IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE COMPETITIVENESS: CASE STUDY OF CHANDARIA INDUSTRIES LIMITED

BY

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UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

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

UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

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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: _______________________
Anne Wambui Kamunye (ID: 641958)

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

Signed: ________________________  Date: _______________________
Paul Katuse

Signed: ________________________  Date: _______________________
Dean, Chandaria School of Business
ACKNOWLEDGEMENT

First and foremost, I’d like to thank God for his guidance and wisdom amid my graduate report.

Second I’d like to acknowledge and thank my instructor Professor Paul Katuse for his enormous support, understanding and assistance in reviewing this report.

Finally I sincerely thank my Mother for her continued support both emotionally and spiritually and my Son Jabari they kept me going and this product of the research paper would not be possible without them.
DEDICATION

I would like to dedicate this research paper to my Son Jabari who is very special and my Mother who for her words of encouragement, push for tenacity and being my best cheer leader during this MBA program. Thank you.
ABSTRACT

The purpose of this study is to analyze the impact of corporate social responsibility on cooperate competitiveness a case study of Chandaria Industries Limited. The study will be guided by three objectives which are; to determine the role of CSR in enhancing customer satisfaction, to determine the effects of undertaking CSR initiatives on the organization’s market share and establish the impact of implementing CSR initiatives on stakeholders’ engagement.

The study will adopt a descriptive research design to address the research objectives. The study will adopt a population of 100 staffs and 100 distributors. The study adopted convenient sampling method. Data was collected using a structured questionnaire, analysed using descriptive statistics and presented using tables and figures.

On role of CSR in enhancing customer satisfaction, majority of the respondents strongly agreed that customer prefer green products, however majority of the respondent strongly disagreed CSR reduces innovativeness. A large proportion of the respondents agreed that green products should be convenient, affordable and have good quality for customers to buy. Moreover a large number of the respondents strongly agreed that consumers expect something in return from the company when the engage in CSR.

Regarding the effects of undertaking CSR initiatives in the organization market share, most of the respondent’s disagreed that CSR has a significant impact on the profitability of the company. However respondents agreed that consumers want more than a product from the company. Moreover respondents strongly agreed that CSR programs done by the company increase brand image. Majority of the respondents agreed that company engaging in positive effects in the society increases its business level.

The findings on effect of CSR initiatives on stakeholder’s engagement, majority of respondents disagreed that CSR leads to attract talent in the organization. On the other hand majority of respondents agreed that CSR helps shareholders to understand their goals. A large proportion of respondents disagreed that organizations that practice CSR are ethical.

On role CSR in Creating Customer Satisfaction the study suggested that amongst others CSR leads to customer satisfaction in the organisation. For customer to increase satisfaction they recommend green products over the other product which is less
environmentally friendly. On the effects of undertaking CSR initiatives on the organization’s market share, the study suggested that customers choose to consume products which affect his/her identity, so consumers can improve their own identity and reputation by identifying with a corporation’s commitment to CSR initiatives.

On effects of CSR initiatives on shareholders engagement, the study suggests that organization should demonstrate commitment through, for instance, health and safety programs and employee-volunteer programs to increase stakeholder’s engagement in the company. An organization needs to understand its environment to identify threats and opportunities that could arise, so that it can adapt and secure its long-term survival. The study also suggest that organization does not treat employees well and promote responsibility towards them and society, it may risk losing their competence.

For recommendations on future research, there is a need to fill knowledge gap on the discrepancies of the study that company can have great CSR programs yet the company has low brand image and less customer satisfaction.
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CHAPTER ONE

1.0. INTRODUCTION

1.1 Background to the Study

Corporate Social Responsibility is a corporate comportment and management philosophy that an increasing number of firms worldwide choose to adopt (Shabana, 2010). Mackey (2007) defined Corporate Social Responsibility as a firm’s actions designed to improve social or environmental conditions. The CSR management philosophy is taking a global trend at the advent of the 21st century and has thrust business to the high ground in our society where new roles, responsibilities and expectations are reshaping the face and nature of business. In effect, the UN Global Compact (2008) relates CSR to the social contract which defines the roles and responsibilities of private and public sectors that reflects the growing economic, social and environmental pains of developed and developing countries, resulting in a time of transition, with much debate and too little purposeful dialogue.

However, over time businesses have viewed CSR not only as an ethical practice but as a strategic practice of achieving organizational goals. In this view, Bhattacharya (2010) defined CSR as a commitment to improve societal well-being through discretionary business practices and contributions of corporate resources. This definition entail that the outcome of CSR is not targeting societal well-being alone but also imply that the organization has to design some business practices to achieve it. The fact that CSR has been taken as a strategic practice makes CSR initiative be actions that enhance a firm’s competitiveness and reputation.

According to Moon (2007) CSR occurs by contributing some set of resources (such as people or money) for a social benefit (outside the normal scope of the firm), or to comply with legislation, for instance in environmental improvement. Even though CSR is not a new concept it has recently increased in popularity among firms around the world (Porter, 2009). It is further considered according to a KPMG report (2011) to be in firms’ best long-term interest to be socially responsible. For example, by enhancing the societal environment in which firms exist, they contribute to the wealth development of that society. Long-term, this increases their market size in the form of new customers (Carroll & Shabana, 2010).
The evolving business environment in the global arena has seen many firms undertake CSR initiatives to make the world a better place to live. Business firms have responded to changing environmental conditions by engaging into a wide range of CSR activities. The trend according to McWilliams, (2009) has now taken the form of Global Corporate Citizenship which refers to putting an organization’s commitment to social and environmental responsibility into practice worldwide not only locally and regionally. MNCs are facing global pressures for competitive pricing and efficiency and local pressures to adapt to local customs, traditions and beliefs are seeking new ways to manage a portfolio of CSR activities. Consequently, MNCs increasingly negotiate with an array of global stakeholders, global activist groups who oppose them, international regimes that govern them, and media that scrutinize them.

The UN in the June 2000 launched the Global Compact, the UN’s corporate citizenship initiative. Referring to the rapid spread of globalization, the initiative emphasize that the world was characterized by glaring and unsustainable imbalances and inequities. He drew attention to the fact that markets were not embedded in universal human values and rights. Referring to the plight of the world’s desperately poor populations, the initiative suggested that businesses should work in a spirit of enlightened self-interest to make globalization more inclusive, and consequently less fragile. In order to do this, businesses the world over are encouraged to embrace and act upon nine universal principles in the areas of human rights, environmental preservation and labor practices. It operates on a leadership model in that it aims to bring a critical mass of business leaders on board to build a sustainable movement. A company’s CEO, endorsed by the company’s board, must take the initiative to write to the Secretary-General stating the organization’s commitment to the Compact and its principles.

Africa as a region stands at the epicenter of CSR practice and debate from both regional and global perspectives. Africa faces many social challenges ranging from the increasing pressure of population and development challenges. However, Africa remains a key resource center for the world’s businesses to find resources both labor and capital goods. It is this strategic nature of Africa that makes CSR a noble strategy of doing business in Africa. The focus for CSR in Africa by many multinational companies has been on the rise. The Kimberly Process (2000) is on such realization of the need for CSR to safeguard exploitation of Africa’s resources and enable sustainable development by not encouraging conflict diamonds (Bennett 2002).
However, Visser (2005) point out that in Africa CSR has not yet been properly institutionalized. Recent frameworks recently embraced include the ISO 26000 which was launched in Kenya. This is the standard being used by the Global Compact for the benchmarks in Social Responsibility (Mutuku 2010). Kivuitu, (2005), argue that the CSR agenda needs to be locally owned if it’s to make a significant contribution to the local development priorities and it must be relevant to local enterprises, whether large or small.

In Kenya, the cultural context is an important factor in defining CSR and this communal culture is captured in the indigenous concept of “Harambee” which embodies and reflects the strong ancient value of mutual assistance, joint effort, social responsibility and community self-reliance (Winston and Ryan, 2008). This concept simply means that collective good outweighs individual gain. According to Gathii (2008), the Kenya Bureau of Standards (KEBS) has been involved in drafting guidelines on CSR. These guidelines, in addition to those voluntarily adopted by companies and the current ISO standards, form a backdrop against which to measure CSR in Kenya.

In Kenya, CSR is often seen as an ‘add-on’, peripheral to the core business (Imani Development, 2009). CSR departments are rare and many operate from within marketing, communications, corporate affairs, training or human resources departments (Klins et al, 2010). Furthermore, where CSR policies are established, more often than not, they refer to philanthropic approaches. CSR policy adherence is not typically evaluated in Kenya and corporate leadership involvement tends to be focused on launching community projects, supporting CSR policies and ensuring resources for these projects, rather than embedding CSR in business processes.

Regulations that have an impact on CSR are often based on the ratification and subsequent domestication of international conventions which mainly focus on workplace issues and the physical environment. Examples of specific national CSR-related legislation in Kenya are: Vision 2030; Kenya National Environment Action Plan; and Draft guidelines (recently developed) by Kenya Bureau of Standards (KEBS). Ponnu and Okoth (2009) in a study done on CSR disclosure in Kenya found that Kenyan companies are relatively small if compared in the international standards. These companies’ participation in social activities may not be pegged on their financial capability rather, their willingness and desire for strategic positioning within the society for future economic advantages.
The Federation of Kenya Employers (FKE): which fights against HIV/AIDS is a signatory of the Global Compact and is also involved in Kenya’s Vision 2030; The Kenya Association of Manufacturers (KAM) has established the Centre for Energy Efficiency & Conservation (CEEC) and has been the focal point of the Global Compact Local Network in Kenya since September 2009. Moreover the Kenya Private Sector Alliance (KEPSA): is promoting the UN Global Compact and is active in the field of anti-corruption;

East African Breweries Ltd (EABL): founded the EABL Foundation in 2005 which deals with the supply of water, environment, health, education & training and other special projects, aimed at improving the lives of the people in Kenya, Uganda and Tanzania. Furthermore Safaricom Ltd a leading mobile service provider that has greatly contributed to the Kenya community since 2007 through its sponsorship of various projects under the spheres of community, environment, health, sports and education. Intex Construction Ltd: a Kenyan company that deals in construction, civil engineering and real estate development and is committed to CSR, environmental impact management and Corporate Social Investment (CSI).

Unilever Tea Kenya Ltd. as part of its CSR agenda is involved in health care, employee welfare (housing), community participation (educational scholarships, training of farmers) and environmental care (is a corporate member of WWF and encourages sustainable agriculture);. Additionally Equity Group Foundation focuses on eradication of poverty, hunger and the provision of humanitarian aid, education, gender equality and women empowerment, health, environment sustainability and voluntary service to society by the bank’s leadership.

Chandaria Industries Ltd is the largest company within Chandaria Group’s portfolio and was established on 1st May 1964. The company started out as a small Tissue Converting operation and today is the largest Tissue and Hygiene products manufacturer in Kenya, East and Central Africa. It is also the only Tissue and Hygiene products manufacturer in Kenya that manufactures its products 100% in Kenya. Chandaria Industries Ltd CSR activities have been focused on school hygiene programs where the company supplies free tissue and sanitary towels to the needy schools. The company has also focused on environment conservation programs and on sustainable development initiatives.
1.2 Problem Statement

Business Organizations have a great capacity to influence society and to create positive or negative impact. The challenge is how businesses can increase their competitiveness while at the same time creating sustainable development as the impact on society. One way of doing this that has emerged is CSR. Even though there are initiatives for an increased role of a caring business, several corporations in Kenya seem to get lost in their focus on CSR while at the same time keeping track on core business of the organizations which is making profits. Pressure is also increasing for companies to take on social responsibility from all stakeholders. Customers are starting to make decisions based upon more than the product; they consider factors such as working conditions, human rights, environmental and social concerns when purchasing a product or service (Nilsson, 2007). Some of the factors driving businesses towards practicing CSR according to Jones (2010) are; greater stakeholder awareness of corporate ethical, social and environmental behavior, direct stakeholder pressures, investor pressures, peer pressures as well as an increased sense of social responsibility.

