THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF MULTINATIONAL COMPANIES IN KENYA: A CASE STUDY OF UNILEVER KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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A Project Report Submitted to the Chandaria School of Business in Partial Fulfillment 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-Africa in Nairobi for academic credit.

Signed: __________________________ Date: __________________________

Cynthia Wangari Gitau (ID 629476)

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

Signed: __________________________ Date: __________________________

Prof. Amos Njuguna

Signed: __________________________ Date: __________________________

Dean, Chandaria School of Business
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ABSTRACT

The general objective of the study was to establish the impact of Corporate Social Responsibility on Financial Performance of Unilever Kenya. The specific objectives were: to determine the Corporate Social Responsibility programs of Unilever Kenya, to access the challenges in implementing corporate social responsibility programs in Unilever Kenya and to determine the relationship between Corporate Social Responsibility and Financial Performance of Unilever Kenya. A descriptive research design was used to carry out the study. The study population consisted of 275 management staff at Unilever Kenya and the sample size consisted of 82 respondents. The study relied both on primary and secondary data which was collected from the respondents using a structured questionnaire and secondary data from annual financial reports.

Quantitative data was analysed by use of descriptive statistics including mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data. Data was presented in tables and graphs. In the first research objective, the findings established that majority of the respondents were in agreement that it is important for Unilever Kenya to engage in corporate social responsibility. On the level of the company’s involvement in different corporate social responsibility programs most of the respondents ranked programs such as education programs, health and hygiene programs, nutrition programs, sustainable sourcing programs, fairness at workplace programs, inclusive business programs and opportunities for women programs that aimed at creating a sustainable environment.

On the second research objective the findings revealed that respondents agreed that there exists challenges in implementing corporate social responsibility programs. The challenges are: failure to engage key stakeholders, inadequate skills to carry out CSR programs, strategy implementation, budget process, inability by the government to enforce CSR in to law, lack of interest in implementing CSR programs and political and social insecurity. The last objective was to determine if there was a relationship between corporate social responsibility and financial performance of the company, the correlation results showed that there is a strong positive correlation between corporate social responsibility and financial performance.
The correlation results also showed a strong positive correlation between corporate social responsibility and financial performance. The study concludes that there is a positive association between CSR and financial performance of Unilever Kenya. From the results obtained the researcher recommended that Unilever Kenya should continue to engage in corporate social responsibility to yield the benefits associated with corporate social responsibility engagement and further improve its overall performance. The study further recommends that Unilever Kenya integrates corporate social responsibility as part of its company’s core business and view corporate social responsibility as an avenue for profit maximization. Lastly, due to the fact that companies differ in their approaches to corporate social responsibility, the study recommended further studies on different multinational companies, studies which can allow for generalization of the findings to the whole industry.
ACKNOWLEDGEMENT

I take this opportunity to thank the almighty God for the gift of life. I too take this opportunity to thank the United States International University- Africa for their material support. I also acknowledge my fellow colleagues and family members for their continued support. Finally thanks to my supervisors Prof. Amos Njuguna for their continued support and guidance throughout the writing of this research project.
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>EPS</td>
<td>Earnings per Share</td>
</tr>
<tr>
<td>FP</td>
<td>Financial Performance</td>
</tr>
<tr>
<td>ROA</td>
<td>Return on Assets</td>
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<td>ROE</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Corporate Social Responsibility (CSR) has gained so much popularity in the last decade. According to Klins and Smit (2010), companies all over the world are now integrating CSR into all aspects of their businesses. In the recent years, corporate social responsibility has also moved from being an irrelevant concept to being one of the most orthodox and widely accepted concepts in the business world Sharma and Kiran (2012). Today the world is witnessing a dramatic increase in CSR activities, especially in the emerging economies. Similarly a survey by Creel (2010) which reviewed global trends in CSR indicated that 71% of the companies in Pacific Asia carry out and publish CSR reports, 76% was recorded in America, and 73% in Europe. The survey also showed the highest growth since 2011 as: India 53%, Chile 46%, Singapore 37%, Australia 25%, Taiwan 19%, and China 16%.

Despite the increase in its global popularity scholars still differ on whether firms should adopt CSR and whether CSR lead to higher financial performance or not. Amole and Awolaja (2012) state that firm may obtain additional benefit from engaging in CSR activities. Studies have associated CSR with a number of benefits mostly in human resource, talent management, firm reputation, branding and operation cost saving. However Sun (2012) argued that most of these benefits are usually not realized immediately as opposed to the cost of CSR which is usually incurred immediately. This means the firm will sacrifice current profit for an unguaranteed return in the future. Inc (2010) stated that firms usually have responsibilities to the society that extends beyond profit making.
Bayoud and Slaughter (2012) conducted an empirical study between CSR and financial performance of Chinese listed companies. 839 Chinese listed companies were included in the study. The findings of the study indicated that implementing CSR on shareholders and employees had a positive impact on the firm’s financial performance on the other hand implementing CSR on other stakeholders had no significant impact on the Chinese listed companies’ financial performance. Qui concluded that “the CSR situation in China is still not optimistic.”

Choi and Choe (2010) Study shows an increase in companies’ commitment to CSR beyond profit making in developing countries such as India and Malaysia this study indicated that companies tendency towards disclosure of CSR is low in developing countries, however, awareness is increasing gradually with the emergence if Non-governmental Organizations. (Creel 2010) conducted a research on 198 Malaysian firms their findings indicated that 97% of the respondents agreed that Malaysian companies practice CSR. The study findings also indicated a positive association between increased CSR and financial performance of the firms as well as the size of the firm and firm revenue. A study by Tamimi and Hassan (2010) on firms in Bangladesh indicated that companies such as CARE Bangladesh, Bangladesh Enterprise Institute, BATA are at the forefront of CSR programs. When CSR was introduced in Africa most African firms showed little interest in the concept. It was said that “CSR is a theme generally inserted in the countries of the south by the countries of the North.

Klins and Smit (2010) described the evolution of CSR in Africa in terms of generations in their study. First generation, CSR was carried out for a particular purpose only, such as to respond to environmental and social issues and challenges threatening the business. In the second generation, companies adopted a more proficient approach to CSR; firms became more committed to the concept and started reporting on CSR performance. In the third generation, it was no longer about controlling the negative impacts companies focused on building and aligning their firms to ensure they provide a positive impact to the people and the environment that surrounds them. A number of studies on CSR have been conducted in Africa to establish the relationship between CSR and financial performance; these studies still show conflicting results.
Amole and Awolaja (2012) conducted a study on 68 companies in the Nigeria stock exchange; the study sought to establish if there was a relationship between CSR and financial performance of these firms. Using CSR indexes and financial performance measures the study concluded that from the regression analysis, human resource disclosures, products disclosure, customer disclosures and community involvement disclosure, were found to enhance financial performance. Cyrus and Oyenge (2013) stated that CSR activities in Kenya are focused towards education, agriculture, and food security, underprivileged children, and HIV/AIDS. In Kenya multinational companies are in the lead when it comes to CSR involvement. Most local companies viewed CSR only from a philanthropic perspective. It is only recently that firms have moved to integrate and align CSR with their company mission and vision. The transition saw both foreign and local companies focusing on performance driven CSR mostly for profit maximization and enhanced competitiveness.

Ondieki (2011) established that companies usually differ on how they implement CSR. The difference depending on factors such as the organization’s size, demands of the stakeholders, organizations culture and the historic involvement of the firm in CSR. The major CSR initiatives in Kenya include the Wings to fly foundation by Equity Bank, KCB foundation, Family Bank Foundation, Heart run by Mater Hospital and the Standard chartered marathon by Standard chartered bank Kenya Cheruiyot (2010)

### 1.1.1 Corporate Social Responsibility

As mentioned earlier, CSR entails the concern that businesses have for the welfare of society. Adam Smith was among the first to articulate this concept Creel (2010). However, Friedman is perhaps the best known to articulate purely profit-based Corporate Social Responsibility of business Chetty and Seetharam (2014). He suggested that decision makers are acting ethically if they follow their firm’s self-interest. Choi and Choe (2010) expands on Friedman’s analysis in order to find Corporate Social Responsibility within a profit-maximisation framework. If the market demands socially responsible behaviour, a firm may only be successful by demonstrating this behaviour.
Hence, strategy development and implementation must be done in line with market demand. “While free markets will ruthlessly eliminate inefficient firms,” said Professor James Wilson, “the moral sentiments of man will only gradually and uncertainly penalize immoral ones. But, while the quick destruction of inefficient corporations threatens only individual firms, the slow anger at immoral ones threatens capitalism, and thus freedom itself” Bayoud and Slaughter (2012). Strategies must therefore be developed in line with and implemented for the sustainability of an organisation through meeting the needs of its supporting constituencies. Corporate Social Responsibility advocates that, those who are trying to develop the notions of social responsibilities of corporations, are trying to get at the interrelatedness of business with the broader community of which it is part.

However, this attempt remained rooted in the same atomic individualism of economic theory in general, as perhaps can be anticipated by the very titles used to characterize the field “Business and Society” or “Business and its Environment” Amole and Awolaja (2012). The title “Business and Society” implies that there are two separable, isolable entities; business and society, and the corporation is an autonomous unit which must consider its obligations to the society which it impacts. Solomon makes the point that the traditional arguments for the social responsibilities of business are very much a part of the atomic individualism that makes them referred to as inadequate Creel (2010).

The whole notion of Corporate Social Responsibility of business was problematic from the very beginning of the field, and the subsequent language about social responsiveness, social performance and the ethical obligations of the business perpetuate this fundamental problem. These ways of thinking about the corporation and the society embody implicit atomistic assumptions Carroll and Shabana (2010). Yet despite the problems associated with it, it is still a factor to be considered in developing and implementing a corporate strategy. Corporate Social Responsibility should therefore feature in organisational culture and objectives. A clear distinction exists between firms that set out with profit objectives uppermost and those driving towards Corporate Social Responsibility.
The emphasis on profit has a clear impact on values within the organisation. Performance is related to individual accountabilities. Individuals flourish within an organisation according to their success in meeting performance standards. The assumptions that people take to heart are issued on these values. By contrast, in organisations geared towards Corporate Social Responsibility, the emphasis will be on the environment, the wider community, the quality of relationships within the organisation, etc. Individuals will be highly valued when their contributions most clearly reflect these values. Organisations traditionally associated with Corporate Social Responsibility include schools, hospitals, care centres for the elderly and environmental protection agencies. Hence, people working in such centres such as teachers, nurses, prison officers and social workers were not happy with the cultural shift that has emphasized the importance of profit in recent years appearing in the media Bayoud and Slaughter (2012).

There is need for organisations to factor in social responsibilities in their strategies in order to ensure that business developments take into consideration community issues as well as profits. Organisations must strike a balance between different stakeholders’ aspirations, taking into account areas such as consumerism, business ethics and environmental issues Chetty and Seetharam (2014). As much as they are benefiting from the operations of their businesses, they must take good care of people living around their businesses or consuming their products. A well- planned strategy will fit in the social responsibilities that the organisation is required to by the communities around it and by the beneficiaries of its products and services.

