agreed that TPF saved the retail partners business costs because they did not have to advertise for customers to come. This agrees with the spillover effect phenomenon discussed by Maltz et al. (2010) who explained that positive operating externalities can result from commercial activities that create, maintain, or enhance the operations of others. In this study, it can be seen by the fact that TPF spillover effects was significantly correlated with and cost savings on advertising ($r=.509$, $p<.01$). The direct correlation shows that monetary outcomes rose with presence of TPF, and therefore challenges the lack of consensus claimed by Kamal (2011) concerning whether CSR was profitable, cost neutral or only a waste of efforts with no proper returns on investment in real terms.
5.3.2 To establish the spillover effects of TPF on the non-monetary outcomes of small retail partners of EABL in Nairobi

The study established that most (49.1%) of the respondents agreed that their retail business gained a lot of goodwill whenever TPF was ongoing. This spillover effect is confirmed by a statistically positive correlation \((r=.561, \ p<0.1)\), meaning that the goodwill that accrued for the retail outlet increased with presence of TPF. This finding supports the widespread view observed by Skapinker (2008) that there is a business case for social initiatives, a growing belief that social projects improve corporate reputations. In this case, EABL’s corporate reputation literally “spills over” to their retail partners.

Related findings showed that majority (52.8%) of the respondents agreed that more customers frequented their enterprise during TPF than during any other season. This means that customer patronage of their business increased during TPF, which is one measure of the benefits of rising goodwill that accompany increased corporate reputation. This agrees with prior research cited by Lober (2012) which demonstrates a positive link between a company’s CSR program and consumer patronage of its products, mainly shown in the form of consumers’ increased willingness to purchase from companies that carry out CSR activities.

Further findings showed that most (49.2%) of the respondents observed that their retail businesses acquired new customers during TPF seasons, suggesting that TPF influenced market-share of EABL’s retail partners. This is reflected in the statistically significant correlation that was established \((r=.517, \ p<.01)\). The finding is consistent with one of the four types of CSR motives discussed by Vlachos et al. (2009) called the strategic-driven motive, intended to support attaining business goals one of which is increase market share while benefiting the cause.

The study also established majority (76.3%) of the respondents agreed that their customers somehow felt that they got better quality during TPF. This agrees with CSR proponents like Sharma and Mehta (2012) who see a strategic approach to CSR as helping the firms grow their business and also make an impact on the issues effecting stakeholders, and ensure long-term viability along with strengthening the corporate image. That a statistically significant correlation was found between TPF spillover effects
and perceived quality of services offered by EABL’s retail partners (r=.627, p<1) confirms the direct association that Lober (2012) found between CSR spillover effects on product evaluation. In this case, CSR makes the company’s product, along with its retail partners in the value chain to be evaluated favourably.

Related statistics showed that majority (70.9%) of the respondents were of the view that TPF helped build the reputation of their enterprise. This means that CSR spillover effects could be seen through image building, thereby agreeing with the views of Graafland and Van de Ven (2006) who posited that CSR can affect profitability by improving the company’s reputation in the consumer market. Given the financial performance outcomes hitherto discussed, it can be inferred that there is indeed empirical support for the claim that environmental stewardship creates a reputational advantage that enhances marketing and financial performance. This concurs with the direct consequence of benefits from reputation or image status gained through CSR as argued by Melo and Galan (2010).

Additional findings also showed that majority (80.9%) of the respondents were in agreement that they gained competitive advantage as a result of the TPF. This is in concert with the non-monetary benefits that Benn and Bolton (2011) identified in an environment experiencing increasing community expectations of firms to act in a socially responsible manner. The finding also favours the perspective championed by Piercy and Lane (2009) that adding a social dimension to the value proposition adds a new frontier for thinking about competitive positioning and competitive advantage in business and marketing strategy.

5.3.3 The Moderating Role of Small Retail Partner Characteristics

The findings showed that with regards to whether the size of the retail partner, measured by number of employees influenced TPF spillover effects on the monetary outcomes of the retail partners, the mean score of retail partners that employed between 1-20 employees was lower (M=3.7742, SD=.79576) than that of retail partners employing more than 20 staff (M=4.0588, SD=.96635). This suggests that retail partners with more staff realized more monetary outcomes than those with less staff as a result of TPF. At face value, this finding seems to agree with the view put forward by Crane (2008) that large firms may both exhibit greater financial performance. However, the t-test result
revealed no statistically significant difference between the mean scores $t(108) = -1.311, p>0.05$), implying that firm size did not necessarily moderate TPF spillover effects on the performance of small retail partners. This may perhaps be explained by the descriptive statistics which showed that nearly all (97.3%) of EABL’s the retail partners studied employed not more than 50 people, which in essence mean that almost all of the retail partners fell in the category of small enterprises and as such, exhibit similar characteristics and challenges.