Besides these pressures for embracing CSR, companies have not taken measures to incorporate CSR in their corporate strategy. Many studies have been conducted in the field of CSR. Okoth (2009) conducted a study on CSR disclosures for Kenyan companies and found that most companies embrace CSR for the company’s image and reputation. Comfort et al. (2006) did a study on the relationship between CSR practice and improved financial performance and profitability. Berger, Cunningham and Drumwright (2007) did a study on effectiveness of CSR practice on achieving the benefits accrued. They found that the use of CSR is not always positive for a company; they found evidence that there is a great difference between industries. In some industries customers tend to value CSR activities, in other industries the customer demand for CSR-active companies are significantly lower. Despite the many studies conducted, there still exists a knowledge gap in regard to how CSR can be used to attain a competitive advantage for corporations doing business in Kenya. This forms the basis for the purpose of this study to establish how corporations in Kenya can use CSR as a strategy for enhanced competitiveness.

1.3 Objectives of the Study

This study sought to examine the strategic benefits that corporations practicing CSR as a strategy have gained as part of competitive advantage.
1.4 Research Questions

1.4.1 To determine the role of CSR in enhancing customer satisfaction
1.4.2 To examine the effects of undertaking CSR initiatives on the organization’s market share
1.4.3 To establish the impact of implementing CSR initiatives on stakeholders’ engagement

1.5 Significance of the Study

1.5.1 Create Shared Value

This study focuses on how businesses can create shared value. This is where the business is able to remain competitive while at the same time contributing to sustainable development. By innovating on its core work and leveraging on strategic philanthropy based on their capabilities the business can become competitive while serving the community (Porter et al, 2006). The Study hopes to show case CSR business practices as an output for practical real world business application. This will enable other organizations to see the link between increased competitiveness and CSR hence they will be more willing to engage in CSR. This is critical for Africa and Kenya in light of the development challenges (World Bank 2012).

1.5.2 Increased Customer and Employee Engagement

Using CSR can assist a business engage with its customers in new ways since it can often be an easier way to talk to your customers. Employees need to know what’s going on within the organization this can be done through creating a cross functional team to assist create a strategy for sustainability. It remains important for businesses to measure how this demand for their engagement in sustainable business practice will impact their business and the society. With the information on what impact CSR has on the company and society, companies can be able to make better decisions on how to undertake CSR projects and how this can lead to a shared value creation with increased competitiveness for them and sustainable development for the society.
1.5.3 Aid in Policy Creation

This study will hopefully contribute to the increasing relevance of CSR in policy creation by informing the policy makers and companies as to what effects CSR has on the company and the communities. This informed position based on case studies like this one will ensure that businesses and countries have a level field for trade that ensures their communities and the companies benefit.

1.6 The Scope of the Study

The study will assess the impact of corporate social responsibility on corporate competitiveness for Chandaria industries ltd. The company has been chosen due to its high participation in undertaking of CSR programs and also for its high market share in Kenya. It is of interest for the researcher to determine the link between the implementation of CSR programs by the company and the company’s performance in attaining and maintaining its large market share. The study will focus on the main internal stakeholders who include 20 public relations staff who will represent the employees and 100 distributors who will represent the customer base within Chandaria Company’s organizational structure which makes the target population a total of 120 respondents. The study will take place in 2017 and will take about 10 weeks and will be conducted within Nairobi County and these stakeholders will form the respondents who will participate in the study.

1.7 Definition of Key Terms

1.7.1 Responsible Competitiveness means markets where businesses are systematically and comprehensively rewarded for more responsible practices, and penalized for the converse (Moon, 2005).

1.7.2 Responsible Competitiveness Strategies: Strategies that aim to enhance productivity by shaping business strategies and practices, and the context in which they operate, to take explicit account of their social, economic and environmental impacts (Caroll, 2010).

1.7.3 Corporate Social Responsibility: CSR refers to the firm’s consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm (Mackey, 2007).
1.8 Chapter Summary

This chapter has provided a general introduction for the proposed study as well as an explanation of basic terms used in the study and what they mean. The chapter has also provided a background contextualizing the main issues in CSR practice and strategic importance for companies. The chapter has also scanned the Kenyan corporate citizenship as practiced by the private sector with a view to providing a brief overview of the main focus of the study. The chapter has introduced the study variables and analyzed the problem that precipitates the need for conducting this study as well as the significance it will have in the society, to other scholars, and policy makers.

Chapter two provides literature review on the main research questions of the study. This chapter will critically analyze the theories related to CSR as a strategic tool for organizational long-term competitiveness. Chapter three will provide an explanation of the proposed research design and methodology. The chapter will also provide an explanation for the target population and the reasons for focusing on the defined study scope as well as detailing the sampling procedures and sample size. It will also document the quality measures that will be upheld to make the study useful to the researcher and any other interested party present and in the future. Chapter 4 will provide the results and findings, the objective is to present and explain the data rather than draw interpretations or conclusions. The findings are presented and analyzed on the basis of the research questions, specific objectives or hypotheses. Chapter 5 will talk about the discussion, conclusion and recommendations of the findings obtained from the research.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter delves in critically analyzing the theories related to CSR as a strategic tool for organizational long-term competitiveness. The literature also focuses on specific CSR concepts that can enhance corporate competitiveness through CSR programs. The evolution of CSR philosophy has also been analyzed to give a historical view of the advancement of CSR practices around the world.

2.2 Examine the Role of CSR in Creating Customer Satisfaction

Boshoff and Gray (2014) said that satisfaction is not inherent in the product or the service itself but, instead, satisfaction primarily consists in the consumer’s perceptions of the attributes of the product or service as they relate to that individual. Thus, different consumers will express different levels of satisfaction for the same experience or service encounter (Ueltschy, 2010). In the marketing literature, customer satisfaction has been recognized as an important part of corporate strategy (Fornell, 2011). It is also a key driver of firm long-term profitability and market value (Oh, 2013). Thus, it is expected that CSR can be positively related to customer satisfaction.

Corporate social responsibility (CSR) has primarily been treated as a corporate issue. The majority of the literature on this topic takes a management perspective. It discusses how companies can best respond to specific demands of largely external stakeholders, which CSR initiatives enhance corporate performance, and what motivates companies to become engaged in CSR. A survey shows that 76 percent of executives believe that CSR contributes positively to long-term shareholder value, and 55 percent agree that the sustainability helps their companies build a strong reputation. In addition, the degree of CSR level can display the whole performance of the company and what kind of this company is. It is very popular international tide and economy ways. Indeed, CSR efforts are driven not just by ideological thinking that corporations can be a powerful and positive force for social change, but more by the multi-faceted business returns that corporations can potentially reap from their CSR endeavors (Ueltschy, 2010).
2.2.1 Customer Satisfaction

Luo (2015) studies show that CSR leads to customer satisfaction and satisfied customers come back to the business and give financial return to CSR. However, their study also found out CSR reduces customer satisfaction for those firms with less innovativeness and hence affect the firm’s financial performance. Although public opinions survey shows that consumers prefer to choose green product over the other product which is less environmentally friendly. Most consumers will not choose green product and sacrifice their needs. In order for consumers to choose green product the product must be convenient, affordable price, quality. Then only customers are satisfied. In order to attract the customers many companies are being socially responsible, every company is publishing CSR report on their websites (Ginsberg & Bloom 2014). The consumers will support the firm that engages in CSR if only they will receive something in return (Green, 2011).

Ochoti (2013) research shows that spending huge amount of money on CSR initiatives is expected to increase customer satisfaction and build competitive advantage. Whereas, Mylonakis (2009) survey shows that spending huge amount on CSR programs do not lead to customer satisfaction and banks are not getting increased satisfied customer by investing in these programs. Besides making profit to shareholders CSR have positive influence on customer’s satisfaction and loyalty. Organization that focuses on making profit for shareholders cannot lead to customer satisfaction. CSR initiatives affect customer satisfaction and loyalty (Onlaor & Rotchanakitumnuai, 2010). Meijer and Schuyt (2010) study shows that Dutch consumers consider CSR as a hygiene factor and from the research they found that corporate social performance of companies does not motivate Dutch consumers to buy a product.

2.2.2 Business Value

The concept of creating business value was suggested by Wheeler (2013) who came up with a simple framework for the creation of value. They reconciled the concepts of corporate social responsibility and sustainable development (or sustainability) with a stakeholder approach. They held that the reputational and brand value were good examples of intangible value. However, they failed to relate them to economic value over the long term. Nonetheless they came up with a business model in their value creation approach, which embraced the concepts of CSR, sustainability and the stakeholder theory.
(Wheeler, 2013). Porter and Kramer (2006) claimed that the solution for strategic CSR lies in the principle of ‘shared value’. According to Porter and Kramer (2011), the businesses realized that they may be in a better position to understand the true bases of company productivity and the ability to collaborate across profit and non-profit boundaries as they appreciate societal needs. The efficient processes are aimed at adding value to the firm itself.

The authors went on to say that shared value creation focuses on identifying and expanding the connections between societal and economic progress. A shared value proposition requires particular areas of focus within the businesses’ context (workplace) as well as looking after society’s interests (comprising the environment, marketplace and the community) for the firm’s self-interest. The enterprise’s performance must be continuously monitored and evaluated in terms of its economic results. Creating Shared Value (CSV) is about embedding sustainability and corporate social responsibility into a brand's portfolio.

### 2.2.3 New Business Opportunities

Porter and Kramer (2011) held that this new approach sets out new business opportunities as it creates new markets, it improves profitability and strengthens the competitive positioning. Crane and Matten (2011) admitted that Porter and Kramer (2011) have once again managed to draw the corporate responsibility issues into the corporate boardrooms. Crane and Matten (2011) had words of praise for the ‘shared value’ approach as they described the term as compelling and endearingly positive. Kramer (2012) reiterated that ‘shared value’ is focused on corporate strategy and the decisions individual companies make in pursuit of organizational performance and profit.

According to Sen, Bhattacharya and Korschun, (2010) people who were aware of the company CSR initiative were ready to purchase the product, look for the employment opportunities and have positive attitude towards the company than the people who were unaware of the initiative. Poolthong and Mandhachitara (2009) argue that when it is difficult for customers to evaluate which product/service is good, company involvement in CSR plays a positive role to attract customers. Peloza and Shang (2011) studies show that CSR initiatives leads to customer loyalty, customer willing to pay premium price, it also reduces its reputational risk in period of crisis. As a result it increases the profit of the firm. CSR has been beneficial to the companies that involve in socially responsible
activities. The benefits are consumers have positive impact about the product and brand, brand loyalty and commitment, brand recommendation and increase in companies’ market value (Assiouras, 2011). Since FedEx found out that customers are attracted towards the company that practices CSR it began to use the jet that consumes less fuel and currently they use hybrid vehicles and less energy consuming vehicles (Lamb, 2012).

2.2.4 Organization and Customer Relationship

The positive influence of CSR are that it creates a feeling on customer that they are being part of society when consuming the service, it create a strong relationship between the customer and the organization, and consumers view those company as more valuable than those company who are not socially responsible. (Ochoti, Muathe, Ronoh, Maronga & Ochoti, 2013). In a survey done 83 percent of the respondents answered that they prefer to buy environmentally safe products and 79 percent said their purchasing decision depends on how is the firm’s environmental reputation among the public (D’Souza, 2011).

Many studies have shown that CSR initiatives have a positive influence on consumer’s response to products and services (Onlaor & Rotchanakitumnuai, 2010). CSR plays a vital role in creating image of the firm among customers. CSR have a positive impact on customer satisfaction and can help organization to build reputation and brand equity (Saeednia & Sohani 2013). Though current benefits may be very few but as the customers become aware of the firms social and environmental effects the importance of CSR will increase. Firms who implement CSR effectively will be able to make informed decision (Stawiski, Deal & Gentry 2010). More customer satisfaction means more cash flows leading to high market value. CSR affects customer satisfaction which in turn affects market value (Luo & Bhattacharya 2009). In a survey done ninety one percent of the American says they have positive image towards the company that supports a cause, compared to eighty four percent in 1993. 86% percent of American is likely to switch brand, price and quality being same if the company is supporting the cause (Cone, 2009).

2.3 Examine the Effects of Undertaking CSR Initiatives on the Organization’s Market Share

The business or strategic case for CSR (doing good in order to make a profit) has recently become more pronounced. Proponents of the business case affirm that engaging in CSR can set a company apart from its competitors. As the preferences of employees,
consumers, and shareholders are changing, the economic value of CSR has increased: “Consumers are demanding more than ‘product’ from their favorite brands. Employees are choosing to work for companies with strong values. Shareholders are more inclined to invest in businesses with outstanding corporate reputations” (Starbucks, 2011).