1.1.3 Corporate Social Responsibility and Financial Performance

Companies perceived to have a strong CSR commitment often have an increased ability to attract and to retain employees which leads to reduced turnover, recruitment and training costs. Those who have suggested a negative relation between social responsibility and financial performance have argued that high responsibility results in additional costs that put a firm at an economic disadvantage Sharma and Kiran (2012).
These added costs may stem from actions like making widespread charitable contributions, sponsoring community development plans, keeping plants in economically depressed locations, and establishing environmental safeguard procedures. The effect of CSR and CFP has raised argument among scholars Persefoni and George (2014). As previous literature has stated, the CSP and CFP effect of the relationship may be negative, neutral or positive. The viewpoint for positive correlation between CSP and CFP suggest that as a company’s explicit costs are opposite of the hidden costs of stakeholders, therefore, this viewpoint is proposed from the perspective of avoiding cost to major stakeholders and considering their satisfaction. In addition, this theory further infers that commitment to CSR would result to increased costs to competitiveness and decrease the hidden cost of stakeholders who are necessary for the survival of the company. Bayoud and Slaughter (2012) pointed out that some stakeholders’ regard CSR as a symbolic management skill, namely, CSR is a symbol of reputation, and the company reputation was improved by actions to support the community, resulting in positive influence on sales. In contrast, other scholars studying corporate social responsibility and performance have argued for a positive association. Several authors have mentioned improved employee and customer goodwill as a vital outcome of social responsibility

According to Amole and Awolaja (2012) a firm perceived as high in social responsibility may encounter relatively few labor problems, and customers may be positively inclined to its products. Socially responsible activities may also improve a firm's standing with such important constituencies as, investors, and government officials. Enhanced relationships with these constituencies may bring about economic benefits. High corporate social responsibility may therefore improve a firm's access to sources of capital. Therefore, when a company increases its costs by improving CSP in order to increase competitive advantage, such CSR activities can enhance company reputation, thus, in the long run CFP can be improved, by sacrificing the short term CFP; The viewpoint for negative effect between CSR and CFP suggests that the fulfillment of CSR will bring competitive disadvantages to the company Carroll and Shabana (2010).
When carrying out CSR activities, increased costs will result in little gain if measured in economic interests. When neglecting some stakeholder, such as employed or the employees or environment, result in a lower CSP for the enterprise, the CFP may be improved. Hence, Chetty and Seetharam (2014) indicated that this theory was based on the assumption of negative effect of CSR and CFP.

1.1.4 Multinational Corporations in Kenya

A multinational corporation (MNC) is a corporation that manages production or delivers services in more than one country. It can also be referred to as an international corporation. The International Labour Organization (ILO) has defined an MNC as a corporation that has its management headquarters in one country, known as the home country, and operates in several operating under more than one sovereign jurisdiction, they are in nature very similar to local or non-multinational firms producing in more than one state or plant. MNCs are owned by shareholders who expect annual returns or dividends in compensation for funds they make available for the firm’s production and sales activities. Many multinationals, produce global brands with similar marketing mixes across the world, for example, with the same or similar advertising, distribution and retailing techniques and promotions. Multi-National Corporations (MNCs) invest abroad, they usually introduce their management practices, along with production technology, into less developed countries. Inevitably, they face problems relating to cultural differences. Thus, subsidiaries and joint ventures face conflicting pressures from the parent firm and the local environment Creel (2010).

1.1.5 Unilever ESA and Corporate Social Responsibility

Unilever Eastern and Southern Africa is a great example of a Multinational Corporation that uses Corporate Social Responsibility. It has set standards on how the corporate social responsibility should integrate with the company’s day-to-day activities. The Corporate Social Responsibility activity is under a project known as the sustainable living plan its main aim is to set out and decouple the company’s growth from the environmental impact, while at the same time increasing their positive social impact Cyrus and Oyenge (2013).
It has three big goals it wishes to achieve by 2020 these are to improve health and well-being, reduce environmental impact and source 100% of their agricultural raw materials sustainably and enhance the livelihoods of people across their value chain. This study will be able to show clearly if Corporate Social Responsibility activities have an impact multinational corporations performances in the host countries. Companies that don’t make profits are in a modern market economy doomed to perish. Of course there are special cases. Nonprofit organizations make money (from their own activities as well as through donations and grants), but pour it back into their work Cheruiyot (2010).

Ondieki (2011) additionally, public/private hybrids can operate without turning a profit. In some cities, trash collection is handled by this kind of organization, one that keeps the streets clean without at least theoretically making anyone rich. For the vast majority of operations, however, there have to be profits. Without them, there’s no business and no business ethics. The ethical responsibility is to do what is right even when not required by the letter or spirit of the law. This is the theory’s keystone obligation, and it depends on a coherent corporate culture that views the business itself as a citizen in society, with the kind of obligations that citizenship normally entails. Philanthropic responsibility to contribute to society’s projects even when they are independent of the particular business. Instead, public acts of generosity represent a view that businesses, like everyone in the world, have some obligation to support the general welfare in ways determined by the needs of the surrounding community Musau (2015).

1.2 Statement of the problem

Today the world is witnessing a dramatic increase in CSR activities, especially in the emerging economies Sharma and Kiran (2012) in his study also observed that some corporate social responsibility initiatives are costly and may have a negative effect on the firm’s profit margin. A study by Ondieki (2011) found out that an increase in corporate social responsibility activities will result to an increase in the financial performance of the company.
Musau (2015) found preliminary evidence that corporate social responsibility and financial performance of insurance companies had a positive correlation. Cheruiyot (2010) in his study on Kenyan superior profits, high profits were associated with the firm’s corporate social responsibility involvement. Similarly, Ondieki (2011) also concluded that corporate social responsibility improves the financial performance of commercial banks in Kenya. Cyrus and Oyenge (2013) also studied the relationship between social accounting practice and profitability in the oil industry in Kenya and found that financial performance was one of the factors that determine CSR practice in the oil industry. Whereas several studies have been undertaken on CSR in general and more particular concerning the relationship between corporate social responsibility and a firm’s financial performance, results of these studies appear to be inconclusive. Empirical studies examining the relationship between CSR activities and firms’ financial performance have presented mixed findings. This study therefore seeks to find out if CSR influences financial performance of multinational companies in Kenya and whether the relationship between CSR and financial performance of Unilever Kenya is positive, negative or neutral.

1.3 Purpose of the Study

To establish the impact of corporate social responsibility on financial performance of Unilever Kenya.

1.4 Specific Objectives

1.4.1 To determine the corporate social responsibility programs in Unilever Kenya

1.4.2 To establish the challenges of implementing corporate social responsibility programs in Unilever Kenya

1.4.3 To evaluate the relationship between corporate social responsibility and financial performance in Unilever Kenya
1.5 Importance of the Study

1.5.1 Unilever Managers

The company will get a better understanding on CSR and the managers of Unilever will be able to make more informed decisions on whether or not to adopt CSR. Sun (2012) stated that CSR activities always come at the expense of shareholders and employees, thus, managers should only undertake CSR if it increases its shareholders’ value.

1.5.2 Unilever Stakeholders

The study will also be of value to the different investors interested in investing in Unilever. Understanding the relationship between corporate social responsibility and financial performance will help the investors in designing and determining the allocation of their portfolio so as to maximize returns Carroll and Shabana (2010) thus, the study will help the investors maximize their profits by investing in firms that make decisions based on ethical concerns.

1.5.3 Researchers and Scholars

Finally, the findings on the relationship between CSR on firm’s financial performance will enrich the discussion CSR and contribute to the existing literature and theories. This warrants the need for a study that will allow for generalization of the findings of the study for all Multinationals Companies. Similar studies can also be extended to other sectors and industries which have not been covered by earlier studies such as the institutions of higher learning, Oil and Gas industries among others.

1.6 Scope of the Study

This study focused on Unilever Kenya Limited. The study was carried out to investigate the impact of CSR on financial performance. The study focused on the Unilever financial data for the five years period between 2012 and 2016 gathered from unilever annual financial reports. The study targeted the management staff since they are the key decision makers. The study was carried out during the months of June and July 2017.
1.7 Definition of Terms

1.7.1 Corporate Social Responsibility

Corporate social responsibility is the actions that appear to further some social good, beyond the interest of the firm and that which is required by law. Corporate social responsibility is the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time Bayoud and Slaughter (2012).

1.7.2 Multinational Corporations

A multinational corporation (MNC) is a corporation that manages production or delivers services in more than one country Choi and Choe (2010).

1.7.3 Triple Bottom Line

Triple Bottom line is an accounting framework that incorporates three dimensions of finance, social and environment which are commonly known as the three Ps (3Ps): People planet and profit Sharma and Kiran (2012).

1.8 Chapter Summary

This chapter looked at the history of corporate social responsibility both internationally and locally with the main focus on Unilever Kenya. Chapter one proceeded to discuss the problem statement, the objectives of the study, significance of the study and the scope of the study. Chapter two has reviewed relevant literature on corporate social responsibility and financial performance. The literature review highlighted the findings of other studies on the research objectives which were corporate social responsibility programs that are adopted by firms, the challenges of implementing corporate social responsibility programs and the relationship between corporate social responsibility on financial performance. A descriptive research design was used to carry out the study. Chapter three the study population consisted of 275 management staff at Unilever Kenya and the sample size consisted of 82 respondents.
The study relied both on primary and secondary data which was collected from the respondents using a structured questionnaire and secondary data from annual financial reports. Chapter four this chapter represented the results on the relationship between corporate social responsibility and the financial performance in the form of tables and figures. The analysis was based on the primary data collected from the respondents in form of questionnaires and the secondary data from Unilever Company Limited annual reports. The results were arranged based on the research objectives of the study aiming at establishing whether there is a relationship between corporate social responsibility and the financial performance of Unilever Limited Company.

Chapter five The study recommends that Unilever Company should increase their allocations for investments in corporate social responsibility programs this is because the company does not exist in a vacuum and has impact on the community in which they operate in. The study recommends that Corporate Social Responsibility should be viewed a core component of the organizational structure and for that matter activities related to Corporate Social Responsibility should be reviewed for faster approval and implementation. The study recommends that Unilever Company should continue to engage in corporate social responsibility programs to further improve the firm’s financial performance. The organization should therefore view corporate social responsibility as the venue for profit maximization.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of related literature and various concepts on the subject under study presented by various researchers, scholars, analysts, theorists and authors. It will enable the researcher to gain knowledge from previous research and come up with other useful information to strengthen the study.

2.2 Corporate Social Responsibility Programs of a Company

Corporate social responsibility is an umbrella term overlapping with some and synonymous with other conceptions of business-society relations Sharma and Kiran (2012). The World Bank defined Corporate Social Responsibility (CSR) as, “a term that describes the company’s obligations to be accountable to all of its stakeholders in all its operations and activities.” According to Cyrus and Oyenge (2013) before balancing the needs of stakeholders and their need to make a profit, firms consider the full scope of their impact on communities and environment. Creel (2010) argued that the main force that drives companies to adopt corporate social responsibility may be the corporate social responsibility’s subsequent financial benefits. Although the main aim of business is to make profits, the company should contribute towards social and environmental goals by applying corporate social responsibility as a strategy in their core business practices, corporate governance, and management instruments.