The study also showed that the mean score of retail partners with more than 6 years in existence was higher ($M=3.8289, SD=.82281$) than their counterparts which had been operational for 1-6 years ($M=3.7941, SD=.84493$) with regards to making more money during TPF seasons. This appears to suggest that retail partners with more tenure in the business recorded higher monetary income while TPF was on session. However, the t-test results showed that the mean score of retail partners in terms of making more money while TPF was on session, was not significantly higher than that of the retail partners with 1-6 years of market presence, $t(108)=-2.03, p>0.05$). Thus, it can be inferred that firm tenure did not moderate TPF spillover effects on the performance of small retail partners. This contradicts the assertion by Harrison and Leitch (2008) that the knowledge derived from past experience has an influence on the strategic choices made by entrepreneurs in their subsequent ventures which in turn influences the performance of those ventures.

In terms of the role of strategic planning on TPF spillover outcomes, the results showed that the mean score of retail partners guided by a strategic plan was higher ($M=3.9500, SD=.81492$) than the mean score of retail partners not guided by a strategic plan ($M=3.8636, SD=.46756$). This created the impression to the effect that retail partners that were guided by a strategic plan made more money every time TPF was on session compared to their counterparts that lacked a strategic plan. However, the independent sample t-test result revealed no statistically significant difference between the mean scores, $t(60)=-.456, p>0.05$. This suggests that use of a strategic plan did not play a role in the TPF spillover effects on the performance of small retail partners. It means that while EABL appeared to reap strategic rewards from their CSR project, their retail partners did not effectively align philanthropic contributions with business goals and strategies as recommended by (Jamali, 2007).
5.4 Conclusion

5.4.1 The spillover effects of TPF on the monetary outcomes of small retail partners of EABL in Nairobi
EABL’s CSR project through TPF had significant spillover effect on the monetary outcomes of its small retail partners in Nairobi. In measurable terms, there was a notable increase in sales revenue recorded during the seasons. In addition, sale of all foods and drinks also increased. Further, the retail partners, mainly bars and restaurants, realized cost savings as they did not need to advertise for customers to come. All these contributed to increased profitability of the enterprises. However, there were no spillover effects of the project on the small retail partners in terms of sustained demand if price was increased.

5.4.2 The spillover effects of TPF on the non-monetary outcomes of small retail partners of EABL in Nairobi
TPF had the highest spillover effect on the non-monetary outcomes of small retail partners of EABL in Nairobi. The businesses gained a lot of goodwill whenever TPF was on session. Customer patronage increased during the TPF seasons. Customers perceived that they somehow got better quality services at the retail outlets during the seasons and the retail outlets increased their market shares. In addition, TPF helped build the reputation of the retail outlets. On the overall, the retail outlets gained competitive advantage whenever TPF was on season.

5.4.3 The moderating role of small retail partner characteristics on the spillover effects of TPF in the outcomes
Retail partner characteristics did not moderate TPF spillover effects on the performance of small retail partners of EABL in Nairobi. This is because there was no significant difference between the financial performance of the retail partners in terms of size. Neither was there any significant difference in the financial performance in terms of tenure in years or following of a strategic plan.
5.5 Recommendations

5.5.1 The spillover effects of TPF on the monetary outcomes of small retail partners of EABL in Nairobi

EABL should leverage on the positive aspects of the spillover effect of its CSR projects on the monetary outcomes of small retail partners to consolidate its market presence in the region and lock in distributor loyalty. It could also use the evidence of its CSR impact on the bottom-line of performance of its retail partners to win potential distributors and persuade others to distribute EABL’s brands only. It could use the evidence as an incentive to establish collaborative relationship with new partners and penetrate new markets.

5.5.2 The spillover effects of TPF on the non-monetary outcomes of small retail partners of EABL in Nairobi

EABL could exploit the spillover effects of its CSR programs on non-monetary outcomes of its retail partners by using the outcomes such as increased reputation, goodwill and customer patronage as a flagship for positioning itself in the market as a responsible corporate citizen. The evidence could be embedded on its corporate communication strategy to offset negative public relations always common to the liquor industry. The company could combine both monetary and non-monetary outcomes into a formidable signal to the market to influence the value of its share price for the benefit of shareholders.