2.3.1 Increase market share

Market share growth is premised on a company attaining a relative competitive advantage (Porter, 1985). Market share depends on the internal organization of a firms’ marketing department, coordination of its activities, quality of information and communication technology, procurement system, quality of human resource capital and how they interact and impact on the cost and differentiation (Ojung’a, 2007). Market share is calculated as the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period (Dorothy, Alila & Omosa, 2007)

Potential explanation for a positive associate between CSP and CFP is that CSR programs are revenue generators Orlitzky (2008) especially in the long run either through an increased customer base or an ability to increase prices. Evidence from the Corporate Social Responsibility Perceptions Survey in 2010 supports this claim. Conducted by the research-based consultancy Penn Schoen Berland with brand consulting firm Landor Associates and strategic communications firm Burson-Marsteller, the 2010 survey was based on 1,001 online interviews with U.S. consumers. The results indicated that American consumers are willing to pay a premium for goods from socially responsible companies, with 70 percent saying they would pay more for a $100 product from a company they regard as responsible (Crane, 2010).

2.3.2 Increase Customer Base

Customer base is also potentially increased with CSR practice, which generates increases in sales. Cone Communications (2010) surveyed 1,057 US consumers and found that “80% are likely to switch brands, similar in price and quality, to one that supports a cause. Referring back to Maslow’s Hierarchy of Needs theory, consumers want more from a corporation than a product; they derive self-concept from their membership in social groups. What a person chooses to consume affects his/her identity, so consumers
can improve their own identity and reputation by identifying with a corporation’s commitment to CSR initiatives. By giving consumers more of a reason to identify with a reputable brand, corporations can benefit with an increase in market share, and ultimately a boost in sales revenue (Sheinin, 2012). However, one limitation is that the implementation of CSR initiatives may be coupled with increased prices, so customer base can potentially decrease if less people are willing to buy the products at a premium, despite the added value of CSR programs (Porter, 1985).

Drucker (1973) argued that the purpose of a business is to create a customer. A customer cannot be created or retained, however, unless the business has a connection with the community to which the customer belongs. Globalization has enabled corporations to reach more customers worldwide, although it has caused its relationships with communities to weaken. I will now argue that integrated CSR programs can not only help corporations reach even more customers, but also help strengthen firms’ relationships with the communities to foster long-term economic value to both parties, and thus solve the problem globalization has created for companies. Companies can do this by expanding their view of CSR from doing good to creating shared value.

2.3.3 Increase Brand level

CSR and branding have a number of linkages, specifically through trust, corporate reputation and consumer attribution. Gurhan-Canli and Fries (2009) developed a corporate social responsibility and brand-related outcomes model. Gurhan-Canli and Fries (2009) suggest that both consumer characteristics, such as awareness of CSR programmes and personal judgment and company characteristics such as reputation are factors influencing branding outcomes. The branding outcome would include evaluation of the company, brand and product, in which brand trust would be considered. Fit between the CSR activities and the company and brand itself also impacts on the way consumers perceive the CSR activities (Ellen, 2010; Yoon, 2009). Delgado-Ballester and Munuera-Aleman (2010) suggest that brand equity can be developed through brand trust. Brand trust must be maintained not only to foster consumer loyalty and brand equity, but to create a sustainable competitive advantage (Delgado-Ballester and Munuera-Aleman, 2011). The awareness of CSR in general provides influence on attitude, attribution and purchase decisions (Pomering & Dolcinar, 2009). Similarly, Maignan (2001) suggests further study to identify at which point
consumers are aware of the CSR efforts a company has undertaken. This is associated with leadership ability in the corporation and the need to communicate CSR activities (cause marketing included) while developing an appropriate direction or strategy (Murillo & Loranzo, 2009). Marin and Ruiz (2007) suggest CSR has direct influence on a company’s identity attractiveness; this identity can both attract new consumers and influence marketing power for that company. Attractiveness is strongly affiliated with the awareness of a specific brand.

Consumers evaluate companies as well as products in terms of CSR, whereby negative CSR associations are more influential and have a more detrimental effect than positive ones. However, positive associations do boost company and product evaluations. The influence of CSR on consumers’ purchase intentions is more complex than previously thought, in that CSR can affect purchase intentions directly or indirectly (Pomering & Dolcinar, 2009).

**2.3.4 Creates Business Stability**

Communication of CSR is vital in order to create and sustain desired reputational effects (Scholder, Webb, & Mohr, 2014). Regardless of what type of CSR activities a firm applies, it will contribute to their reputation for better or worse. A firm’s reputation can enhance its value offering (Melo, 2012) thus positively affect customer purchase decisions if CSR communications are correctly applied (Lev, et al., 2011). Due to this reputational effect firms would benefit from understanding in what way reputation could support their strategic intent (Sheinin, 2012). If a firm commits some positive act in course of their normal business activities, then the outcome of these activities can be enhanced if the firm also undertakes CSR.

This is mostly achieved through improved brand perception from customers (Gadenne, et al., 2009). In situations where a firm is not yet recognized for some particular deed, then it is said that all advertising regarding CSR purpose enhance a firms brand recognition and spills over into other areas (Hill, et al., 2011). For example firms’ that carry environmentally improved products or engage in cause-related marketing are subject to create CSR associations that enhances their product or brand perception from their customers (Hill, et al., 2011).
Schneder (2012) demonstrated a clear expectation from the public that firms should place special emphasis on CSR related areas of focus such as social and environmental issues, and in doing so the findings were that the firm would as a result be better ‘supported’ as a result. This demonstrates broadly that firms can use formal CSR initiatives to support this type of PR and achieve results for it in terms of business growth and establishing brand equity (Loranzo, 2009).

Maignan and Ferrell (2010) also highlight the importance as a priority of marketing these to consumers, particularly in new markets that it would like to access, becomes all the more important for a company. In this regard, effective CSR programs and effective promotion and publicity for them could be nearly considered a prerequisite entry path into a new market (Maignan & Ferrell, 2001). The ‘entry point’ motivation is also made clear in Schuler and Cording (2009) who examined the likelihood of consumers to ‘support’ one firm above others, with the finding that companies with more active and publicized CSR initiatives are more in the forefront of consumer choice and as a result become the default or ‘rational’ choice (Schuler & Cording, 2006).

2.3.5 Access of New Markets

It helps firms use CSR as a tool for strategic global business expansion is by way of influencing the consumer’s thought process, through information, for purchasing and as a result influencing their view of the company’s product or service quality and therefore directly influencing their purchasing behavior. Equally, a lack of ‘information’ or marketing influence on the consumer as to a firm’s CSR programs can serve to hinder that process, so it can be seen to work both ways (Thompson, 2010). This point is further emphasized with the assertion that in order to steer consumers towards a firm and influence the complex decisions behind this, it is the role of the firm’s marketing department to educate the target consumers not only about the firm’s products but also the CSR initiatives and the value that these bring to the environment with a particular emphasis on the environment local to that specific consumer. This requirement for the tool of CSR is driven by consumers becoming progressively more sophisticated, and able to process such messages as increased access to changes in social environments, and because of this they have "become more knowledgeable about market offerings” (Post, 2012).
A company’s CRS initiatives can be deployed as a means to accessing new markets is the consumer response to having this ‘marketed’ to them. On an elementary level, the consumer response to promotion of CSR efforts seems to be mixed, with Auger’s highlighting of the lack of consumer understanding or appreciation of the ethical or CSR background of the companies they purchase from, and as a result could be seen to be somewhat indifferent to the presence of them (Ochoa, 2008). Similarly, Schultz and Morsing’s study that was carried out in the same year as Auger’s work was published drew a negative connection between the promotion of CSR initiatives to consumers, and their buying habits. This is despite the fact that there was acknowledgement that the consumers, without CSR, could actually be lacking in "any detailed knowledge about a firm’s CSR activities" (Pomering & Dolcinar, 2009).

2.4 Establish the Effect of CSR Initiatives on Stakeholder Engagement

Numerous definitions of a stakeholder exist. According to Friedman and Miles (2006), there are more than 55 definitions. The most prevalent definition is Freeman’s (1984), which states that a stakeholder is “any group or individual who can affect or is affected by the achievement of the organization’s objectives.” Stakeholder engagement is one of the most important aspects in CSR. Stakeholders are closely linked to organizations and companies CSR strategy. Corporate social responsibility aims to take into consideration the interest of its stakeholders groups. It has been stated, that effective stakeholder management is one of the key reasons on how to successfully implement CSR (Dobele, 2014). When companies are implementing stakeholder strategies in a right and efficient way they can bring many benefits to a company but if the organization under-engage, they can also cause lots of damage.

2.4.1 Value Creation

This study aligns with the assertion that social expectations regarding an organization’s strategic CSR are derived from its stakeholders. These expectations are constantly changing and if organizations are to be sustainable, they need to adopt a stakeholder orientated approach to develop effective CSR strategies (Sun, 2010). A CSR strategy involves developing objectives, policies and plans to define how an organization will generate profits and act ethically in the way it i) contributes to society; ii) impacts on the environment and; iii) relates with its stakeholders (De Sousa et al 2010). To this end,
Organizations integrate CSR as part of employee learning programmes, human resource policies and plans (Fenwick & Bierma 2008).

Organizations demonstrate this commitment through, for instance, health and safety programmes and employee-volunteer programmes et cetera. Benefits of this approach include organizations being better able to attract and retain talent and improve employee morale (Evans, Davis & Frink 2011). Due to this growing trend, organizations are measuring and publically reporting their employees’ wellness and volunteer programmes via their websites together with annual and sustainability reports (Nord & Fuller 2009).

2.4.2 Knowing the Social Responsibilities

For many reasons, organizations respond to numerous stakeholders in different ways. By building relationships with stakeholders, organizations are able to understand their social responsibilities, which is critical for maintaining their social license to operate. An organization’s legitimacy is based on society’s perceptions, and how it accommodates requests regarding CSR issues (McShane 2010). Additionally, stakeholder engagement allows organizations to better anticipate social, political, economic and technological trends and changes and make use of any related opportunities to enhance their competitive advantage (Russo & Perrini 2010). An organization needs to understand its environment to identify threats and opportunities that could arise, so that it can adapt and secure its long-term survival. Stakeholder engagement helps organizations anticipate social, environmental and political risks and create mutual value for all stakeholders (Moan et al 2009).

Stakeholders are considered to have inherent value, irrespective of their ability to help the organization maximize profits (Miles 2009). As such, this approach argues that one stakeholder group cannot take precedence over another, because each stakeholder has intrinsic worth (Freeman, 2010). Therefore, this perspective adopts a broad approach to the identification of stakeholders and the inclusion of their interests in the design and development of an organization’s strategy (Ochoa 2008).

2.4.3 Creates Company Strategies

Mainardes (2011) asserts that organizations engage in stakeholder management to maximize profits. Accordingly, an organization will identify and prioritize stakeholders, based on their ability to further the organization’s objectives (Crane 2012). This
perspective considers CSR and stakeholder involvement as a tactical tool to advance organizations’ economic goals (Evans et al. 2013). Secondary stakeholders are involved in so far as they can help the organization anticipate future opportunities and threats and thereafter, devise new strategies for survival (O’Higgins 2010).

If organizations are to be sustainable, they are at least to some extent, compelled to develop policies and practices that are ethical and build relationships with their stakeholders based on trust and cooperation. Organizations that do so will have improved reputation, giving them a competitive advantage (Campbell, 2007). Ultimately, organizations may blend the various stakeholder approaches, depending on the circumstances and underlying reasons for engagement (Freeman, 2010).

2.4.4 Employees Involvement

Employees, the human element of an enterprise, are a vital resource for strategy implementation and one of the key stakeholders in any organization (Lee and Miller 1999). Stakeholder engagement is defined as, the series of actions that an organization adopts aiming to positively involve stakeholders in its activities (Greenwood 2007). Almost half of the world’s largest companies believe employee motivation is a key driver when it comes to CSR (Phillips, 2010). While an employee is an expensive resource for the corporation he/she is considered a valuable stakeholder. The value of the employee is in his/her competence. If an organization does not treat employees well and promote responsibility towards them and society, it may risk losing their competence. Davenport (2000) Graves and Waddock (1994) and Wood (1991) consider CSR initiatives towards employees as practices providing a family-friendly work environment; engaging in responsible human resource management; providing an equitable reward and wage system for employees; engaging in open and flexible communications with employees and investing in employee development.