Chetty and Seetharam (2014) defined CSR strategies as the major activities or initiatives undertaken by a firm to support social causes and to fulfill commitments to corporate social responsibility. These initiatives are those that contribute to, community employment, the environment, health, safety, education, community and economic development and other basic human needs and desires. Choi and Choe (2010) stated the benefits of having good CSR programs he argued that companies that have strong CSR engagements often have increased ability to attract and retain employees, which leads to reduced costs of turnover, training and recruitment.
According to Chetty and Seetharam (2014) employees, of a company often gauge whether their personal value conflict with the value of the company by evaluating the firm’s CSR performance there are many times where employees were asked, under pressure from their supervisors, to overlook written moral laws and written laws in order to achieve higher profits. These practices create a culture of fear in the workplace and affects employees’ trust, loyalty, and commitment to the company. Creel (2010) argued that companies that work on improving their working conditions and labor practices have high chances of experiencing increased productivity and reduced error rate. Studies by Cone (2010) have indicated that although the practices to improve working conditions and living wages may be costly, increased productivity and improved product quality will increase the firms’ cash flow to cover the cost incurred. That is the “firm will benefit from a socially responsible action in terms of morale and productivity”.

There are several approaches to firm’s CSR initiatives. A study by Carroll and Shabana (2010) gave three visions to Corporate social responsibility: Vision One: ‘Win–win’ this posits that being a good corporate citizen leads to superior profits. Vision Two: ‘Delegated philanthropy’ states that some stakeholders often sacrifice money so as to further social goals. Vision Two of CSR maximizes profit given the demand of stakeholders. Vision Three: ‘Insider-initiated corporate philanthropy’ states that the social behavior of the firm reflects the desires of the manager to engage in philanthropy. Other approaches to CSR are discussed below.

2.2.1 Carroll’s Pyramid of Corporate Social Responsibility

The commonly used theoretical approach to CSR is Carroll and Shabana (2010) Model or Pyramid of Corporate Social Responsibility. Carroll considers CSR to be framed in such a way that the entire range of business responsibilities is embraced. Carroll’s has been utilized by many scholars and researchers. Several businesses, society, and business texts have incorporated Carroll’s four categories. Carroll and Shabana (2010) argued that economical responsibility is the most fundamental and most important responsibility of a company, which reflects the nature and the importance of company as a profit-making organization.
Carroll and Shabana (2010) stated that Philanthropic responsibilities include those actions that the society expects from the company. The society expects the company to be a good corporate citizen. That is the society expects the company to contribute financial and human resources to their society and to improve their quality of life. Ethical responsibility includes behavior, standards which reflect not only the company’s concern for the value of justice among customers, employees and the local community, but also showed its moral spirit of respecting and protecting the interest of stakeholders. Legal responsibility aspect of the pyramid is concerned with the society’s expectations of the company's compliance with the laws and regulations in place.

**2.2.2 The Triple Bottom Line Model**

The triple bottom line model is another theoretical approach to CSR. Triple bottom line model provides a framework for measuring performance and success of the business using the economic, the social and the environmental line. Sun (2012) referred to the triple bottom line model as the practical framework for sustainability. It is also known as People, Planet, and Profit, or the three P’s.
Figure 2.2: Elements of the Triple Bottom Line

A sustainable society should meet three conditions; the rate of use of renewable resources should not exceed their rate of generation; the society’s rate of use of non-renewable should not exceed the rate at which sustainable renewable substitutes are developed; and its rate of pollution should not exceed the capacity of the environment. According to Sun (2012) the environment line is concerned with the efficient use of resources, reduction in greenhouse gas emission, minimizing ecological footprint, etc. The economic line of the triple bottom line is concerned with the impact the organization has on the economic systems as well as the economic performance of the organization itself. Elkington’s model also states that the Social line of the triple bottom line model refers to conduction beneficial and fair business practices to labor, human capital and to the society.

2.2.3 Components of Corporate Social Responsibility

To become a successful company, building reputation and gaining trust from people are very important. Reputation has become one of the priorities for stakeholders and public to determine whether a company is trustworthy and able to meet their expectation CSR RepTrak100 (2013). Over 60 percent of people believe that companies should focus more on managing their reputation in the coming years (p.7). Having a distinguished corporate social responsibility program is one way to enhance companies’ reputation and build a good image. Over 70 percent of people would spread positive words out to others when companies obtain higher than 80 points in their CSR score as determined by the Reputation Institute (p.10). The institute is a famous corporate reputation consulting company, which has done extensive studies to rank the top 100 most reputable multinational companies annually.
According to the CSR RepTrak100 in (2013), the institute measures companies’ reputation through seven dimensions including workplace, governance, citizenship, financial performance, leadership, products and services, and innovation. Stakeholders expect successful companies to be the leaders in all seven dimensions. Among these dimensions, citizenship, governance, and workplace are the major components of CSR (p.6). It is significant to prioritize these three components in a company’s CSR practice in order to build its reputation.

2.2.3.1 Citizenship

Under the citizenship aspect, it is considered whether the “company is a good corporate citizen it supports good causes and protects the environment” CSR RepTrak100 (2013); businesses engage in issues that are happening in the community, country or even the world and contribute their efforts to create changes. Multinational companies have a bigger role in their corporate citizenship as they need to: “Address issues that have a dramatic impact on the future of the globe, such as climate change, water shortages, infectious diseases, and terrorism. Other challenges include providing access to food, education, and information technology; extreme poverty; transnational crime; corruption; failed states; and disaster response and relief.

Each of these problems is global in scope, even if the solutions may be locally focused” Sharma and Kiran (2012). One initiative companies often engage in is corporate philanthropy, which is also closely associated with corporate citizenship. It refers to “direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services”. Many companies practice their corporate citizenship through philanthropic giving, which ranges from donating money, services, or products to nonprofit organizations, charities and communities, partnering with organizations to raise public awareness on certain issues, granting scholarships to students, offering technical expertise, knowledge, and skills, and more Creel (2010). Businesses also highly encouraged their employees to volunteer at local non-profit organizations, and they would get a double bonus by doing so.
The activities brought benefits to the community and drew attention from the public and media; they also aimed to improve the employees’ morale, provide career development, and boost their incentive to engage in more volunteering activities in the future Cone (2010). Being a good corporate citizen also involves preserving the environment and reducing the harmful impact the company and its supply chain create. It can also be called “corporate sustainability” as it closely relates to a company’s environmental practices and policies Lajoux and Martel (2013). As environmental problems and global warming become more severe, increasing numbers of companies have made commitments and take initiatives by incorporating environmental measures and strategies into their business practices. Some activities include participating in environmental projects, utilizing solar power, reducing materials for packaging, implementing a recycling program, switching to use renewable energy sources, and many other kinds of green strategies. The CSR performance of a company is measured by the triple bottom line, which consists of three areas: social, financial and environmental. The social bottom line mainly measures the company’s performance with respect to employees, suppliers, and society. The financial aspect assesses the company’s profitability by examining their financial statements. The environmental area looks at the company’s sustainability in their operations by measuring their carbon emissions, water and power usage, product recycling and so forth Creel (2010)

2.2.3.2 Governance

Governance is defined as “company is a responsibly-run company it behaves ethically and is open and transparent in its business dealings” CSR RepTrak100 (2013). Some of the key practices include creating a positive relationship with the community, taking stakeholders’ interest into consideration when making business decisions, conducting fair and transparent business transactions, and other measures Creel (2010). Nonetheless, an ethical company not only does business ethically in front of the public; it also requires an ethical corporate climate and consistent actions behind the scenes. Each company has a unique organizational culture where it brings huge influences to subordinates’ behaviors, the decisions they make, and the goals they strive to achieve.
Having an ethical corporate climate requires a company to integrate these principles inside the company as well. They can incorporate the principles and rules explicitly into their code of ethics and mission statements. They also provide ethics workshops for employees, channels for reporting internal unethical behaviors, and rewards for being an ethical employee in the company Chetty and Seetharam (2014).

2.2.3.3 Workplace

Workplace, in the context of CSR, refers to “an appealing place to work it treats its employees well” CSR RepTrak100 (2013). It is especially important not to omit employees in the CSR program as employees are an important stakeholder in carrying out the company’s CSR program. Companies that care about their employees help increase employees’ satisfaction and morale, lower turnover rate, attract more talent, ensure workplace safety, and establish excellent work relations with employees. According to the study done by the Great Place to Work Institute, employees are more willing to take risks and bring more creative and innovative ideas to the companies.

The study discovers that companies that pay more attention to their employees and their well-being “enjoy higher levels of customer satisfaction and customer loyalty” Citizens (2013). Employees also have more interactions with customers, so they often have higher chances to listen to the customers and know their tastes better. Therefore, companies should not only focus on the external side of CSR such as supply chain, environment, human rights, philanthropy, and so on. They also need to include internal CSR, which refers to diversity, employee’s privacy, health and wellness, job satisfaction, and more Corporate Responsibility Magazine's (2014).

2.3 Challenges of implementing Corporate Social Responsibility Programs

The designing and implementation of Corporate Social Responsibility requires long-term commitment and vision from managers, posing a major challenge to organizations Klins and Smit (2010). The high rate of low-income earning communities across the world makes it difficult for communities to adequately support companies that carryout CSR as they spend a greater portion of their earnings on food.
2.3.1 Failure to engage Key Stakeholders

Most Corporate Social Responsibility programs are not context specific and for that matter the need for individual companies to invest in context specific Corporate Social Responsibility programs. Businesses or organizations to a large extent fail to engage stakeholders on key social issues to be addressed by their Corporate Social Responsibility programs. This does not only pose as a challenge to organizations but it also turns to hinder the successful implementation of Corporate Social Responsibility interventions Creel (2010). According to Cone (2010), studies revealed that 81% of American consumers strived for an opportunity to buy a cause-related product. They are of the view that their purchases amount to an investment into the company’s CSR program and for that matter, they feel to be contributing to a cause. Companies can benefit from their CSR interventions if the internal and external stakeholders are duly informed. Unfortunately stakeholders” awareness creation is very low making it impossible for the successful implementation of most social interventions. Most entrepreneurs in recent times had concentrated their CSR interventions on health, education and environmental issues Sharma and Kiran (2012). Contemporary trend in network-based operating models had underscored the need for the globalization of businesses through the connectivity among and between stakeholders across the globe. It had resulted in the introduction of new stakeholders in the whole operational procedure of businesses.

The operational modification of businesses had led to a shift in market power from the traditional customers and investors to also include other stakeholders such as employees, communities, regulators, media, NGOs, suppliers and politicians. All these stakeholders have played a significant role in the implementation of CSR activities. This shift in market power to include other stakeholders could lead to a social risk issues to management of organizations. Most companies viewed social risk as emanating from the way its own behavior or the action of others within its operational environment generate vulnerability. Stakeholders may drive motivation from these vulnerabilities to pressurize corporations to undertake certain behavior changes and since the stakeholders” views on social issues is of great necessity to Multi-National Companies Cone (2010)
The implementation of CSR interventions had presented an opportunity for companies to address challenges emanating from social risk. CSR interventions are a necessary element of risk management for global companies because they provided the framework and principles for stakeholder engagement can supply a wealth of intelligence on emerging and current social issues or groups to support the corporate risk agenda and ultimately serve as a countermeasure for social risk. Integrating CSR into the corporate strategy or core business of companies can pose great challenges Creel (2010)

2.3.2 Inadequate Skills needed to carryout CSR Programs

Organizations are made up of individuals who first and foremost enjoy some rights and exercise duties and responsibility because they are citizens of a country. Organizations are therefore faced with numerous stakeholders toward whom it has numerous responsibilities. The boundlessness of stakeholders with which organizations work with may render CSR meaningless. The problem of CSR may not be due to it pertinence but instead the individual personal values and responsibilities of the people that make the social organization. The existence of CSR is impossible if people do not have sufficient competence and exercise maturity in a socially responsible way. It is therefore imperative for society and companies to train individuals towards the acquisition and attainment of such competencies and maturity essential for the successful design and implementation of Corporate Social Responsibility Chetty and Seetharam (2014).