5.5.3 The moderating role of small retail partner characteristics on the spillover effects of TPF

EABL could increase its sales volumes, and therefore the spillover effect of its CSR programs on small retail partners by extending the airtime of the program as well as the duration by a few days. It could use the same platform to promote other EABL brands in order to increase the demand for the other brands other than Tusker brand only. In addition, it could stimulate growth by giving distributor incentives such as distributor offers tied to the volume sales that they recorded.
5.5 Recommendation for Further Studies
Retrospectively, one of the limitations of this research concerned the matter of representation of the entire categories and classes of retail partners since the data was heavily skewed towards bars and restaurants. Therefore, further research could focus on other retail partners of EABL such as supermarkets and medium-sized to bigger hotels that store EABL brands. Further, this research was limited in scope to retail partners based in Nairobi County only. Since Nairobi is predominantly urban in nature, another study could be undertaken among retail partners based in the rural areas.
REFERENCES


Engagement and Competitive Advantage. Cambridge: Cambridge University Press.


malls— an Indian perspective. *Journal of Services Research*, Special Issue.


APPENDIX I: COVER LETTER

UNITED STATES INTERNATIONAL UNIVERSITY

1st March 2014

Dear Respondent,

RE: RESEARCH ON SPILLOVER EFFECTS OF TUSKER PROJECT FAME ON THE PERFORMANCE OF EABL’S RETAIL PARTNERS IN NAIROBI

My names are Tom Njeru, a postgraduate student pursuing an MBA degree at the United States International University. I am writing to request your participation in this research titled; “Spillover Effects of Tusker Project Fame on the performance of EABL’s Retail Partners in Nairobi: Implications for Strategic Corporate Social Responsibility”. The findings of the study are intended to help enhance value to all stakeholders in EABL’s supply chain. Your participation in this study is confidential and as such, your identity will not appear anywhere in the report. I kindly request you to fill the attached questionnaire as completely and as accurately as possible.

Yours sincerely,

Tom Njeru,
Researcher (0722 659 198)
United States International University
APPENDIX II: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Type of enterprise:
   - Bar and restaurant
   - Supermarkets

2. Location of the enterprise:
   - Makadara
   - Kamukunji
   - Starehe
   - Lang’ata
   - Dagoretti
   - Westlands
   - Kasarani
   - Embakasi

3. How long has the enterprise been in operation?
   - Less than 3 years
   - 3 – 6 years
   - More than 6 years

4. How many employees work in the enterprise?
   - 1 – 5 employees
   - 6 – 20 employees
   - 21 – 50 employees
   - More than 50 employees

5. Is the business guided by any strategic plan?
   - Yes
   - No

6. Please indicate the one thing that you are most happy about Tusker Project Fame?
   ______________________________________________________

7. Please indicate one thing that you are least happy about Tusker Project Fame?
   ______________________________________________________

8. If you were to change one thing about the way Tusker Project Fame is conducted, what would it be?
   ______________________________________________________


<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.</td>
<td>We record booming business every time Tusker Project Fame is on session</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Our overall sales volumes soar during Tusker Project Fame</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>The sales of all our food and drinks rise whenever there is Tusker Project Fame</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Only the sale of Tusker Lager goes up but the rest remain low</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>We make more profit during Tusker Project Fame than during any other event</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Even if we charge higher for our food and drinks, customers will continue paying as long as Tusker Project Fame is ongoing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Tusker Project Fame saves us business costs because we do not have to advertise for customers to come</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16. Please give reasons to support your views concerning how EABL’s TPF affect the financial outcomes of the business

______________________________________________________________

______________________________________________________________

______________________________________________________________
SECTION C: SPILLOVER EFFECTS OF TPF ON NON-MONETARY OUTCOMES

Please indicate whether you agree or disagree with the following statements by placing a tick (✔) in the box with the value which best reflects your opinion:

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.</td>
<td>The business gain a lot of goodwill whenever Tusker Project Fame is ongoing</td>
<td>(5)</td>
<td>(4)</td>
<td>(3)</td>
<td>(2)</td>
</tr>
<tr>
<td>18.</td>
<td>More customers frequent our enterprise during Tusker Project Fame than during any other season</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Our customers somehow feel that they get better quality during Tusker Project Fame</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>A number of new faces visit our enterprise whenever Tusker Project Fame is on session</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Tusker Project Fame helps to build the reputation of our enterprise more than anything else</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Because of Tusker Project Fame, our business has gained competitive advantage more than our competitors that do not retail EABL’s brands</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>Any other comments or remarks?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU FOR YOUR TIME AND COOPERATION