Post (2012) advised that firms develop specific human capital as a resource of competitive advantage. In addition, they showed that committed employees can help to achieve a firm’s goals. Furthermore, Cohen (2011) explained that managers and workers determine the work quality that expresses the competitive advantages. The section following focuses on employee contributions to CSR, their commitment to employee development as CSR relations, and employee contribution increases for firm performances. Sri Lankan organizations are legally committed to protect their employees
and employers as a result of the Shops and Offices Employees Act of 1954, the Maternity Benefits Ordinance, the Employees Provident Fund and the labor law. Even though these ordinances are implemented for the benefit of employees, voluntary commitments are also expected from organizations by their employees. Organizations commit to their employees by implementing number of social activities.

2.4.5 Community Engagement

CSR also enhances community engagement. Community is generally defined as a group of people sharing a common purpose, who are interdependent for the fulfillment of certain needs, who live in close proximity and interact on a regular basis (Korhonen, 2013). Community is the second most important driver of employee engagement, and a company's reputation for social responsibility is also among the top 10 drivers (Towers Perrin, 2009).

Companies consider the public when they assess their social activities (Community Glossary, 2009). The community element is one of the major aspects of CSR that has been categorized according to sub-elements such as education, health, housing and security Barton (2007). Unlike the employee, customer and environment categories, this is a more important category for organizations because all stakeholders are members of the public. Lesser (2001) showed that as firm grow in size, geographical scope, and complexity, they pay special attention to support of communities of practice that could improve the firm’s performance.

Further, Husted (2003) demonstrated that when the companies focus their social actions on communities in and around their area of operation, they reap the benefits of a socially responsible image among employees and the local community. In contrast to this, however, Berman et al. (2010) suggested that past evidence shows a negative relationship between CSR and the community and CP.

2.5 Chapter Summary

This chapter has reviewed the evolution of CSR and explained how CSR can be used as a competitive strategy. Remarkably, all of these CSR perspectives can be used to describe how companies are actually managing their businesses to enhance competitiveness. Most of these theories are normative in nature. The review has shown that increasing number of the businesses intrigued to adopt the corporate social responsibility as a strategy for
competitiveness. The corporate social performance is related to sociology, the shareholder theory to economic theory, the stakeholder theory is rooted in several ethical theories and the corporate citizenship came from the political concept of the political citizen. The concept of creating shared value seems to be integrating many perspectives. This chapter has explained the evolution of the notion of CSR, and how it has transformed and adapted itself to reflect societies’ realities over the years.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the research design, the population, sampling design, sampling frame, sampling techniques, sample size that will be used in the study, the data collection instruments, and the data collection methods and procedures. Data analysis and presentation methods to be used in the study are also discussed.

3.2 Research Design

This study will adopt a descriptive survey design in addressing the research problem. According to Upagade & Shende (2012), research design can be described as the arrangement of stages in research from collection and analysis of data in a manner that aims at combining relevance to the research purpose while maintaining economy in procedure. Descriptive survey can be described as a method of gathering information by interviewing or administering a questionnaire to a sample of individuals in the target population (Orodho, 2003). This approach can be used when collecting information on peoples’ attitudes, opinions, habits or any other social issues. Sekran & Bougie (2011) asserts that descriptive study has several advantages like; it helps in understanding the characteristics of a group in a given situation, assists in systematic thinking about aspects in a given situation.

Alongside the descriptive design the methodology for this study will be carried out in several ways. First, research was accumulated by reviewing past research on CSR, including scholarly articles, journal articles and other findings on CSR. Articles concerned with CSR’s effect on a company’s reputation and competitiveness, and views both in favor and in opposition of CSR will be used. Research on industry standards, minimum governmental requirements, and local and international requirements will also be considered.

Second, company reports and websites from Chandaria Group will be used to conduct a case study on Chandaria Group’s CSR strategy, which will encourage an accurate understanding of the company’s approach to CSR. Third, a survey will be carried out to be applied to Chandaria market definition specifically its distributors which will collect
data on the company’s competitiveness. This will be also to gain an understanding of Chandaria Group’s positioning in consumer’s views.

### 3.3 Population and Sampling

Mugenda (2005) describes target population in research as the number of individuals, who a researcher is interested in describing and making statistical inferences about. Also population can be described as a group of individuals, objects or items from which samples are taken for measurement, or, the entire group of persons or elements that have at least one thing in common. The study targets the Chandaria Group of companies as a case study. The study will focus on the staff of Chandaria Group at two levels namely: Public relations staff, and the customer base represented by its key distributors. The composition of the target population is tabulated below.

#### 3.3.1 Population

Kothari (1986) defined research population as a group of persons, objectives, or items possessing common characteristics and identified for the study. The study targets 20 public relations staff working at the Chandaria industries ltd. The study will also target the main customers of Chandaria industries who are their main distributors. According to the company’s 2015 report the company has 100 main distributors and 100 company’s staff entire departments and company staff with relevant functions.

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chandaria staff</td>
<td>100</td>
<td>50%</td>
</tr>
<tr>
<td>Distributors</td>
<td>100</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

#### 3.3.2 Sampling Design

A sample must be carefully selected to ensure that it is representative of the population and the researcher also needs to ensure that the subdivisions entailed in the analysis are accurately catered for. To ensure fair representation and generalization of findings to the general population in the study, stratified sampling method will be used; specifically random stratified sampling technique. This method is preferred since it facilitates the subdivision of the population according to inherent similarities. According to Mugenda and
Mugenda (2003) a sample size of between 10% and 30% is a good representation of the target population.

3.3.2.1 Sampling Frame

The selection of a sample from a defined target population requires the construction of a sampling frame. The sampling frame is commonly prepared in the form of a physical list of population elements (Ross, 2009). A well-constructed sampling frame allows the researcher to ‘take hold’ of the defined target population without the need to worry about contamination of the listing with incorrect entries or entries which represent elements associated with the excluded population. Generally the sampling frame incorporates a great deal more structure than one would expect to find in a simple list of elements. The sampling frame of the study will be the official Chandaria Group annual performance report of 2015. This ranking report was comprehensive and accurate since it had been prepared for the purpose of announcing the performance of the Chandaria Group performance for its entire portfolio. The researcher is convinced that this sampling frame is complete and considers it because it indicates the entire departments and company staff with relevant functions stated. Based on this report, sampling frames will be constructed with 100 company’s staff and 100 distributors.

3.3.2.2 Sampling Technique

The researcher will use a random sampling method to draw the sample for the Chandaria Groups personnel from the four departments of finance, marketing, human resource and public relations. The study will pick two (2) personnel from the 3 department and four (4) personnel in public relations department since it’s the department that deals with CSR programs at the Chandaria group. The study will also cover the finance, marketing and strategic managers of the Chandaria Group as Key informants. The study will also randomly select a sample of distributors who serve as the company’s customer base to participate in the study. A sample has been preferred for the study since it will provide proper representation of the sample according to Parker, Shroeder and Fairfield (2012), recommends that chances of capturing data on small but critical themes like the unique and virtually impossible to imitate competitive edge created by CSR should be maximized through random samples. In addition four managers will be selected as a way
of covering more information through qualitative means as done in other past similar studies (Kidombo, 2007; Tzafrir, 2006).

The selected managers will be: Heads of Finance, Public relations, Marketing and strategy and Human Resource. These four managers will be picked because they are the main custodians of the information which will be needed for the study such as market size and financial records (Fathi, ESE and Goh 2011). Two of these departments also interact a lot with the customers during various activities such as strategy and marketing of products and have thus observed a lot of the issues that the interview schedule purposed to collect (Fwaya, 2006). These managers operate at the core functions of the firm such as in handling finance and performance. They thus operate at the business, strategic and functional levels (Fathi, Eze, and Goh, 2011; Byne and Lee, 2011) have also used this approach in their studies successfully. A sample size of the 4 managers will be used for the in depth interview as recommended by Depaulo (2011). Mason (2010) further state that a small sample key informant is appropriate.

3.3.2.3 Sample Size

Stoker (1989) noted that the total sample size is usually determined by the sample size required for the smallest subgroup, which should be 50 to 100 respondents. He adds that in practice sample size is usually determined by practical considerations such as cost and time, and that the researcher has to adapt his sampling procedure to these constraints. Ruddick, Sherwood and Stevens (1983) give the following rules of thumb: No sample should be less than 40. However, one obtains diminishing returns when sample size increases beyond about 300. Eldred (1987) suggests that for most types of property marketing research, samples of 100 to 200 persons are sufficient to yield useful results.

Sixty seven respondents will form the sample size of the company’s distributors from which inferences from the population will be drawn. Yamane (1967) statistical formula will be used to derive the sample size from the staff and distributors of the Chandaria Company.
Yamane (1967) statistical formula

\[ n = \frac{N}{1 + (N) \times (E \times E)} \]

\( n \) – sample size,

\( N \) - Size of population,

\( E = 0.1 \), at 90% confidence level

Thus,

\[ n = \frac{200}{1 + 200(0.1 \times 0.1)}; n = 67 \]

The table below outlines the sample size of this study at table 3.2

**Table 3.2: Sample Size Distribution**

<table>
<thead>
<tr>
<th>Category</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Staffs</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>Public Relation Department Staffs</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>Finance Department Staffs</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>Marketing Department Staffs</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>Human Resource Department Staffs</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>Main Distributors</td>
<td>67</td>
<td>84%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Methods

The study will use both secondary and primary data in addressing the research objectives. Secondary data will be obtained from the journals, publications and articles related to the research topic while primary data will be collected through questionnaires which will contain questions designed to collect data in accordance with the research questions. The questionnaire will be drafted to contain both open and close ended questions. There will be two sets of questionnaires; one for the company staff dealing with CSR issues within the company and the other one for distributors who will provide information regarding market and consumer views. In case of the close ended questions, a five-point Linkert-type scale, ranking from 1 (Strongly disagree) to 5 (Strongly agree) will be used for all the constructs with 5 being the strongest or highest. The use of questionnaires is preferred
as they offer an effective way of collecting information from a large sample in a short span of time and at a reduced cost. Questionnaires will be used because each respondent is capable to receive the same set of questions in exactly the same way. The questionnaire will have open ended questions to allow respondents to express their opinions.

3.5 Research Procedure

The questionnaires will be issued to the respondents by the researcher through an informal self-introduction. The questionnaires will be accompanied by a questionnaire forwarding letter and an introduction letter from the University. Follow ups will be made and the fully completed questionnaires will be picked from the respondents by the researcher.

The questionnaire will be designed by the researcher based on the research objectives and will be pilot tested to refine the questions before it can be finally be administered to the selected sample. The pilot test will be of help in detecting weaknesses in design and instrumentation and to provide proxy data for selection of a probability sample. Mugenda and Mugenda (2003) assert that, the accuracy of data being collected largely depends on the data collection instruments in terms of validity and reliability.

Somekh and Cathy (2005) describe validity as the degree by which the sample of test items represents the content that the test is designed to measure. Content validity is a measure of the degree to which data collected using a particular instrument represents a certain domain or content of a particular concept. In this regard therefore expert opinion will be requested on the representativeness and suitability of questions and possible corrections will thereby be effected. To establish the validity of the research instrument the researcher will seek opinions of experts in the field of study especially the lecturers in the departments of business and strategic management studies. This will help to improve the content validity of the data that will be collected. It will further facilitate the necessary revision and modification of the research instrument thereby enhancing validity.

According to Mugenda (2008) reliability is increased by including many items on a measure, by testing a diverse sample of individuals using uniform testing procedures. The researcher intends to select a pilot group of 15 individuals from the target population to test the reliability of the research instruments. To test the reliability of the instruments,
internal consistency techniques will be applied using Cronbach’s Alpha. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates acceptable reliability and 0.8 or higher indicated good reliability (Mugenda, 2008). However, the pilot data will not be included in the actual study.