The concept of CSR and stakeholder are interrelated which had warranted the need for an assessment of the correlations between business and society. Managers of organizations play an essential role in the way their images are lifted with regards to their social and environmental performance. The growing consciousness people have of their leverage power could therefore drastically change the responsibilities businesses have toward society. In the efforts of organizations to mature towards greater responsibility, people should first reflect on their own position, behavior, value-system and expectations within organizations and society. This will better enhance the design and implementation process of CSR interventions to the overall benefit of both the organizations and stakeholders concern Choi and Choe (2010).
According to Carroll and Shabana (2010), companies working on CSR require the development of appropriate capacities and skills to make decisions and behavior broader, deeper and richer toward their stakeholders but contrary to this view, most companies lack the appropriate skills needed to effectively carry out Corporate Social Responsibility.

2.3.3 Strategy Implementation

Any new strategy will likely involve a sequence of new programs and activities that may conflict with the existing practices and activities. They also need to decide whether to start a new site and whether the proposed systems are stable and coherent. These are organizational routines by which organizations accomplish much of what they do. They must be updated to reflect any changes in technology and in strategy. Consistency of the procedures is necessary to ensure that they are affected to the letter which in turn requires policies Sharma and Kiran (2012). Changing current procedures in order to implement new strategies is not easy especially due to the resistance to change that is normally inculcated by the personnel. This can be challenging to the organization to motivate and encourage the staff to cooperate.

2.3.4 Budget Process

Sometimes an ideal strategy may become impractical after the implementation programs are costed in detail. Sun (2012) argue that in most cases, due to changes in the environment in which a strategy is being implemented the planned budget may be surpassed by the actual. This is because the environment is dynamically changing as a result of factors such as inflation, technology and economical factors. Standard operating procedures must be developed after budget approval.

2.3.5 Inability by the Government to Enforce CSR into Law

CSR is still at the discretion of the companies. Companies alone cannot be said to be responsible for social responsibilities to the communities in the region. The government should traditionally be responsible for the welfare of its citizens. These include ensuring law and order, security, provision of public infrastructure and other basic amenities.
Thus while companies have a social responsibility to the communities they operate, the framework within which this is to effectively work in the government Cone (2010).

2.3.6 Corruption and Selfishness

According to Creel (2010) countries blessed with abundance of natural and human resources, as a result attracts the activities of multinational companies who explore these resources to increase the wealth of the nation as well as transform the economic and social environment for the betterment of the common. Apart from increasing the wealth of the nation, most of these companies enshrine in their policy the responsibility of providing some social services to the society they directly affect through their CSR. It is quite pathetic when the level of corruption in such countries poses a major challenge to these companies in implementing CSR. Without regards for morals and humanity, when the resources meant to be used for implementing CSR to improve the lives of people in the society gets to the hands of the leaders of these communities, they are siphoned and used for their selfish and personal gains.

2.3.7 Lack of Interest in Implementing CSR programs

Foreign and Local companies lack the necessary drive and impetus to effectively carryout CSR because they are not mandated by the laws to do so, as a result, these companies see CSR as not a responsibilities or obligatory which they must implement, but do it out of their own volition. It is only when CSR is backed by the laws of a country that companies that tap its resources will then see it as obligatory, or otherwise faces the consequences of the law Bayoud and Slaughter (2012).

2.3.8 Negligible or Non-Existent Benefits

According to Klins and Smit (2010) social responsibility should result in positive outcomes for both the business and the community. However, often the results falls heavily in favour of the business involved. Businesses invest a comparatively small amount into community projects and then use their effort to promote their brand and gain access to markets all around the country. The public relations and brand building they receive far outweighs their investment in socially responsible projects.
2.3.9 Political and Social Insecurity

One of the fundamental factors that motivate companies (whether a foreign or local) to do business is the availability of political as well as social security. Foreigners doing business in political insecure locations sleep with one eyes open and do their business with fear. With this pathetic and horrible situation on ground, companies will find it very challenging to engage in CSR for fear of not maximising profit which is to the detriment of its stakeholders and the organisation as a whole Cone (2010).

2.4 Relationship between Corporate Social Responsibility and Financial performance

The question of whether there is any relationship between CSR and corporate financial performance has led to lively debate amongst researchers Klins and Smit (2010) argued that although firms exist to make profit they should also strive to contribute to environmental and social goals. Can firms that exercise CSR make superior profits? A number of theoretical perspectives have been examined in the literature on the relationship between CSR and firm financial performance. Sun (2012) established that between 1971 and 2000, total of 122 studies examining the relationship between CSR and financial performance were published. Since them many studies have been carried out to determine the relationship between CSR and firm’s financial performance. However these studies provided conflicting results. The empirical studies are divided into two types. The first assessed the short-run financial impacts using an event study method.

Choi and Choe (2010) in their study established a negative relationship. The second type of study assessed the relationship between some measure of corporate social performance and long-term measures of the company’s financial performance. These studies used accounting based measures and they also produced conflicting results regarding the relationship between CSR and financial performance Sharma and Kiran (2012). A study by Choi and Choe (2010) indicated a positive correlation between corporate social responsibility and accounting performance. Cyrus and Oyenge (2013) also indicated significant positive relationships between CSR and performance measures, such as return on asset.
On the other hand, Carroll and Shabana (2010) in their study detected no significant
relation between CSR and a firm’s risk-adjusted return on assets. As discussed above it
is clear that the results of the empirical studies on the relationship between CSR and
financial performance produced mixed results. From the studies there are three possible
results: negative association, no association, and positive association. According to
Ondieki (2011) the results of the studies on the relationship between social
responsibility and financial performance ranged from no correlation to various
significant positive or negative linear relationships. These possible results are discussed
below and the reasoning behind the conclusion of different empirical studies.

2.4.1 Negative Association

Between the year 2002 and 2004 Chetty and Seetharam (2014) analyzed the relationship
between CSR and financial performance in 110 European firms, this study indicated a
negative association. Similar a study by Cheruiyot (2010) showed a possible negative
relationship between CSR and financial performance. Friedman also stated that firms do
not have social responsibilities. He argued that a corporation is an “artificial person”
and it cannot have responsibilities instead the company’s executives bears the
responsibilities. They have a “direct responsibility to their employers,” and must
conduct the business in a way that maximizes profits while respecting the law and
ethical norms.

Most studies in Kenya focus on the relationship between CSR and financial performance
of financial institutions. Little has been done on multinationals companies such as
Unilever. Some of these studies have also indicated a negative association. For example
Musau (2015) studied the insurance companies in Kenya December 2015. The study
covered the year from 2010 to 2015. The study found preliminary evidence that there is
a negative association between CSR and financial performance of insurance companies
in Kenya. Chetty and Seetharam (2014) surveyed to assess chief executive officers to
find out their perspectives on CSR activities. The findings of the study and report a
significant and negative association between CSR and accounting-based financial
performance measures.
The theory behind these findings is that engaging in CSR activities disadvantages the firm because the firm will incur avoidable costs, CSR programs increase costs without sufficient offering benefits.

2.4.2 Positive Association

Recent studies have indicated that most studies found a positive association between corporate social responsibility and financial performance of the firm. The positive association suggests that firms find economic benefits from increased engagement in CSR, this is supported by studies by; all these studies have shown a positive association. Cheruiyot (2010) used firms selected on the S&P 500 Index for the period between 1996 and 2000 to measure the effect of CSR on financial performance measures. He observed that each company differs in how it implements corporate social responsibility. The differences depend on such factors as the specific company’s size, the particular industry involved, the firm’s business culture, stakeholders” demands, and how historically progressive the company is engaging in CSR. In 2006 Wu carried out an analysis on 121 studies published in the years before 2000, the study found a positive relation between CSR and financial performance. Recent reviews by Carroll and Shabana (2010) both conclude a positive relationship between CSR and financial performance. There are a number of studies that examined the relationship between CSR and financial performance in Kenya.

Ondieki (2011) tested the investment corporate social responsibility and sustained growth of commercial banks in Nairobi between the years 2005 and 2010. Using regression analysis the study established that there is a positive significant association between investment in CSR and banks’ sustained growth in his study established that superior profits in the year 2012 were associated by the firm’s CSR involvement. Similarly Musau (2015) also concluded that CSR improves the financial performance of commercial banks in Kenya. The theory behind these findings is that a firm that is socially responsible can yield economic benefits and contribute to wealth maximization. Sun (2012) argued that corporate social responsibilities activities can improve the relationship between firm and stakeholders and improve returns.
A study by Sun (2012) explained why socially responsible firms experience positive effect on the financial bottom line. Some of these factors that contribute to a positive association include: Improved organization reputation, increased sales, increased ability to attract better employees, Decreased operating costs, and reduced business risk. Ondieki (2011) found that CSR has positive relationship to the financial performance of companies listed at the NSE. The study covered a period of 5 years; 2007 to 2011.CSR was measured by the amount spent on CSR programmes while financial performance was measured by net profit. One major finding of the study is that there was a strong relationship between the independent variables (CSR practice, efficiency and capital intensity) used in the model and the dependent variable (ROA). The study found that there was a general upward trend in the amount invested in CSR activities between 2007 and 2011. The highest investment was seen in 2010 while the lowest in 2007. The study also found that there was an upward trend in the performance of firms listed in NSE.

2.4.3 No Association

Some theoretical studies support the possibility that there is no association between CSR and financial performance. A study by Carroll and Shabana (2010) is an example of an empirical study that found no relationship between the two variables. The study surveyed 241 CEOs and used CSR programs such as ethical, economic, philanthropic and legal responsibilities. To measure financial performance the study employed both short-term and long term return on asset. The study concluded there was no statistically significant association between CSR and financial performance. Carroll and Shabana (2010) posted that, it did not matter whether the indicators were adjusted for risk or whether long-term or short-term return on assets was used.

Musau (2015) studied firms listed on the NSE; He tried to establish if there is a relationship between CSR programs and financial performances of these firms. The study found no significant relationship between CSR and financial performance of firms listed in the NSE. A study conducted by Musau (2015) tried to explain these results. He argued that there are many intervening variables between CSR and financial performance and thus there is no reason to expect any relationship.
He also argued that there are many limitations in measuring the tangible impact of CSR; He stated that the CSR components are not all quantitative as the money spent on CSR programs of corporate social performance, thus the measure used may confound the results.

2.5 Chapter Summary

This chapter has reviewed relevant literature on corporate social responsibility and financial performance. The literature review highlighted the findings of other studies on the research objectives which were corporate social responsibility programs that are adopted by firms, the challenges of implementing corporate social responsibility programs and the relationship between corporate social responsibility on financial performance. The researcher found out that as stakeholders contribute to the profit maximization motive or expectations of organizations they in turns require the organization to contribute or meet their expectations of improved living conditions, socio-economic development, a conducive working environment. The stakeholders can pose a major challenge to organizations in their pursuance of CSR. The benefits that could be tapped from CSR and the challenges that organizations could encounter is dependent on the kind of relationship that exist between organizations and their stakeholders.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology, which was used to carry out the study. It further describes the type and source of data, the target population and sampling methods and the techniques that was used to select the sample size. It also describes how data was collected and analysed.

3.2 Research Design

Research design is the outline, plan or scheme that is used to generate answers to the research problem. It is basically the plan and structure of investigation. Descriptive research design was used in the study. Descriptive research sought to establish factors associated with certain occurrences, outcomes, conditions or types of behavior. Descriptive research is a scientific method of investigation in which data is collected and analyzed in order to describe the current conditions, terms or relationships concerning a problem Parkinson and Drislane (2011).

3.3 Population and Sampling Design

3.3.1 Population

Target population as defined by Parkinson and Drislane (2011) is a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population of the study was as follows:
Table 3.1 Population Distribution

<table>
<thead>
<tr>
<th>Population Distribution</th>
<th>Population Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Department Managers</td>
<td>61</td>
<td>18</td>
</tr>
<tr>
<td>Procurement Department Managers</td>
<td>81</td>
<td>30</td>
</tr>
<tr>
<td>Production Department Managers</td>
<td>70</td>
<td>26</td>
</tr>
<tr>
<td>Finance Department Managers</td>
<td>63</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>275</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Data Source/Notes:** Direct Communication with the Unilever Kenya Management Team.

A total of 275 management staff formed the possible respondents of this study. A section and in particular the top level and middle level management staff were used to collect data. These are the managers who oversee the formulation and implementation of various corporate social responsibility programs hence are in a better position to give relevant information on the subject matter.

### 3.3.2 Sampling Design

Parkinson and Drislane (2011) stated that sampling is the process by which a relatively small number of individual, object or event is selected and analyzed in order to find out something about the entire population from which was selected. A sample is a small proportion of targeted population selected using some systematic form. The research used census method because it enabled the application of the entire group of subjects for the study.

#### 3.3.2.1 Sampling Frame

Parkinson and Drislane (2011) stated that a sampling frame is a list of elements from which the sample is actually drawn and is closely related to the population. In the ideal case, the sampling frame should coincide with the population of interest. For this study, the sampling frame came from a list of managers of Unilever Kenya.
3.3.2.2 Sampling Technique

Stratified sampling techniques are the strategies applied by researchers during the statistical sampling process; stratified sampling technique was used to select the respondents obtained from a list of management staff of Unilever Kenya. According to Parkinson and Drislane (2011) stratified random sampling is a modification of random sampling in which one divides the population into two or more relevant and significant groups based on one or more attributes. This sampling technique was used because it barred the introduction of biasness. The technique was also employed because it enabled the generalization of a larger population with a margin of error that was statistically determinable. After the population had been divided into different strata, each stratum was then sampled as an independent sub-population, out of which individual elements were randomly selected. Then simple random sampling was applied within each stratum. This improved the representativeness of the sample by reducing sampling error as well as ensuring that all elements of the study had an equal chance of being selected.

3.3.2.3 Sample Size

A sample size allows the researcher to make generalizations about the population. A sample is a subset of a population, but that subset is only useful if it accurately represents the larger population, to ensure that the sample accurately represents the population, the researcher clearly defined the characteristics of the population, determined the required sample size and chose the best members of the sample from the larger population. The sample used was 30% of the target population which was 275. According to Parkinson and Drislane (2011) a sample size of between 10% and 30% is statistically considered appropriate to determine a sample size of a given population. The sample size for the study was 82 which according to Parkinson and Drislane (2011) it is above the required thresh hold. The distribution was as shown in Table 3.2.
Table 3.2 Total Sample size

<table>
<thead>
<tr>
<th></th>
<th>Population Frequency</th>
<th>Sample Size 30 %</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Department Managers</td>
<td>61</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Procurement Department Managers</td>
<td>81</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>Production Department Managers</td>
<td>70</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td>Finance Department Managers</td>
<td>63</td>
<td>19</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>275</strong></td>
<td><strong>82</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Parkinson and Drislane (2011) stated that primary data is the data collected a fresh for the first time while secondary data is that data that has already been collected and passed through statistical process. The primary data was collected from the study population through the use of questionnaires to meet the study objectives. Questions were closed ended in order to avoid biasness while secondary data was collected from financial annual reports. The questions were structured in such a way that the feedback expected was as per the researchers’ requirements and the perception of the respondents as well. The questionnaire was subdivided into three parts: The first part was designed to analyze demographic data, which focused on collecting the respondent’s personality characteristics deemed to impact corporate social responsibility on financial performance. The second part looked at Unilever Kenya corporate social responsibility programs. This part consisted of questions which were based on the identifying corporate social responsibility programs in Unilever Kenya. The third part of the questionnaire focused on the challenges of implementing corporate social responsibility programs at Unilever Kenya.
3.5 Research Procedures

Parkinson and Drislane (2011) stated that primary data is the data collected a fresh for the first time while secondary data is that data that has already been collected and passed through statistical process. The primary data was collected from the study population through the use of questionnaires to meet the study objectives. Questions were closed ended in order to avoid biasness. The questions were structured in such a way that the feedback expected was as per the researchers’ requirements and the perception of the respondents as well. Care and control by the researcher was exercised to ensure all questionnaires issued to the respondents are received. To achieve this, the researcher maintained a register of questionnaires, which were sent and which were received. Secondary data was generated from Unilever annual financial reports of between the years 2012 to 2016.

3.5.1 Pilot Test

The questionnaire designed by the researcher based on the research questions were pilot tested to refine the questions before it was administered to the selected sample. A pilot test was conducted to detect weakness in design and instrumentation and to provide proxy data for selection of a probability sample.

3.5.2 Validity

Parkinson and Drislane (2011) stated that validity is the degree by which the sample represents the content that the test is designed to measure. Content validity which was employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. To establish the validity of the research instrument the researcher sought opinions of experts in the field of study especially my supervisor.
3.6 Data Analysis Methods

After data collection, data analysis was done. This process is important as it makes data sensible. Data analysis tool used is dependent on the type of data to be analyzed depending on whether the data is qualitative or quantitative. The quantitative data in this research was analysed by descriptive statistics including mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data. Data was presented in tables and graphs.

3.7 Chapter Summary

A descriptive research design was used to carry out the study. The study population consisted of 275 management staff at Unilever Kenya and the sample size consisted of 82 respondents. The study relied both on primary and secondary data which was collected from the respondents using a structured questionnaire and secondary data from annual financial reports. Consent was sought from the relevant authorities for the entire thesis including the distribution of the questionnaires to the respondents. Each respondent was made fully aware of the nature and purpose of the research.
CHAPTER FOUR

4.0 RESULTS AND ANALYSIS

4.1 Introduction

This chapter analyses the findings, interprets and presents data in line with the objectives of the study. The data obtained is presented in tabular form and percentages. The chapter is further sub divided into several sections that are pertinent to the subjects under study.

4.1.1 Response Rate

Table 4.1 above indicates how the sampled respondents participated in the study. The total numbers of the respondents who successfully filled and completed the questionnaires to the required satisfaction of the researcher were 62 which comprised 78% while 20 comprising 22% of the respondents did not respond. Based on the analysis it can be concluded that the response rate was high.

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>62</td>
<td>78</td>
</tr>
<tr>
<td>Did not Respond</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>82</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2 General Information

4.2.1 Age of the Respondents

According to Table 4.2.1 above 14.5% of the respondents were of the age bracket 25-29, 50% were between the ages of 30-34 while 35.5% were 35 years above. Based on the study it can be inferred that majority of the respondents were between the age of 30-34.
Table 4.2.1: Age of the Respondents

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-29 Years</td>
<td>9</td>
<td>14.5</td>
</tr>
<tr>
<td>30-34 Years</td>
<td>31</td>
<td>50.0</td>
</tr>
<tr>
<td>35 Years and Above</td>
<td>22</td>
<td>35.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.2 Highest Level of Educational

According to Table 4.2.2 above 41.9% of the respondents had studied up to the graduate level while 40.3% of the respondents had studied up to the post graduate level and 17.7% of the respondents had studied up to the college level it can be deduced that the majority of the respondents had studied up to the graduate level.

Table 4.2.2: Highest Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Level</td>
<td>11</td>
<td>17.7</td>
</tr>
<tr>
<td>Under Graduate Level</td>
<td>26</td>
<td>41.9</td>
</tr>
<tr>
<td>Post Graduate Level</td>
<td>25</td>
<td>40.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.3 Working experience

According to the Table 4.2.3 below, 1.6% of the respondents worked with their current employer for a period of under 1 year while 8.1% of the respondents worked with their current employer for a period of between 1-2 years and 38.7% of the respondents worked with their current employer for a period of between 3-4 years while 51.6% of the respondents worked with their current employer for a period of over 4 years it can be deduced that the majority of the respondents worked with their current employer for a period of 4 years and above.
Table 4.2.3 Working Experience

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 1 Year</td>
<td>1</td>
<td>1.6</td>
</tr>
<tr>
<td>1-2 Years</td>
<td>5</td>
<td>8.1</td>
</tr>
<tr>
<td>3-4 Years</td>
<td>24</td>
<td>38.7</td>
</tr>
<tr>
<td>Over 4 Years</td>
<td>32</td>
<td>51.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.4 Department

The sample size was drawn from five departments at Unilever Kenya limited. According to the findings majority of the respondents were from the human resource department 61.3% while 7% from Finance department, 17.7% from production 9.7 % and 6.5% from the procurement department as shown in table 4.2.4

Table 4.2.4: Departments’

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
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<td>4.8</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Procurement</td>
<td>4</td>
<td>6.5</td>
<td>6.5</td>
<td>11.3</td>
</tr>
<tr>
<td>Production</td>
<td>6</td>
<td>9.7</td>
<td>9.7</td>
<td>21.0</td>
</tr>
<tr>
<td>Finance</td>
<td>11</td>
<td>17.7</td>
<td>17.7</td>
<td>38.7</td>
</tr>
<tr>
<td>Marketing</td>
<td>38</td>
<td>61.3</td>
<td>61.3</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

4.2.5 Unilever Social Responsibility Budget

Table 4.2.5: Unilever Social Responsibility Budget

<table>
<thead>
<tr>
<th>Year</th>
<th>Social Responsibility Budget</th>
<th>Profit After Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>75 315 818</td>
<td>1 296 533 000</td>
</tr>
<tr>
<td>2013</td>
<td>51 261 426</td>
<td>2 596 533 000</td>
</tr>
<tr>
<td>2014</td>
<td>57 836 269</td>
<td>4 096 822 000</td>
</tr>
<tr>
<td>2015</td>
<td>30 326 117</td>
<td>4 180 620 000</td>
</tr>
<tr>
<td>2016</td>
<td>103 195 404</td>
<td>5 491 076 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>317 935 034</strong></td>
<td><strong>17 611 584 000</strong></td>
</tr>
</tbody>
</table>

The total amount invested in social responsibility by Unilever for the five years under study was 317,935,034. The implication of this result is that most probably, the total funds apportioned by the management of these firms are infinitesimal compared to the huge profits realized. A strong positive relationship exists between investment in social responsibility and corporate profit. This implies that social responsibility makes positive contribution to financial performance and the management may need to increase the funds budgeted for social responsibility activities.