3.6 Data Analysis

Both quantitative and qualitative methods of data analysis will be used in analyzing data in this study. The quantitative analysis will mainly focus on using descriptive and inferential statistics. According to Trochim (2006) descriptive statistics are used to describe the basic features of the data in a study or survey. This is because they provide simple summaries about the sample and the measures. This will be done together with simple graphics analysis which forms the basis of virtually every quantitative analysis. The Statistical Package for Social Sciences (SPSS version 21) program will be used to generate the frequencies, means, and percentages of the responses. Such frequencies and percentages are crucial in drawing graphs and charts. Quantitative Content analysis will also be used to address the qualitative information obtained from key informants. According to Hsieh & Shannon (2005) qualitative content analysis is preferred as it allows researchers to understand social reality in a subjective but scientific manner. The results will be presented using tables and charts to give a clear visual impression of the research findings at a glance. Inferential statistics will involve ANOVA and regression analysis.

This study will adhere to the appropriate research procedures and all sources of information will be acknowledged will relevant referencing. Before the questionnaire is administered, consent will be sought from the respondents. The respondents will be informed of their right not to participate in the survey. Full confidentiality will be maintained especially when dealing with questionnaires and the identity of the respondents. Personal information will not be required from the respondents.
3.7 Chapter Summary

This chapter has provided an explanation of the proposed research design and methodology. The chapter has also provided an explanation for the target population and the reasons for focusing on the defined study scope as well as detailing the sampling procedures and sample size. The chapter also documents the quality measures that will be upheld to make the study useful to the researcher and any other interested party present and in the future.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter addresses the results and findings on the impact of corporate social responsibility on corporate competitiveness a case study of Chandaria Industries Limited. The findings are based on the responses from the questionnaires filled and information gathered on the research objectives. The first research determines the role of CSR in enhancing customer satisfaction. The second objective explained the effects of undertaking CSR initiatives on the organization’s market share, and the third objective is to establish the impact of implementing CSR initiatives on stakeholders’ engagement.

Table 4.1: Response Rate Analysis

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Respondents</th>
<th>Response</th>
<th>Response Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Staffs</td>
<td>4</td>
<td>3</td>
<td>75%</td>
</tr>
<tr>
<td>Public Relation Department Staffs</td>
<td>4</td>
<td>2</td>
<td>50%</td>
</tr>
<tr>
<td>Finance Department Staffs</td>
<td>2</td>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>Marketing Department Staffs</td>
<td>2</td>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>Human Resource Department Staffs</td>
<td>2</td>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>Main Distributors</td>
<td>67</td>
<td>55</td>
<td>60%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>66</strong></td>
<td><strong>81%</strong></td>
</tr>
</tbody>
</table>

As demonstrated in the study 81% of the target respondent’s responded to the study while 19% did not respond. Thus, the response rate was representative enough to answer the research objectives.

4.2 Demographic Analysis
This section analyzed the general information of the respondent.

4.2.1 Staff and Main Distributors
This section analyzed Chandaria staff as well as the main distributors. The demographic section was organized as follows: number of years the respondents has participated in the company, designation of the respondent, level of education and stakeholder category.
4.2.1.1 Years Participated in Chandaria Industry

The results on number of years participated in Chandaria Industry revealed that 46% of respondent participated between 3-5 years, 32% of respondents participated between 6-10 years, and 16% of responded were over 10 years. The results showed that a large number of respondents have experience and knowledge of Chandaria industry as indicated in Table 4.2.

Table 4.2: Years Participated in Chandaria Industry

<table>
<thead>
<tr>
<th>Number of years Participated in Chandaria Industry</th>
<th>Data Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>3-5 years</td>
<td>20</td>
</tr>
<tr>
<td>6-10 years</td>
<td>14</td>
</tr>
<tr>
<td>Less than 2 years</td>
<td>3</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
</tr>
</tbody>
</table>

4.2.1.2 Designation of the respondent

The findings on figure 4.1 illustrated that 23% of respondents were Distribution personnel, 20% of the respondents Marketing Personnel, 16% of respondents were accountants and marketing managers, 8% were PR managers and HR personnel, and 5% of respondents were financial managers. The findings indicated that most respondents had high level of responsibility in their respective organization.

![Designation of Respondents](image)

Figure 4.1: Designation of Respondents
4.2.2.2 Level of Academic & Professional Education
This section analyzed the level of academic and professional education of respondents. The results discovered that 60% of respondents hold a bachelor’s degree, 10% of respondents were graduates and 20% of respondents were holding a diploma. The results are indicated in Figure 4.2.

![Figure 4.2: Academic & Professional Qualification](image)

4.2.2.1 Gender
This section analyzed the gender of the individual investors, the results revealed that 55% of respondents were male and 45% of respondents were female. That reveals that most of the respondents were male as indicated on Figure 4.3.

![Figure 4.3: Gender Distribution](image)
4.3 Role of Corporate Social Responsibility (CSR) in Creating Customer Satisfaction

This section aimed at examining the role of CSR in creating customer satisfaction. This was measure by variables such customer satisfaction, business value, new business opportunities and organization and customer relationship.

4.3.1 Customer Satisfaction

This section analyses how CSR leads to customer satisfaction. Customer satisfaction relates to how a company product meets customers expectation Luo (2015). The findings revealed that 55% of respondents strongly agreed that customer prefer green products. However 50% of the respondents strongly disagreed CSR reduces innovativeness. Moreover 51% of the respondents agreed that green products should be convenient, affordable and have good quality for customers to buy. Additionally 70% of the respondent strongly agreed that consumers expect something in return from the company when they engage in CSR. Lastly 64% of the respondents strongly disagreed that spending huge amount of money in CSR attracts customers. The findings reveal that most respondents perceive the CSR leads to customer satisfaction. The findings are indicated in Table 4.3

Table 4.3: Customer Satisfaction

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Customers prefer green products</td>
<td>11 (16%)</td>
<td>6 (10%)</td>
<td>3 (5%)</td>
<td>9 (14%)</td>
<td>36 (55%)</td>
</tr>
<tr>
<td>CSR reduces firms innovativeness</td>
<td>27 (41%)</td>
<td>33 (50%)</td>
<td>-</td>
<td>5 (7%)</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>Green products should be convenient, affordable, and have good quality for customers to buy</td>
<td>9 (14%)</td>
<td>3 (5%)</td>
<td>-</td>
<td>34 (51%)</td>
<td>20 (30%)</td>
</tr>
<tr>
<td>Consumers expect something in return when engaged in CSR.</td>
<td>1 (2%)</td>
<td>5 (9%)</td>
<td>-</td>
<td>13 (20%)</td>
<td>46 (70%)</td>
</tr>
<tr>
<td>Spending huge amount of money in CSR attracts customers</td>
<td>42 (64%)</td>
<td>17 (26%)</td>
<td>5 (8%)</td>
<td>-</td>
<td>1 (2%)</td>
</tr>
</tbody>
</table>
4.3.2 Business Value

This section analyses how CSR increases the business value. Wheeler (2013) explains business value as the wellbeing of a company in the long run. The findings revealed that 55% of respondents strongly agreed that CSR increase brand reputation. Moreover 65% of the respondent agreed that CSR enables the company to realize its productivity. And lastly 50% of the respondents strongly agreed that CSR enables company to focus on society’s needs. The findings reveal that most respondents perceive CSR increases the organization business value. The findings are indicated in Table 4.4

Table 4.4: Business Value

<table>
<thead>
<tr>
<th>Business Value</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>CSR increases brand reputation</td>
<td>2 (3%)</td>
<td>3 (5%)</td>
<td>3 (5%)</td>
<td>20 (30%)</td>
<td>36 (55%)</td>
</tr>
<tr>
<td>CSR enables company to realize its productivity</td>
<td>1 (2%)</td>
<td>3 (6%)</td>
<td>-</td>
<td>43 (65%)</td>
<td>19 (27%)</td>
</tr>
<tr>
<td>CSR enables company to focus on society’s interests</td>
<td>3 (5%)</td>
<td>-</td>
<td>6 (10%)</td>
<td>12 (35%)</td>
<td>33 (50%)</td>
</tr>
</tbody>
</table>

4.3.3 New Business Opportunities

This section examine to what extent CSR increases new business opportunities. Porter and Kramer (2011) explain new business opportunities as creation of new markets, improve profitability and strengthen the competitive positioning. The findings revealed that 72% of respondent’s disagreed those customers who are aware that the company carries out CSR Buy Company’s product. Moreover 57% of the respondents disagreed that CSR attracts customers. However 45% of the respondents strongly agreed that CSR increases brand loyalty of the company. Lastly 64% of the respondents agreed that customers recommend products for the companies who do CSR. The results indicated that most respondents are uncertain that CSR leads to new business opportunities as postulated in Table 4.5
Table 4.5: New Business Opportunities

<table>
<thead>
<tr>
<th>New Business Opportunities</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Customers who are aware the company do CSR buy company’s products</td>
<td>9 (14%)</td>
<td>48 (72%)</td>
<td>2 (5%)</td>
<td>6 (9%)</td>
<td>- (-)</td>
</tr>
<tr>
<td>CSR attracts customers</td>
<td>23 (35%)</td>
<td>38 (57%)</td>
<td>- (-)</td>
<td>3 (7%)</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>CSR increases brand loyalty of the company</td>
<td>7 (11%)</td>
<td>12 (20%)</td>
<td>6 (10%)</td>
<td>19 (29%)</td>
<td>30 (30%)</td>
</tr>
<tr>
<td>Customers recommend products for the company who does CSR</td>
<td>- (-)</td>
<td>4 (6%)</td>
<td>- (-)</td>
<td>42 (64%)</td>
<td>20 (30%)</td>
</tr>
</tbody>
</table>

4.3.4 Organization and Customer Relationship

This section aimed to investigate the organization and customer relationship in relation with CSR. (D ‘Souza, 2011) explains organization and customer relationship as a feeling a customer feels as being part of society when consuming the service. The findings indicates that 55% of respondents agreed that the customer purchasing products from company’s doing CSR feel connected to the society. However 67% of the respondents strongly disagreed that companies with CSR initiative make informed decision about their customers. Lastly 49% of the respondents strongly agreed that companies with CSR initiative have strong brand image to their customers. The findings are presented in Table 4.6
Table 4.6: Organization and Customer Relationship

<table>
<thead>
<tr>
<th>Organization and Customer Relationship</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency %</td>
<td>Frequency %</td>
<td>Frequency %</td>
<td>Frequency %</td>
<td>Frequency %</td>
</tr>
<tr>
<td>Customers purchasing products from company’s doing CSR feel connected to the society</td>
<td>6 10%</td>
<td>-</td>
<td>-</td>
<td>5 7%</td>
<td>36 55%</td>
</tr>
<tr>
<td>Companies with CSR initiative make informed decision about their customers</td>
<td>17 25%</td>
<td>44 67%</td>
<td>-</td>
<td>-</td>
<td>3 7%</td>
</tr>
<tr>
<td>Companies with CSR initiative, have strong brand image to their customers</td>
<td>-</td>
<td>-</td>
<td>4 6%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

4.4 Examine the Effects of Undertaking CSR Initiatives on the Organization’s Market Share

This section aimed at examining the effects of undertaking CSR initiative on the organization’s market share. This was measure by variables such increase of market share, increase customer base, increase brand level and access of new markets.

4.4.1 Increase Market Share

This section aims at investigating how CSR increases the organization market share. Market share growth is premised on a company attaining a relative competitive advantage (Porter, 1985). The findings revealed that 81% of respondents disagreed that CSR has a significant impact on the profitability of the company. However 65% of respondents agreed that CSR guarantees the customers confidence level and loyalty. This was followed closely by 76% of respondents strongly agreed that customers are willing to pay more for goods from socially responsible companies. This indicates that respondents perceive CSR increases the company’s market share as indicated in Table 4.7.
Table 4.7: Increase Market Share

<table>
<thead>
<tr>
<th>Increase market share</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Corporate Social</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibility has a</td>
<td>10</td>
<td>15%</td>
<td>53</td>
<td>81%</td>
<td>1</td>
</tr>
<tr>
<td>significant impact on</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the profitability of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Social</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibility</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>10%</td>
<td>2</td>
</tr>
<tr>
<td>guarantees the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>customers’ confidence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>level and loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers are willing</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>4%</td>
<td>-</td>
</tr>
<tr>
<td>to pay more for goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from socially</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>responsible companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4.2 Increase Customer Base

This study aimed at investigating the impact of CSR in increasing the customer base. The results postulated 74% of respondents agreed that consumer want more than a product from the company. Followed closely by 53% of respondents strongly agreed that consumer relates to companies practicing CSR. Additionally 54% of respondents agreed that consumers have loyalty to companies connecting to the community. This indicated that customer base can be increased by CSR as indicated in Table 4.8
Table 4.8: Increase Customer Base

<table>
<thead>
<tr>
<th>Increase Customer Base</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Consumer want more than a product from the company</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>Consumers relates to companies practicing CSR</td>
<td>6</td>
<td>10%</td>
<td>-</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td>Consumers have loyalty to companies connecting to the community</td>
<td>5</td>
<td>7%</td>
<td>12</td>
<td>18%</td>
<td>-</td>
</tr>
</tbody>
</table>

4.4.3 Increase Brand level

This section aimed at investigating the impact of CSR in increasing the brand level. The findings illustrated that 68% of respondents strongly agreed that CSR programmes done by the company increases brand image. Followed closely by 50% of respondents agreed that CSR increases identity attractiveness of the company. On the other hand 70% of respondents strongly disagreed that CSR increases market power of the company. This indicates that CSR increases the brand level of the company as illustrated in Table 4.9.

Table 4.9: Increase Brand Level

<table>
<thead>
<tr>
<th>Increase Brand level</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>CSR programmes by the company increase brand image</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>3%</td>
<td>3</td>
</tr>
<tr>
<td>CSR increases identity attractiveness of the company</td>
<td>4</td>
<td>6%</td>
<td>9</td>
<td>14%</td>
<td>-</td>
</tr>
<tr>
<td>CSR increases market power of the company</td>
<td>46</td>
<td>70%</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
</tbody>
</table>

38
4.4.4 Creates Business Stability

This section investigates that CSR leads to business stability. The findings revealed that 55% of respondents agreed that the company engaging in positive effects in the society increases its business level. Moreover 51% of the respondents agreed environmental CSR leads to business growth. However 50% of the respondents strongly disagreed that CSR are essentials in capturing new markets. The findings reveal that most respondents perceive that CSR creates business. The findings are indicated in Table 4.10

Table 4.10: Creates Business Stability

<table>
<thead>
<tr>
<th>Creates Business Stability</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Company’s engaging in positive effects in the society increases its business level</td>
<td>-</td>
<td>-</td>
<td>20</td>
<td>30%</td>
<td>-</td>
</tr>
<tr>
<td>Environmental CSR leads to business growth</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>14%</td>
<td>-</td>
</tr>
<tr>
<td>CSR are essentials in capturing new markets</td>
<td>33</td>
<td>50%</td>
<td>17</td>
<td>25%</td>
<td>9</td>
</tr>
</tbody>
</table>

4.4.5 Access of New Markets

This section aims at measuring the influence of CSR in accessing new markets. The findings revealed that 57% of respondents disagreed CSR as a tool for strategic global business expansion. This was followed by 50% of respondents’ strongly agreed companies with CSR initiative make informed decision about their customers. On the other hand 45% of respondents agreed that companies with CSR initiative have strong brand image to their customers. This implies that CSR initiatives access new markets. The findings are presented in Table 4.11
Table 4.11: Access of New Markets

<table>
<thead>
<tr>
<th>Access of New Markets</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>CSR as a tool for strategic global business expansion</td>
<td>20</td>
<td>30%</td>
<td>38</td>
<td>57%</td>
<td>2</td>
</tr>
<tr>
<td>Companies with CSR initiative make informed decision about their customers</td>
<td>--</td>
<td>--</td>
<td>10</td>
<td>15%</td>
<td>--</td>
</tr>
<tr>
<td>Companies with CSR initiative, have strong brand image to their customers</td>
<td>8</td>
<td>12%</td>
<td>--</td>
<td>--</td>
<td>6</td>
</tr>
</tbody>
</table>

4.5 Establish the Effect of CSR Initiatives on Stakeholder Engagement

This section aimed at establishing the effect of CSR initiative on stakeholder’s engagement. This was measured by variables such as value creation, knowing the social responsibilities, creates company strategies, employee’s involvement and community engagement.

4.5.1 Value Creation

This section aimed at analyzing the impact of CSR in creating value of the company. The findings indicated that 41% of respondents strongly agreed that CSR leads to increase programs that benefit the society. However 50% of the respondents disagreed that CSR leads to attract talent in the organization. The findings revealed that respondents are uncertain whether CSR leads in creation of value as indicated in Table 4.12.
### Table 4.12: Value Creation

<table>
<thead>
<tr>
<th>Value Creation</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>CSR leads to increase of programs that benefit the society</td>
<td>8</td>
<td>12%</td>
<td>2</td>
<td>4%</td>
<td>3</td>
</tr>
<tr>
<td>CSR leads to attract talent in the organization</td>
<td>17</td>
<td>25%</td>
<td>33</td>
<td>50%</td>
<td>9</td>
</tr>
</tbody>
</table>

### 4.5.2 Knowing the Social Responsibilities

This section aimed at investigating the impact of CSR in the organization in knowing the social responsibility. The findings revealed that 82% of the respondents strongly agreed that CSR helps shareholders to understand their goals. 75% of respondents agreed that CSR helps company to build relationship with stakeholders. The findings indicated that majority of respondents agreed that CSR enables the company to know the social responsibility as indicated in Table 4.13.

### Table 4.13: Knowing the Social Responsibilities

<table>
<thead>
<tr>
<th>Knowing the Social Responsibilities</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>CSR helps shareholders to understand their goals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3%</td>
</tr>
<tr>
<td>CSR helps company to build relationship with stakeholders</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>6%</td>
<td>-</td>
</tr>
</tbody>
</table>
4.5.3 Creates Company Strategies

This section aimed at investigating the impact CSR in creating company strategies of transparency. The findings revealed that 86% of the respondents strongly disagreed that organization that practices CSR are ethical. Moreover 64% of respondents disagree that CSR leads advancement of company goals, while 52% of respondents strongly agreed that CSR leads to company to strategies on company’s policies. The findings indicated that majority of respondents disagreed that CSR leads companies to strategies as indicated in Table 4.14.

Table 4.14: Creates Company Strategies

<table>
<thead>
<tr>
<th>Creates Company Strategies</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Organizations that practice CSR are ethical</td>
<td>6 (10%)</td>
<td>57 (86%)</td>
<td>3 (4%)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CSR advances organization goals</td>
<td>18 (28%)</td>
<td>42 (64%)</td>
<td>-</td>
<td>3 (7%)</td>
<td>1 (1%)</td>
</tr>
<tr>
<td>CSR leads to company to strategies on company policies</td>
<td>-</td>
<td>6 (10%)</td>
<td>-</td>
<td>34 (52%)</td>
<td>23 (35%)</td>
</tr>
</tbody>
</table>

4.5.4 Employees Involvement

This section aimed at analyzing employee’s involvement in CSR. The findings indicated that 41% of respondents strongly disagreed that employee’s motivation is a key aspect in CSR. Additionally, 36% of respondents strongly disagreed that employee’s commitment to CSR increases firms performance. However 50% of the respondents agreed that companies who focuses in CSR, leads employees to increase activities in the society. The findings revealed that employee’s involvement does not increase CSR in an organization as indicated in Table 4.15.
Table 4.15: Employees Involvement

<table>
<thead>
<tr>
<th>Employees Involvement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Employees motivation is key aspect in CSR</td>
<td>20</td>
<td>30%</td>
<td>27</td>
<td>41%</td>
<td>5</td>
</tr>
<tr>
<td>Employees commitment to CSR increases firms performance</td>
<td>24</td>
<td>36%</td>
<td>20</td>
<td>30%</td>
<td>5</td>
</tr>
<tr>
<td>CSR commitment to employees increases society activities</td>
<td>9</td>
<td>14%</td>
<td>7</td>
<td>11%</td>
<td>-</td>
</tr>
</tbody>
</table>

4.5.5 Community Engagement

The study assessed whether CSR increases community engagement. The findings indicated that the 57% of respondents strongly agreed that companies that focus on social action increases involvement in the community. This was closely followed by 59% of respondents who strongly agreed that companies with bad reputation in the society have negative CSR in the community. Furthermore, 55% of respondents agreed that firms that are growing pay attention to communities needs. The results indicated that most respondents agreed CSR increases company to be involved in the community as postulated in Table 4.16.
Table 4.16: Creates Business Stability

<table>
<thead>
<tr>
<th>Creates Business Stability</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Companies that focus on social action increases involvement in the community</td>
<td>-</td>
<td>- %</td>
<td>-</td>
<td>- %</td>
<td>2</td>
</tr>
<tr>
<td>Communities with bad reputation have negative response on CSR in the community</td>
<td>-</td>
<td>- %</td>
<td>3</td>
<td>5 %</td>
<td>3</td>
</tr>
<tr>
<td>Firms that are growing pay attention to communities</td>
<td>5</td>
<td>7 %</td>
<td>11</td>
<td>18 %</td>
<td>-</td>
</tr>
</tbody>
</table>

4.6 Chapter Summary

This chapter has discussed on results and findings in which each subsection derives from the research question of the study. The data collected from the field analysis pertaining to the three research objectives. The findings on demographics, role of CSR in enhancing customer satisfaction, effects of undertaking CSR initiatives on the organization’s market share and impact of implementing CSR initiatives on stakeholders’ engagement. The data was presented in tables, charts and figures. Chapter five addressed the discussion, conclusion and recommendation based on findings.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides a discussion on the findings of the research as compared to the findings in the literature review, the summary of the study and recommendations for further improvements on measures to be taken to promote efficiency in the stock market. The research is concluded on the basis of the conclusions drawn from the research objectives.

5.2 Summary of Findings

The purpose of this study was to analyze the impact of social responsibility on cooperate competitiveness a case study of Chandaria Industries Ltd. The research was guided by three objectives: to determine the role of CSR in enhancing customer satisfaction, to examine the effects of undertaking CSR initiatives on the organization’s market share and to establish the impact of implementing CSR initiatives on stakeholders’ engagement.

A sample size of 67 distributors and 20 Chandaria employees was drawn from the 200 population size. The researcher adopted random sampling in selecting sample size Chandaria employees and main distributors. The researcher targeted 20 Chandaria employees and 67 main distributors. Hence the total sample size of this project was 81 respondents. The sampling method used was random sampling technique. Data was collected using closed and open ended questionnaire. Data was analyzed using descriptive statistics such as percentages and frequency distribution. SPSS was used as data analysis tool.

On role of CSR in enhancing customer satisfaction, majority of the respondents strongly agreed that customer prefer green products, however 50% of the respondent strongly disagreed CSR reduces innovativeness. A large proportion of the respondents agreed that green products should be convenient, affordable and have good quality for customers to buy. Moreover a large number of the respondents strongly agreed that consumers expect something in return from the company when the engage in CSR. On the other hand, a
large number of respondents strongly disagreed that spending huge amount of money in CSR attracts customers.

Regarding the effects of undertaking CSR initiatives in the organization market share, most of the respondent’s disagreed that CSR has a significant impact on the profitability of the company. However respondents agreed that consumers want more than a product from the company. Moreover respondents strongly agreed that CSR programs done by the company increase brand image. Majority of the respondents agreed that company engaging in positive effects in the society increases its business level. On the other hand respondents strongly agreed companies with CSR initiative make informed decision.

The findings on effect of CSR initiatives on stakeholder’s engagement, majority of respondents disagreed that CSR leads to attract talent in the organization. On the other hand majority of respondents agreed that CSR helps shareholders to understand their goals. A large proportion of respondents disagreed that organization that practice CSR are ethical. A large number of respondents strongly agreed that CSR leads companies to strategies on their policies and lastly large proportion of respondents agreed that companies who focuses in CSR leads employees to increase activities in the society.