4.2.6 Unilever’s Key Ratios Analysis

4.2.6.1 Profitability Ratios

Return on asset has increased for the last five years as shown in table 4.2.6. In 2012 the company recorded a return on asset of 11.12%, in 2013 the ratio went down to 10.68% and increase to 12.28%, 16.52% and 20.82% in the years 2014, 2015 and 2016 respectively. This means that for every Kshs 1 Unilever Kenya invested in assets during the years 2016, 2015, 2014, 2013 and 2012, net income increased by 20.82%, 16.52%, 12.28%, 10.68% and 11.12% respectively. Based on the return on equity the company has been performing well for the last five years. The return on equity for 2016 was 31.30% while in 2015 and 2014 was 25.92% and 21.59% respectively. In 2013 the ration dropped to 17.41% from 20.24% in 2012. Return on sales of the company in 2012 was 36.76% in 2013 the ratio dropped to 34.40% and increase to 38.26%, 41.31% and 42.58% in the financial year 2014, 2015 and 2016 respectively as shown in table 4.6 below.

Table 4.2.6: Profitability Ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Asset</td>
<td>20.82%</td>
<td>16.52%</td>
<td>12.28%</td>
<td>10.68%</td>
<td>11.12%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>31.30%</td>
<td>25.92%</td>
<td>21.59%</td>
<td>17.41%</td>
<td>20.24%</td>
</tr>
<tr>
<td>Return on Sales</td>
<td>42.58%</td>
<td>41.31%</td>
<td>38.26%</td>
<td>34.40%</td>
<td>36.76%</td>
</tr>
</tbody>
</table>
4.2.5.2 Liquidity Ratios

Current ratio as shown in table 4.2.7 below, in 2012 Unilever’s Kenya current ratio was 0.63, in 2013 the ratio dropped to 0.53, in 2014 the company performed better and the ratio increased to 0.63 and 0.71 in 2015 however it dropped again to 0.59 in 2016. This shows that the company’s liquidity position is risky as usually a ratio of 1 or 2 is preferred to cover the current liabilities. The company’s quick ratio also indicate that the company may not be able to cover its current liabilities as they become due, these results are shown in table 4.2.7 below wherein 2012 the company had a quick ratio of 0.40 and 0.45 in 2016 which is below.

Table 4.2.7: Liquidity Ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>0.59</td>
<td>0.71</td>
<td>0.63</td>
<td>0.53</td>
<td>0.63</td>
</tr>
<tr>
<td>Quick Ratio</td>
<td>0.45</td>
<td>0.62</td>
<td>0.60</td>
<td>0.42</td>
<td>0.40</td>
</tr>
</tbody>
</table>

4.3 Corporate Social Responsibility Practices of Unilever Kenya

4.3.1 Health and Hygiene Programs

Unilever Kenya kicked off its Schools Program which will run for 4 weeks in different schools across the country. Through the Schools Program, Unilever aims to reach 5 million school going children by 2020; last year Blue Band was able to reach 1.25 million children in 510 schools through an interactive and fun behaviour change nutrition education program. According to one of the Unilever Marketing Directors, Antony Esyalai, this year the program has set out to reach 1.5 million children across 600 schools. According to the Kenya Demographic and Health Survey (KDHS), (2014) 26% of the under five children are stunted, 11% underweight and 4% wasted. Stunting rates are highest (36%) in children aged 18-23 months and lowest (10%) in children aged less than 6 months. A growing body of research has revealed the important role of breakfast in ensuring adequate nutrient intake in children and a daily nutritious breakfast may contribute to longer term healthy growth and development of children.
High 5 for hand washing is a social media campaign aimed to celebrate clean and confident hands in which Lifebuoy encourages and challenges the public at large to share a picture of themselves “High Fiving.” For every “High Five” that is shared on social media (Facebook or Twitter). Under the citizenship aspect, it is considered whether the “company is a good corporate citizen it supports good causes and protects the environment” CSR RepTrak100 (2013); businesses engage in issues that are happening in the community, country or even the world and contribute their efforts to create changes. Multinational companies have a bigger role in their corporate citizenship as they need to: “Address issues that have a dramatic impact on the future of the globe, such as climate change, water shortages, infectious diseases, and terrorism. Many companies practice their corporate citizenship through philanthropic giving, which ranges from donating money, services, or products to nonprofit organizations, charities and communities, partnering with organizations to raise public awareness on certain issues, granting scholarships to students, offering technical expertise, knowledge, and skills, and more Citizens (2013). Businesses also highly encouraged their employees to volunteer at local non-profit organizations, and they would get a double bonus by doing so. The activities brought benefits to the community and drew attention from the public and media; they also aimed to improve the employees’ morale, provide career development, and boost their incentive to engage in more volunteering activities in the future Corporate Responsibility Magazine's (2014).

4.3.2 Agriculture Programs

Unilever East Africa, Agventure Ltd. and SNV Netherlands Development Organisation have signed a Memorandum of Agreement formalising a venture that aims to double canola oil production in Kenya by the end of 2017 via contract farming arrangements. The agreement involves technical assistance to local farmers and a financial investment of KES 23 Million split among the three partners. Canola, also known as rapeseed, is growing in popularity in Kenya. As a rotation crop it has numerous benefits for the soil and the farmers Citizens (2013). Unilever (2016) it is a break with the past from traditional to conservation farming and as such, significantly reduces erosion, improves water retention and leads to fewer weeds, pests and diseases.
Unilever purchases around 2% of the world’s supply of sunflower and canola oils, touted as one of the healthiest edible oils and the 7,000 MT peak demand in Kenya is a perfect trigger to establish a sustainable local sourcing model. On its part SNV, through a programme dubbed HortIMPACT, combines the expertise of the private sector with market based solutions to build sustainable and competitive agriculture markets in Kenya. As part of the agreement, SNV will work with Agventure, a local cooperative of large enterprise farmers that started growing canola and producing canola oil since 2010. Together they will scale up the number of local farmers and train them on approaches of conservation agriculture to make them more productive, profitable and resilient to climate change.

Being a good corporate citizen also involves preserving the environment and reducing the harmful impact the company and its supply chain create. It can also be called “corporate sustainability” as it closely relates to a company’s environmental practices and policies Lajoux and Martel (2013) as environmental problems and global warming become more severe, increasing numbers of companies have made commitments and take initiatives by incorporating environmental measures and strategies into their business practices. Some activities include participating in environmental projects, utilizing solar power, reducing materials for packaging, implementing a recycling program, switching to use renewable energy sources, and many other kinds of green strategies Creel (2010).

4.3.3 Employee Programs

The Top Employers certification is only awarded to organisations that achieve the highest standards of excellence in employee conditions and is recognised internationally. It certifies organisations where employees feel valued, and where their creative ideas can germinate and contribute towards the company’s overall achievements. “We are really proud to have once again hit this year’s milestone in setting HR standards in the region. This is a true affirmation of Unilever’s commitment to the people and talent agenda through global best practice that strongly resonates across its markets including right here in Kenya” Corporate Responsibility Magazine's (2014).
The annual international research and audit undertaken by the Top Employers Institute recognises leading employers around the world that provide excellent employee conditions, nurture and develop talent throughout all levels of the organisation, and which strive to continuously optimise employment practices.

4.3.4 Education Programs

Unilever has rewarded 100 secondary school students with more than Ksh. 3.5 million worth of school fees and tablet devices through a back-to-school shopping reward programme dubbed Chuo Club. Unilever Kenya, through the Unilever Sustainable Living Plan, invests in improving the basic hygiene and nutrition behavior of mothers and children. Heroes for Change is a volunteer programme in Kenya that provides a platform and enables college students to make a difference in their communities and society at large by volunteering their time to be agents of change Corporate Responsibility Magazine's (2014). Under the citizenship aspect, it is considered whether the “company is a good corporate citizen it supports good causes and protects the environment” CSR RepTrak100 (2013); businesses engage in issues that are happening in the community, country or even the world and contribute their efforts to create changes. Multinational companies have a bigger role in their corporate citizenship as they need to: “Address issues that have a dramatic impact on the future of the globe, such as climate change, water shortages, infectious diseases, and terrorism. Each of these problems is global in scope, even if the solutions may be locally focused” Sharma and Kiran (2012). One initiative companies often engage in is corporate philanthropy, which is also closely associated with corporate citizenship. It refers to “direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services”. Many companies practice their corporate citizenship through philanthropic giving, which ranges from donating money, services, or products to nonprofit organizations, charities and communities, partnering with organizations to raise public awareness on certain issues, granting scholarships to students, offering technical expertise, knowledge, and skills, and more Citizens (2013).
4.3.5 Environmental Programs

According to Corporate Responsibility Magazine's (2014) just 14% of the plastic packaging used globally makes its way to recycling plants, while 40% ends up in landfill and a third in fragile ecosystems. By 2050, it is estimated there will be more plastic than fish in the world’s oceans. Treating plastic packaging as a valuable resource to be managed efficiently and effectively is key to achieving Sustainable Development Goal 12 (Sustainable Consumption & Production) and, in doing so, shifting away from a ‘take-make-dispose’ model of consumption to one which is fully circular.

To help transform global plastic packaging material flows, we have made a commitment to ensure that all of our plastic packaging is fully reusable, recyclable or compostable by 2025. We will also renew our membership of EMF for another three years and endorse and support their New Plastics Economy initiative. And as part of this, we will publish the full ‘palette’ of plastics materials used in our packaging by 2020 to help create a plastics protocol for the industry. Unilever has already committed to reduce the weight of the packaging we use by one third by 2020, and increase our use of recycled plastic content in packaging to at least 25% by 2025 Citizens (2013).

Ultimately, we want all of the industry’s plastic packaging to be fully circular. Ellen MacArthur says: "By committing to ambitious circular economy goals for plastic packaging, Unilever is contributing to tangible system change and sends a strong signal to the entire fast-moving consumer goods industry. Combining upstream measures on design and materials with post-use strategies demonstrates the system-wide approach that is required to turn the New Plastics Economy into reality." Architect and circular economy leader, William McDonough, adds: “The optimisation of packaging and plastics is so timely and important that all the people, communities and companies involved suppliers, producers, retailers, customers and consumers can work together now, with common values and purpose, to create and share beneficial value for generations to come” Corporate Responsibility Magazine's (2014)
Governance is defined as “company is a responsibly-run company it behaves ethically and is open and transparent in its business dealings” CSR RepTrak100 (2013). Some of the key practices include creating a positive relationship with the community, taking stakeholders’ interest into consideration when making business decisions, conducting fair and transparent business transactions, and other measures Creel (2010). As environmental problems and global warming become more severe, increasing numbers of companies have made commitments and take initiatives by incorporating environmental measures and strategies into their business practices. Some activities include participating in environmental projects, utilizing solar power, reducing materials for packaging, implementing a recycling program, switching to use renewable energy sources, and many other kinds of green strategies Creel (2010).

4.4 Challenges in implementing CSR Programs

To find out the challenges employees face in implementing corporate social responsibility programs, the respondents were asked to rank some of the major challenges in implementing corporate social responsibility in order of priority to their company.

Table 4.4.1 Failure to engage Key Stakeholders

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at All</td>
<td>3</td>
<td>4.8</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Little Extent</td>
<td>4</td>
<td>6.5</td>
<td>6.5</td>
<td>11.3</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>6</td>
<td>9.7</td>
<td>9.7</td>
<td>21.0</td>
</tr>
<tr>
<td>Great Extent</td>
<td>11</td>
<td>17.7</td>
<td>17.7</td>
<td>38.7</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>38</td>
<td>61.3</td>
<td>61.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the results in table 4.4.1, Majority of the respondents said that failure to engage key stakeholders influenced the implementation of CSR programs at Unilever with 61.3%, 17.7% of the respondents said that failure to engage key stakeholders had a great extent while 9.7% of the respondents said failure to engage key stakeholders was to a moderate extent when implementing CSR programs. On the other hand 6.5% of the respondents said that failure to engage key stakeholders had little extent towards the implementation of CSR programs.
Failure to engage key stakeholders had a mean of 4.34 the respondents stated that Corporate Social Responsibility programs are not context specific and for that matter the need for Unilever to invest in specific context in the Corporate Social Responsibility programs.

Table 4.4.2: Inadequate skills needed to carry out CSR programs

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at All</td>
<td>4</td>
<td>6.5</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Little Extent</td>
<td>6</td>
<td>9.7</td>
<td>9.7</td>
<td>16.1</td>
</tr>
<tr>
<td>Moderate Extent</td>
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<td>6.5</td>
<td>6.5</td>
<td>22.6</td>
</tr>
<tr>
<td>Great Extent</td>
<td>20</td>
<td>32.3</td>
<td>32.3</td>
<td>54.8</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>28</td>
<td>45.2</td>
<td>45.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the results in table 4.4.2, Majority of the respondents said that inadequate skills needed to carry out CSR programs influenced the implementation of CSR programs at Unilever with 45.2%, 32.3% of the respondents said that inadequate skills needed to carry out CSR programs was to a great extent while 9.7% of the respondents said that inadequate skills needed to carry out CSR programs influenced the implementation of CSR programs. On the other hand 6.5% of the respondents said that inadequate skills needed to carry out CSR programs was to a moderate extent towards implementing the said programs. Inadequate skills needed to carry out CSR programs had a mean of 4.00 and a standard deviation of 1.379 unilever employees working on CSR required the development of appropriate capacities and skills to make decisions. Most companies lack the appropriate skills needed to effectively carry out Corporate Social Responsibility.

Table 4.4.3: Strategy Implementation

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at All</td>
<td>4</td>
<td>6.5</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Little Extent</td>
<td>2</td>
<td>3.2</td>
<td>3.2</td>
<td>9.7</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>4</td>
<td>6.5</td>
<td>6.5</td>
<td>16.1</td>
</tr>
<tr>
<td>Great Extent</td>
<td>19</td>
<td>30.6</td>
<td>30.6</td>
<td>46.8</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>33</td>
<td>53.2</td>
<td>53.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
According to the results in table 4.4.3, Majority of the respondents said that strategy implementation influenced the implementation of CSR programs at Unilever with 53.2%, 30.6% of the respondents said that strategy implementation was to a great extent while 6.5% of the respondents respectively said that strategy implementation influenced the implementation of CSR programs to a moderate extent and to no extent at all. Strategy implementation which had a mean of 3.97 and a standard deviation of 1.342 Unilever managers of Unilever were faced by a problem to decide how quickly change should proceed and in what order change should take place. They also need to decide whether to start a new program and whether the proposed policies and procedures are stable and coherent.

Table 4.4.4: Budget Process

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
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<td>Not at All</td>
<td>6</td>
<td>9.7</td>
<td>9.7</td>
<td>9.7</td>
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<tr>
<td>Little Extent</td>
<td>7</td>
<td>11.3</td>
<td>11.3</td>
<td>21.0</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>3</td>
<td>4.8</td>
<td>4.8</td>
<td>25.8</td>
</tr>
<tr>
<td>Great Extent</td>
<td>10</td>
<td>16.1</td>
<td>16.1</td>
<td>41.9</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>36</td>
<td>58.1</td>
<td>58.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
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<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the results in table 4.4.4, Majority of the respondents said that budget process influenced the implementation of CSR programs at Unilever to a very great extent being represented by 58.1%, 16.1% of the respondents agreed that budget process influenced the implementation of CSR programs to a great extent while 11.3% of the respondents stated that budget process had a little effect on the implementation of CSR programs. On the other hand 9.7% of the respondents stated that budget process had no effect on the implementation of CSR programs. Budget process which had a mean of 3.69 and a standard deviation of 1.338 Unilever managers’ stated that the environment is dynamically changing as a result of factors such as inflation, technology and economical factors. Standard operating procedures must be developed after budget approval.
Table 4.4.5: Inability by the government to enforce CSR in to Law

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at All</td>
<td>3</td>
<td>4.8</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Little Extent</td>
<td>3</td>
<td>4.8</td>
<td>4.8</td>
<td>9.7</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>2</td>
<td>3.2</td>
<td>3.2</td>
<td>12.9</td>
</tr>
<tr>
<td>Great Extent</td>
<td>16</td>
<td>25.8</td>
<td>25.8</td>
<td>38.7</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>38</td>
<td>61.3</td>
<td>61.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
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<td>100.0</td>
<td></td>
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</tbody>
</table>

According to the results in table 4.4.5, Majority of the respondents said that inability by the government to enforce CSR in to law influenced the implementation of CSR programs at Unilever to a very great extent being represented by 61.3%, 25.8% of the respondents agreed that inability by the government to enforce CSR in to law influenced the implementation of CSR programs to a great extent while 4.8% of the respondents stated that inability by the government to enforce CSR in to law had a little effect on the implementation of CSR programs. Inability by the Government to enforce CSR into law had a mean of 3.89 and a standard deviation of 1.443 the respondents stated that Unilever management have a social responsibility to the communities they operate, the framework within which this is to effectively work have to be provided by the government.

Table 4.4.6: Corruption and Selfishness

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at All</td>
<td>6</td>
<td>9.7</td>
<td>9.7</td>
<td>9.7</td>
</tr>
<tr>
<td>Little Extent</td>
<td>7</td>
<td>11.3</td>
<td>11.3</td>
<td>21.0</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>1</td>
<td>1.6</td>
<td>1.6</td>
<td>22.6</td>
</tr>
<tr>
<td>Great Extent</td>
<td>15</td>
<td>24.2</td>
<td>24.2</td>
<td>46.8</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>33</td>
<td>53.2</td>
<td>53.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the results in table 4.4.6, Majority of the respondents said that corruption and selfishness influenced the implementation of CSR programs at Unilever to a very great extent being represented by 53.2%.
24.2% of the respondents agreed that corruption and selfishness influenced the implementation of CSR programs to a great extent while 11.3% of the respondents stated that corruption and selfishness had a little effect on the implementation of CSR programs. Corruption and selfishness which had a mean of 3.98 and a standard deviation of 1.337 the respondents stated that when the resources meant to be used for implementing CSR to improve the lives of people in the society gets to the hands of the leaders of these communities, they are siphoned and used for their selfish and personal gains which is unfair and unethical.

Table 4.4.7 : Lack of interest in implementing CSR programs

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at All</td>
<td>6</td>
<td>9.7</td>
<td>9.7</td>
<td>9.7</td>
</tr>
<tr>
<td>Little Extent</td>
<td>6</td>
<td>9.7</td>
<td>9.7</td>
<td>19.4</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>2</td>
<td>3.2</td>
<td>3.2</td>
<td>22.6</td>
</tr>
<tr>
<td>Great Extent</td>
<td>18</td>
<td>29.0</td>
<td>29.0</td>
<td>51.6</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>30</td>
<td>48.4</td>
<td>48.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the results in table 4.4.7, Majority of the respondents said that lack of interest in implementing CSR programs influenced the implementation of CSR programs at Unilever to a very great extent being represented by 48.4%, 29% of the respondents agreed that lack of interest in implementing CSR programs influenced the implementation of CSR programs to a great extent while 9.7% of the respondents stated that the lack of interest in implementing CSR programs had a little effect on the implementation. Lack of interest in implementing CSR programs which had a mean of 3.89 and a standard deviation of 1.438 the respondents stated that Unilever lacked the necessary drive and impetus to effectively carry out CSR because they are not mandated by the laws to do so, as a result.
Table 4.4.8 : Negligible or Existence Benefits

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at All</td>
<td>6</td>
<td>9.7</td>
<td>9.7</td>
<td>9.7</td>
</tr>
<tr>
<td>Little Extent</td>
<td>8</td>
<td>12.9</td>
<td>12.9</td>
<td>22.6</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>7</td>
<td>11.3</td>
<td>11.3</td>
<td>33.9</td>
</tr>
<tr>
<td>Great Extent</td>
<td>19</td>
<td>30.6</td>
<td>30.6</td>
<td>64.5</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>22</td>
<td>35.5</td>
<td>35.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the results in table 4.4.8, Majority of the respondents said that negligible or existence benefits influenced the implementation of CSR programs at Unilever to a very great extent being represented by 35.5%, 30.6% of the respondents agreed that negligible or existence benefits influenced the implementation of CSR programs to a great extent while 12.9% of the respondents stated that negligible or existence benefits had a little effect on the implementation of CSR programs. Negligible or existence had a mean of 3.95 and a standard deviation of 1.311 the respondents stated that Unilever invests in comparatively small amount into community projects and then use their effort to promote their brand and gain access to markets all around the country and in international markets.

Table 4.4.9 : Political and Social Insecurity

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at All</td>
<td>8</td>
<td>12.9</td>
<td>12.9</td>
<td>12.9</td>
</tr>
<tr>
<td>Little Extent</td>
<td>5</td>
<td>8.1</td>
<td>8.1</td>
<td>21.0</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>5</td>
<td>8.1</td>
<td>8.1</td>
<td>29.0</td>
</tr>
<tr>
<td>Great Extent</td>
<td>13</td>
<td>21.0</td>
<td>21.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Very Great Extent</td>
<td>31</td>
<td>50.0</td>
<td>50.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the results in table 4.4.9, Majority of the respondents said that political and social insecurity influenced the implementation of CSR programs at Unilever to a very great extent being represented by 50%, 21% of the respondents agreed that political and social insecurity influenced the implementation of CSR programs to a great extent while 12.9% of the respondents stated that that political and social insecurity had a no effect at all on the implementation of CSR programs.
Political and social insecurity which had a mean of 3.94 and a standard deviation of 1.353 the respondents stated that at times the managers find it very challenging to engage in CSR for fear of not maximising profit which is to the detriment of its stakeholders and the organisation as a whole.

4.5 Relationship between Corporate Social Responsibility and Financial performance

4.5.1 Correlation

4.5.1.1 Correlation between CSR and Return on Assets

The correlation results between corporate social responsibility spending and return on asset show a strong positive correlation of 0.96 this means that at 95% confidence level therefore, there is strong positive correlation between corporate social responsibility and the return on assets of the company.