5.3 Discussion

5.3.1 Role of Corporate Social Responsibility (CSR) in Creating Customer Satisfaction

The findings indicate that 55% of respondents strongly agreed that customer prefer green products. The results are consistent with Ginsberg and Bloom (2014) study that postulated customers prefer to choose green products over the products which are less environmentally friendly. The findings illustrates 50% of the respondents strongly disagreed that CSR reduces innovativeness. This aligns with a study done by Ginsberg and Bloom (2014), which he stated that CSR reduces customer satisfaction for those firms with less innovativeness and hence affect the firm’s financial performance. Also the findings indicate that 70% of the respondents agreed that consumers expect something in return from the company when engaging to CSR. These findings are in line with (Green,
2011), he explained that the consumers will support the firm that engages in CSR if only they will receive something in return

The findings indicate that 51% of the respondents agreed that green products should be convenient, affordable and have good quality for customers to buy. The findings are in line with study done by Ginsberg and Bloom (2014) which explained most consumers will not choose green product and sacrifice their needs. In order for consumers to choose green product the product must be convenient, affordable price, quality. Spending huge amount of money in CSR attracts customers, the findings illustrated 64% of the respondents agreed the same. The study was consistent with Ochoti (2013) who postulated that spending huge amount of money on CSR initiatives is expected to increase customer satisfaction and build competitive advantage.

The findings indicate that 55% of the respondents strongly agreed that CSR increases brand reputation. The findings relates to the study done by Wheeler 2013 who explained that reputation and brand value are good examples of intrinsic value CSR brings. 65% and 50% of the respondents strongly agreed that CSR enables the company to realize its productivity and CSR enables company to focus on society needs. The finds were well aligned by study done by Porter and Kramer (2011), the businesses realized that they may be in a better position to understand the true bases of company productivity and the ability to collaborate across profit and non-profit boundaries as they appreciate societal needs.

The findings reveal that 72% of the respondents disagreed that customers who are aware that the company carries out CSR buy company’s products. This contradicts with the study done by Sen, Bhattacharya and Korschun, (2010) who explains that people who were aware of the company CSR initiative were ready to purchase the product, look for the employment opportunities and have positive attitude towards the company than the people who were unaware of the initiative. Moreover the findings indicate that 57% of the respondents disagreed that CSR attracts customers. The findings however contradicts with the study by Poolthong and Mandhachitara (2009) who argue that when it is difficult for customers to evaluate which product/service is good, company involvement in CSR plays a positive role to attract customers.
On the other hand 55% of the respondents agreed that customers purchasing products from companies doing CSR feel connected to the society. This corresponds with the study done by (Ochoti, Muathe, Ronoh, Maronga & Ochoti, 2013) who clearly demonstrates that, the positive influence of CSR are that it creates a feeling on customer that they are being part of society when consuming the service, it create a strong relationship between the customer and the organization, and consumers view those company as more valuable than those company who are not socially responsible. Additionally 49% of the respondent’s strongly agreed that CSR initiative have strong brand image to their customers. The findings match with the study done by Cone, 2009 who did a survey in which ninety one percent of the American says they have positive image towards the company that supports a cause, compared to eighty four percent in 1993. 86% percent of American is likely to switch brand, price and quality being same if the company is supporting the cause.

Firms who implement CSR effectively will be able to make informed decision (Stawiski, Deal & Gentry 2010). This contradicts with the findings in which 67% of the respondents strongly disagreed those companies with CR initiative make informed decision about their customers. The study further postulate that though current benefits may be very few but as the customers become aware of the firms social and environmental effects, the importance of CSR will increase.

5.3.2 Examine The Effects of Undertaking CSR Initiatives on the Organization’s Market Share

The findings also indicated that 81% of the respondents disagreed that CSR has a significant impact on the profitability of the company. The study contradicted by a study done by Orlitzky (2008) in which he explains that potential explanation for a positive associate between CSP and CFP is that CSR programs are revenue generators especially in the long run either through an increased customer base or an ability to increase prices. On the other hand 76% of the respondents strongly agreed that customers are willing to pay more for goods from socially responsible companies. This was consistent with the research done by Crane 2010 on the research-based consultancy Penn Schoen Berland with brand consulting firm Landor Associates and strategic communications firm Burson-Marsteller, the 2010 survey was based on 1,001 online interviews with U.S. consumers. The results indicated that American consumers are willing to pay a premium for goods
from socially responsible companies, with 70 percent saying they would pay more for a $100 product from a company they regard as responsible.

Customer base is also potentially increased with CSR practice, which generates increases in sales. Further the study done by Cone Communications (2010) surveyed 1,057 US consumers and found that “80% are likely to switch brands, similar in price and quality, to one that supports a cause. This was consistent with the findings which agreed that consumer want more than a product from the company. The study further relates CSR to Maslow’s Hierarchy of Needs theory, consumers want more from a corporation than a product; they derive self-concept from their membership in social groups. Additionally, 54% of the respondents agreed that consumers have loyalty to companies connecting to community. The study relates to a study done by Drucker (1973) who argued that the purpose of a business is to create a customer. A customer cannot be created or retained, however, unless the business has a connection with the community to which the customer belongs.

CSR and branding have a number of linkages, specifically through trust, corporate reputation and consumer attribution. The findings also indicates that 68% of the respondents strongly agreed that CSR programs done by the company increases brand image. The findings are similar to the study done by Gurhan-Canli and Fries (2009) suggest that both consumer characteristics, such as awareness of CSR programmes and personal judgment and company characteristics such as reputation are factors influencing branding outcomes. However 70% of the respondents strongly disagreed that CSR increases market power of the company. The findings corresponds with the study done by Marin and Ruiz (2007) who suggests that CSR has direct influence on a company's identity attractiveness; this identity can both attract new consumers and influence marketing power for that company.

The findings reveal that 55% of the respondents agreed that the company engaging in positive effects in the society increases its business. This matches with the study done by Sheinin, 2012 whereby he explained that if a firm commits some positive act in course of their normal business activities, then the outcome of these activities can be enhanced if the firm also undertakes CSR. However 50% of the respondents strongly disagreed that CSR are essentials in capturing new market. This contradicts with the study done by (Maignan & Ferrell, 2001) in which they explain that, effective CSR programs and
effective promotion and publicity for them could be nearly considered a prerequisite entry path into a new market.

It helps firms use CSR as a tool for strategic global business expansion is by way of influencing the consumer’s thought process, through information, for purchasing and as a result influencing their view of the company’s product or service quality and therefore directly influencing their purchasing behavior (Thompson, 2010). The study by Thompson contradicts with the findings in which 57% of the respondents disagreed CSR as a tool for strategic global expansion.

5.3.3 Establish the Effect of CSR Initiatives on Stakeholder Engagement

The findings indicate that 41% of respondents strongly agreed that CSR leads to increase programs that benefit the society. The findings corresponds to Fenwick & Bierma 2008, they explain organizations integrate CSR as part of employee learning programs, human resource policies and plans (Fenwick & Bierma 2008). However 50% of the respondents disagreed that CSR leads to attracts talent in the organization. This contradicts to the study done by (Evans, Davis & Frink 2011) who explain that organizations that demonstrate CSR commitment through, for instance, health and safety programs and employee-volunteer programs leads to attract and retain talent and improve employee morale.

McShane 2010 explains that by building relationships with stakeholders, organizations are able to understand their social responsibilities, which is critical for maintaining their social license to operate. This study relates to the findings of the research where by 82% of the respondents agreed that CSR helps company to build relationship with stakeholders. Additionally 75% of the respondents agreed that CSR helps shareholders to understand their goals. The findings match with the study done by Miles 2009, who explain that stakeholders are considered to have inherent value, irrespective of their ability to help the organization maximize profits. Therefore, this perspective adopts a broad approach to the identification of stakeholders and the inclusion of their interests in the design and development of an organization’s strategy.

The findings illustrate that 86% of the respondents strongly disagreed that organization that practice CSR are ethical. Campbell (2007) study contradicts with the findings of this study. He potraryas that If organizations are to be sustainable, they are at least to some
extent, compelled to develop policies and practices that are ethical and build relationships with their stakeholders based on trust and cooperation. Organizations that do so will have improved reputation, giving them a competitive advantage. Moreover 64% of the respondents disagree that CSR leads advancement of company goals. The study done by (Crane 2012) and (Evans et al 2013) contradicts with the findings. The studies explain that an organization will identify and prioritize stakeholders; based on their ability to further the organization’s objectives. This perspective considers CSR and stakeholder involvement as a tactical tool to advance organizations’ economic goals.

Almost half of the world’s largest companies believe employee motivation is a key driver when it comes to CSR (Phillips, 2010). The study contradicts with the findings of the research in which 41% of respondents strongly disagreed that employee’s motivation is a key aspect in CSR. Moreover 50% of the respondents agreed that companies who focuses in CSR leads to employees to increase activities in the society. The findings contradict with the research done by Cohen (2011) in the Sri Lankan organization on the Employees Act of 1954, the Maternity Benefits Ordinance, the Employees Provident Fund and the labor law. These ordinances are implemented for the benefit of employees; however employees increased voluntary commitments by implementing number of social activities.

The findings indicate that 57% of the respondents strongly agreed that companies that focus on social action increases involvement in the community. This aligns with study done by Husted (2003) who demonstrated that when the companies focus their social actions on communities in and around their area of operation, they reap the benefits of a socially responsible image among employees and the local community. Lesser (2001) showed that as firm grow in size, geographical scope, and complexity, they pay special attention to support of communities of practice that could improve the firm’s performance. Lesser study matches with findings in which 55% of the respondents agreed that firms that are growing pay attention to community needs.
5.4 Conclusions

5.4.1 Role of Corporate Social Responsibility (CSR) in Creating Customer Satisfaction

On customer satisfaction respondents agreed that customers prefer green products and the green products should be convenient, affordable and have a good quality for customers to buy. Also respondents agreed that consumers expect something in return from the company when they engage in CSR. This implies that customer get satisfaction from the companies that practice CSR.

Business value of the company, majority of respondents strongly agreed that CSR increases brand reputation, CSR enables company to realize its productivity and also CSR enables company to focus on their societal needs. This implies that CSR increases the organisation business value.

On new business opportunities, respondents disagreed that customers who are aware that company do CSR buy products from the company, respondents disagreed that CSR attracts customers. This indicate that CSR doesnot lead to creaton of new business opportunities for the company.

On organisation and customer relationship, majority of the respondents agree that customers who purchase prodcts from company’s doing CSR feel connected to the society. Also respondents agreed that companies with CSR initiative have strong brand image to their customer. However respondents disagree that companies with CSR initiate make informed decision about their customers. This implies that CSR increases the brand image to their customers, however the decision making process of the company isnt affected by the company.

5.4.2 Examine the effects of undertaking CSR initiatives on the organization’s Market Share

On increase of market share, majority of the respondents disagreed that CSR has a significant impact on the profitability of the company. On the other hand respondents agreed that CSR both guarantees the customer confidrncr level and loyalty and customers
are willing to pay more for goods from socially responsible companies. Increase customer base, respondents agreed that consumers want more than a product from the company. Moreover respondents strongly agreed that both consumers relates to companies practising CSR and customers are loyal to companies connecting to the community.

On increase brand level, respondents strongly agree that CSR programs done by the company increase brand image. The respondents also CSR increases identify attractiveness of the company, however respondents strongly disagreed that CSR increases market power. On creation of business stability, respondents agreed that company engage in positive effects in the society increases business level.

Access of new markets, respondents disagreed CSR as a tool for strategic global business expansion. However respondents strongly agreed companies with CSR initiative make informed decision about their customers. Moreover respondents agreed that companies with CSR initiative, have strong brand image to their customers. This implies that CSR initiatives access new markets.

5.4.3 Establish the Effect of CSR Initiatives on Stakeholder Engagement

Value creation, respondents strongly agreed that CSR leads to increase programs that benefit the society. However respondents disagreed that CSR leads to attract talent in the organization. The findings revealed that respondents are uncertain whether CSR leads in creation of value. On knowing the social responsibilities respondents strongly agreed that CSR helps shareholders to understand their goals. Respondents moreover agreed that CSR helps company to build relationship with stakeholders. The findings indicated that majority of respondents agreed that CSR enables the company to know the social responsibility.

On creation of company strategy, respondents strongly disagreed that organizations that practices CSR are ethical. Moreover respondents disagree that CSR leads advancement of company goals, while respondents strongly agreed that CSR leads to company to strategies on company’s policies. The findings indicated that majority of respondents disagreed that CSR leads companies to strategies.

On employees involvement respondents strongly disagreed that employee’s motivation is a key aspect in CSR. Respondents strongly disagreed that employee’s commitment to
CSR increases firms performance. However respondents agreed that companies who focuses in CSR, leads employees to increase activities in the society. The findings revealed that employee’s involvement does not increase CSR in an organization. Community engagement respondents strongly agreed that companies that focus on social action increases involvement in the community. Respondents also strongly agreed that companies with bad reputation in the society have negative CSR in the community. Moreover respondents agreed that firms that are growing pay attention to community’s needs. The results indicated that most respondents agreed CSR increases company to be involved in the community.

5.5 Recommendation

5.5.1 Recommendation for Improvement

5.5.1.1 Role of Corporate Social Responsibility (CSR) in Creating Customer Satisfaction

The study suggested that amongst others CSR leads to customer satisfaction in the organisation. For customer to increase satisfaction they recommend green products over the other product which is less environmentally friendly. Moreover clients recommend products that are convenient, affordable and have good quality for customers to buy. The study also suggest that consumers will support the firm that engages in CSR if only they will receive something in return.

5.5.1.2 Examine the effects of undertaking CSR initiatives on the organization’s Market Share

The study suggested that customers chooses to consume products which affects his/her identity, so consumers can improve their own identity and reputation by identifying with a corporation’s commitment to CSR initiatives. By giving consumers more of a reason to identify with a reputable brand, corporations can benefit with an increase in market share, and ultimately a boost in sales revenue. The study also suggest CSR has direct influence on a company’s identity attractiveness. Communication of CSR is vital in order to create and sustain desired reputational effects. Lastly effective CSR programs and effective promotion and publicity for them could be nearly considered a prerequisite entry path into a new market.
5.5.1.3 Establish the Effect of CSR Initiatives on Stakeholder Engagement

The study suggests that organization should demonstrate commitment through, for instance, health and safety programs and employee-volunteer programs to increase stakeholder’s engagement in the company. An organization needs to understand its environment to identify threats and opportunities that could arise, so that it can adapt and secure its long-term survival. If organizations are to be sustainable, they are at least to some extent, compelled to develop policies and practices that are ethical and build relationships with their stakeholders based on trust and cooperation. The study also suggest that organization does not treat employees well and promote responsibility towards them and society, it may risk losing their competence. Organizations should also engage in social actions on communities in and around their area of operation, they reap the benefits of a socially responsible image among employees and the local community.

5.5.2 Recommendation for Further Studies

The study targeted only impact of Corporate Social Responsibility (CSR) on corporate competitiveness. The study suggests that future researchers can be conducted to analyze more impact of CSR in the company to make the research more authenticated and realistic. Areas of study can include type of good practice of CSR. In addition to that, future researchers can add on knowledge gap on the discrepancies of the study that company can have great CSR programs yet the company has low brand image and less customer satisfaction.
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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

ANNE KAMUNYE
P.O. BOX 4539, 00100
NAIROBI

Dear Sir/Madam

REF: QUESTIONNAIRE ON THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE COMPETITIVENESS: CASE STUDY OF CHANDARIA INDUSTRIES LIMITED

I am an MBA student at United States International University and currently undertaking a research on the above referenced topic. The aim of this research is to collect information on the impact of CSR on corporate competitiveness a case study of Chandaria Industries Ltd. Your esteemed organization has been selected to be part of this research.

You are kindly requested to complete all the parts of this questionnaire. The information provided will be strictly confidential and only meant for research purposes and the information treated with utmost confidentiality. No reference will be made to individuals or the firm.

Thank you for agreeing to participate in this research.

Yours sincerely,

ANNE KAMUNYE.
APPENDIX II: RESEARCH INSTRUMENT

INSTRUCTIONS

- Please answer all questions honestly and frankly as possible
- Complete the questionnaire by either a tick (√) or placing an ‘x’ in the appropriate answer box or providing the information requested

SECTION 1: FIRM BIO DATA

1. Name of the organization: …………………………………………………………………………

2. How long has your firm been in the industry?

<table>
<thead>
<tr>
<th>☐ Less than 2 years</th>
<th>☐ 3 – 5 years</th>
<th>☐ 6-10 years</th>
<th>☐ Over 10 years</th>
</tr>
</thead>
</table>

3. Designation of the respondent: …………………………………………………………………

4. Gender of the respondent: Male (1) or female (2) ………………………………………

5. Please indicate the percentage of your employees that hold each of the following Qualifications

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Degree</th>
<th>Masters</th>
<th>Professional e.g. CPA</th>
<th>Diploma</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

6. In which stakeholder category is your organization involved?

<table>
<thead>
<tr>
<th>Customers</th>
<th>NGO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Investors</td>
</tr>
<tr>
<td>Suppliers</td>
<td>School Children/ teachers</td>
</tr>
<tr>
<td>Employees</td>
<td>Patients/ Aged people/</td>
</tr>
<tr>
<td>Media</td>
<td>Business coalitions</td>
</tr>
<tr>
<td>Communities</td>
<td></td>
</tr>
</tbody>
</table>

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APPENDIX III: RESEARCH INSTRUMENT

INSTRUCTIONS

- Please answer all questions honestly and frankly as possible
- Complete the questionnaire by either a tick (✓) or placing an ‘x’ in the appropriate answer box or providing the information requested

SECTION 1: FIRM BIO DATA

6. Name of the organization: .................................................................

7. How long has your firm been in the industry?

<table>
<thead>
<tr>
<th></th>
<th>□ Less than 5 years</th>
<th>□ 5 – 10 years</th>
<th>□ 11- 20 years</th>
<th>□ Over 20 years</th>
</tr>
</thead>
</table>

8. Designation of the respondent: .....................................................

9. Gender of the respondent: Male (1) or female (2).................................

10. Please indicate the percentage of your employees that hold each of the following Qualifications

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Degree</th>
<th>Masters</th>
<th>Professional e.g. CPA</th>
<th>Diploma</th>
<th>Others</th>
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<tbody>
<tr>
<td></td>
<td>%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
SECTION B: EXAMINE THE ROLE OF CSR IN CREATING CUSTOMER SATISFACTION

Indicate the extent to which you agree with the following statements by using a scale of 1 to 5 where 1= strongly disagree and 5 = strongly agree. Moreover CSR represents Corporate Social Responsibility

<table>
<thead>
<tr>
<th>A) Customer Satisfaction</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Customers prefer green products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2) CSR reduces firms innovativeness</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3) Green products should be convenient, affordable, and have good quality for customers to buy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4) Consumers expect something in return when engaged in CSR.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5) Spending huge amount of money in CSR attracts customers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B) Business Value</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6) CSR increases brand reputation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7) CSR enables company to realize its productivity</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8) CSR enables company to focus on society’s interests</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C) New Business Opportunities</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9) Customers who are aware the company do CSR buy company’s products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10) CSR attracts customers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11) CSR increases brand loyalty of the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12) Customers recommend products for the company who does CSR</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>D) Organization and Customer Relationship</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13) Customers purchasing products from company’s doing CSR feel connected to the society</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>14) Companies with CSR initiative make informed decision about their customers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>15) Companies with CSR initiative, have strong brand image to their customers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
SECTION C: EXAMINE THE EFFECTS OF UNDERTAKING CSR INITIATIVES ON THE ORGANIZATION’S MARKET SHARE

Indicate the extent to which you agree with the following statements by using a scale of 1 to 5 where 1 = strongly disagree and 5 = strongly agree. Moreover CSR represents Corporate Social Responsibility.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A) Increase market share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Corporate Social Responsibility has a significant impact on the profitability of the company</td>
<td></td>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2) Corporate Social Responsibility guarantees the customers’ confidence level and loyalty</td>
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</tr>
<tr>
<td>3) Customers are willing to pay more for goods from socially responsible companies</td>
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</tr>
<tr>
<td><strong>B) Increase Customer Base</strong></td>
<td></td>
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<tr>
<td>4) Consumer want more than a product from the company</td>
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<td>2</td>
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</tr>
<tr>
<td>5) Consumers relates to companies practicing CSR</td>
<td></td>
<td>2</td>
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</tr>
<tr>
<td>6) Consumers have loyalty to companies connecting to the community</td>
<td></td>
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<tr>
<td><strong>C) Increase Brand level</strong></td>
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<tr>
<td>7) CSR programmes by the company increase brand image</td>
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<tr>
<td>8) CSR increases identity attractiveness of the company</td>
<td></td>
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<tr>
<td>9) CSR increases market power of the company</td>
<td></td>
<td>2</td>
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</tr>
<tr>
<td><strong>D) Creates Business Stability</strong></td>
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<tr>
<td>10) Company’s engaging in positive effects in the society increases its business level</td>
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<td>2</td>
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<td>5</td>
</tr>
<tr>
<td>11) Environmental CSR leads to business growth</td>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12) CSR are essentials in capturing new markets</td>
<td></td>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>E) Access of New Markets</strong></td>
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<tr>
<td>13) CSR as a tool for strategic global business expansion</td>
<td></td>
<td>2</td>
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</tr>
<tr>
<td>14) Companies with CSR initiative make informed decision about their customers</td>
<td></td>
<td>2</td>
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</tr>
<tr>
<td>15) Companies with CSR initiative, have strong brand image to their customers</td>
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</tbody>
</table>
**SECTION D: ESTABLISH THE EFFECT OF CSR INITIATIVES ON STAKEHOLDER ENGAGEMENT**

Indicate the extent to which you agree with the following statements by using a scale of 1 to 5 where 1= strongly disagree and 5 = strongly agree. Moreover CSR = Corporate Social Responsibility

<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Value Creation</td>
<td>1) CSR leads to increase of programs that benefit the society</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
</tr>
<tr>
<td></td>
<td>2) CSR leads to attract talent in the organization</td>
<td>1</td>
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</tr>
<tr>
<td>B) Knowing the Social Responsibilities</td>
<td>3) CSR helps shareholders to understand their goals</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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</tr>
<tr>
<td></td>
<td>4) CSR helps company to build relationship with stakeholders</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>C) Creates Company Strategies</td>
<td>5) Organizations that practice CSR are ethical</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
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<tr>
<td></td>
<td>6) CSR advances organization goals</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
</tr>
<tr>
<td></td>
<td>7) CSR leads to company to strategies on company policies</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<td>5</td>
</tr>
<tr>
<td>D) Employees Involvement</td>
<td>8) Employees motivation is key aspect in CSR</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>9) Employees commitment to CSR increases firms performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<tr>
<td></td>
<td>10) CSR commitment to employees increases society activities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>E) Community Engagement</td>
<td>11) Companies that focus on social action increases involvement in the community</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>12) Communities with bad reputation have negative response on CSR in the community</td>
<td>1</td>
<td>2</td>
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<td>5</td>
</tr>
<tr>
<td></td>
<td>13) Firms that are growing pay attention to communities</td>
<td>1</td>
<td>2</td>
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</tbody>
</table>
### APPENDIX IV: THE BUDGET SCHEDULE

<table>
<thead>
<tr>
<th>ITEM</th>
<th>COST (Ksh)</th>
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</thead>
<tbody>
<tr>
<td>1 Proposal Development</td>
<td></td>
</tr>
<tr>
<td>a) Stationary</td>
<td>1500.00/-</td>
</tr>
<tr>
<td>b) Reproduction 6 copies @ Kshs. 80</td>
<td>4,800.00/-</td>
</tr>
<tr>
<td>c) Binding 6 copies @ Kshs. 50</td>
<td>300.00/-</td>
</tr>
<tr>
<td>d) Traveling Expenses</td>
<td>10,000.00/-</td>
</tr>
<tr>
<td>e) Miscellaneous expenses</td>
<td>10,000.00/-</td>
</tr>
<tr>
<td>f) 2 Data collection</td>
<td></td>
</tr>
<tr>
<td>a. Data collection</td>
<td>25,000.00/-</td>
</tr>
<tr>
<td>b. Books and reading material</td>
<td>5,000.00/-</td>
</tr>
<tr>
<td>c. Data analysis and computer runtime</td>
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</tr>
<tr>
<td>d. Stationary</td>
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</tr>
<tr>
<td>e. Reproduction 6 copies @ Kshs. 40</td>
<td>8,400.00/-</td>
</tr>
<tr>
<td>f. Binding 5 copies @ Kshs. 1,000/-</td>
<td>5,000.00/-</td>
</tr>
<tr>
<td>a. Miscellaneous expenses</td>
<td>10,000.00/-</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>59,800.00/-</strong></td>
</tr>
</tbody>
</table>