<table>
<thead>
<tr>
<th>Correlation</th>
<th>CSR Spending</th>
<th>ROA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.096</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.458</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>62</td>
<td>62</td>
</tr>
</tbody>
</table>

4.5.1.2 Correlation between CSR and Return on Equity

The correlation results between corporate social responsibility and return on equity in table 4.5.1.2 show a perfectly strong positive correlation of 0.74 between the Unilever’s CSR spending and return on equity, this means that at 95% confidence level. Therefore there is significant positive correlation between corporate social responsibility and return on equity of the company.

50
Table 4.5.1.2: Correlations between CSR and Return on Equity

<table>
<thead>
<tr>
<th></th>
<th>CSR Spending</th>
<th>ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Spending</td>
<td>Pearson Correlation</td>
<td>.074</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.567</td>
</tr>
<tr>
<td>N</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>ROE</td>
<td>Pearson Correlation</td>
<td>.074</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.567</td>
</tr>
<tr>
<td>N</td>
<td>62</td>
<td>62</td>
</tr>
</tbody>
</table>

4.5.1.3 Correlation between CSR and Return on Sales

The correlation results obtained indicated a positive correlation of 0.824 as shown in table 4.5.1.3 indicating that there is significant positive correlation between corporate social responsibility and return on sales of the company.

Table 4.5.1.3: Correlations between CSR and Return on Sales

<table>
<thead>
<tr>
<th></th>
<th>CSR Spending</th>
<th>ROS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Spending</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>ROE</td>
<td>Pearson Correlation</td>
<td>.824**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>62</td>
<td>62</td>
</tr>
</tbody>
</table>

4.5.1.4 Correlation between CSR and Financial Performance

The correlation results showed a strong positive correlation of 0.845 which is at 95% confidence level therefore there is a strong positive correlation between corporate social responsibility and financial performance of the company.
Table 4.5.1.5: Correlations between CSR and Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>CSR Spending</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Spending</td>
<td>Pearson Correlation 1</td>
<td>.845**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N 62</td>
<td>62</td>
</tr>
<tr>
<td>Financial</td>
<td>Pearson Correlation .845**</td>
<td>1</td>
</tr>
<tr>
<td>Performance</td>
<td>Sig. (2-tailed) .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N 62</td>
<td>62</td>
</tr>
</tbody>
</table>

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

4.5.2 Regression Analysis

The regression model was used to establish the relationship between the dependent variable and the independent variables.

Table 4.5.2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.851a</td>
<td>.724</td>
<td>.710</td>
<td>1.69282</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CSR Spending

From the table 4.5.2, R is the square root of R-Squared and is the correlation between the observed and predicted values of dependent variable implying that there was a strong association of 85.1% between corporate social responsibility and financial performance. Adjusted R² indicates how the corporate social responsibility varied with variation in CSR Spending the value of adjusted R² was 71.0% clearly indicating that CSR spending influenced the financial performance of Unilever Kenya.

4.5.3.1 Regression Analysis between CSR and Financial Performance

The regression results on the relationship between corporate social responsibility and financial in table 4.14 showed a β of 0.954, T-Value of 5.492 which is less than the standard 2.00 and P-value or significance level is 0.012. Results illustrate that there is a strong positive relationship between CSR spending and the financial performance.
Table 4.5.3.1: Coefficient between CSR Spending and Financial performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-9.958</td>
<td>3.382</td>
<td>-2.944</td>
<td>.005</td>
</tr>
<tr>
<td></td>
<td>CSR Spending</td>
<td>.736</td>
<td>.293</td>
<td>.493</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Financial Performance

4.6 Chapter Summary

The chapter represented the results on the relationship between corporate social responsibility and the financial performance in the form of tables and figures. The analysis was based on the primary data collected from the respondents in form of questionnaires and the secondary data from Unilever Company Limited annual reports. The results were arranged based on the research objectives of the study aiming at establishing whether there is a relationship between corporate social responsibility and the financial performance of Unilever Limited Company.
CHAPTER FIVE

5.0 DISCUSSION CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research problem and discusses the broader implications of the findings for theory, practice, policy and further research in the field of Corporate Social Responsibility on Financial Performance. The structure of the chapter is guided by the research objectives. The chapter attempts to explain why the findings are the way they are and to what extent they are consistent with or contrary to past empirical findings and theoretical arguments.

5.2 Summary

The general objective of the study was to establish the impact of Corporate Social Responsibility on Financial Performance of Unilever Kenya. The specific objectives were: to determine the Corporate Social Responsibility programs of Unilever Kenya, to access the challenges in implementing corporate social responsibility programs in Unilever Kenya and to determine the relationship between Corporate Social Responsibility and Financial Performance of Unilever Kenya. A descriptive research design was used to carry out the study. The study population consisted of 275 management staff at Unilever Kenya and the sample size consisted of 82 respondents. The study relied both on primary and secondary data which was collected from the respondents using a structured questionnaire and secondary data from annual financial reports, after data collection, data analysis was done. This process is important as it makes data sensible. Data analysis tool used is dependent on the type of data to be analyzed depending on whether the data is qualitative or quantitative. The quantitative data in this research was analysed by descriptive statistics including mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data. Data was presented in tables and graphs.
The total number of questionnaires that were distributed to the respondents was 82. 62 questionnaires at 78% were returned, while 20 questionnaires at 22% were not returned. 13% of the respondents were senior level managers while 87% were middle level managers. Majority of the respondents were between 30-34 years old thus being middle aged. Male were 34 at 55% while female were 28 at 45% concluding that there were more male respondents than female. Majority of the respondents were university graduates 41.9%. Majority of the respondents have worked with their current employers’ for a period of more than 4 years at 51.6%.

In the first research objective, the findings established that majority of the respondents were in agreement that it is important for Unilever Kenya to engage in corporate social responsibility. On the level of the company’s involvement in different corporate social responsibility programs most of the respondents ranked programs such as education programs, health and hygiene programs, nutrition programs, sustainable sourcing programs, fairness at work place programs, inclusive business programs and opportunities for women programs that aimed at creating a sustainable environment.

On the second research objective the findings revealed that respondents agreed that their exist challenges in implementing corporate social responsibility programs these are some of the challenges that the respondents indicated that they were key in the CSR implementation programs; On Failure to engage key stakeholders had a mean of 4.34 and a standard deviation of 1.086 the respondents stated that Corporate Social Responsibility programs are not context specific and for that matter the need for Unilever to invest in specific context in the Corporate Social Responsibility programs. Majority of the respondents said that failure to engage key stakeholders influenced the implementation of CSR programs at Unilever with 61.3%, 17.7% of the respondents said that failure to engage key stakeholders had a great extent while 9.7% of the respondents said failure to engage key stakeholders was to a moderate extent when implementing CSR programs. On inadequate skills needed to carry out CSR programs had a mean of 4.00 and a standard deviation of 1.379 unilever employees working on CSR required the development of appropriate capacities and skills to make decisions. Most companies lack the appropriate skills needed to effectively carry out Corporate Social Responsibility.
Majority of the respondents said that inadequate skills needed to carry out CSR programs influenced the implementation of CSR programs at Unilever with 45.2%, 32.3% of the respondents said that inadequate skills needed to carry out CSR programs was to a great extent while 9.7% of the respondents said that inadequate skills needed to carry out CSR programs influenced the implementation of CSR programs. On strategy implementation which had a mean of 3.97 and a standard deviation of 1.342 managers of Unilever were faced by a problem to decide how quickly change should proceed and in what order change should take place. They also need to decide whether to start a new program and whether the proposed policies and procedures are stable and coherent. Majority of the respondents said that strategy implementation influenced the implementation of CSR programs at Unilever to a very great extent being represented by 53.2%. 30.6% of the respondents said that strategy implementation was to a great extent while 6.5% of the respondents respectively said that strategy implementation influenced the implementation of CSR programs to a moderate extent and to no extent at all.

On budget process which had a mean of 3.69 and a standard deviation of 1.338 Unilever managers’ stated that the environment is dynamically changing as a result of factors such as inflation, technology and economical factors. Standard operating procedures must be developed after budget approval. Majority of the respondents said that budget process influenced the implementation of CSR programs at Unilever to a very great extent being represented by 58.1%, 16.1% of the respondents agreed that budget process influenced the implementation of CSR programs to a great extent while 11.3% of the respondents stated that budget process had a little effect on the implementation of CSR programs.

On Inability by the Government to enforce CSR into law had a mean of 3.89 and a standard deviation of 1.443 the respondents stated that Unilever management have a social responsibility to the communities they operate, the framework within which this is to effectively work have to be provided by the government. Majority of the respondents said that inability by the government to enforce CSR in to law influenced the implementation of CSR programs at Unilever to a very great extent being represented by 61.3%, 25.8% of the respondents agreed that inability by the government to enforce CSR in to law influenced the implementation of CSR programs to a great extent.
On corruption and selfishness which had a mean of 3.98 and a standard deviation of 1.337 the respondents stated that when the resources meant to be used for implementing CSR to improve the lives of people in the society gets to the hands of the leaders of these communities, they are siphoned and used for their selfish and personal gains which is unfair and unethical. Majority of the respondents said that corruption and selfishness influenced the implementation of CSR programs at Unilever to a very great extent being represented by 53.2%, 24.2% of the respondents agreed that corruption and selfishness influenced the implementation of CSR programs to a great extent while 11.3% of the respondents stated that corruption and selfishness had a little effect on the implementation of CSR programs.

On lack of interest in implementing CSR programs which had a mean of 3.89 and a standard deviation of 1.438 the respondents stated that Unilever lacked the necessary drive and impetus to effectively carryout CSR because they are not mandated by the laws to do so, as a result. Majority of the respondents said that lack of interest in implementing CSR programs influenced the implementation of CSR programs at Unilever to a very great extent being represented by 48.4%, 29% of the respondents agreed that lack of interest in implementing CSR programs influenced the implementation of CSR programs to a great extent while 9.7% of the respondents stated that that lack of interest in implementing CSR programs had a little effect on the implementation of CSR programs.

On negligible or existence had a mean of 3.95 and a standard deviation of 1.311 the respondents stated that Unilever invests in comparatively small amount into community projects and then use their effort to promote their brand and gain access to markets all around the country and in international markets. Majority of the respondents said that negligible or existence benefits influenced the implementation of CSR programs at Unilever to a very great extent being represented by 35.5%, 30.6% of the respondents agreed that negligible or existence benefits influenced the implementation of CSR programs to a great extent while 12.9% of the respondents stated that negligible or existence benefits had a little effect on the implementation of CSR programs.
On political and social insecurity which had a mean of 3.94 and a standard deviation of 1.353 the respondents stated that at times the managers find it very challenging to engage in CSR for fear of not maximising profit which is to the detriment of its stakeholders and the organisation as a whole. Majority of the respondents said that political and social insecurity influenced the implementation of CSR programs at Unilever to a very great extent being represented by 50%.

21% of the respondents agreed that political and social insecurity influenced the implementation of CSR programs to a great extent while 12.9% of the respondents stated that that political and social insecurity had a no effect at all on the implementation of CSR programs.

The last objective was to determine if there was a relationship between corporate social responsibility and financial performance of the company. The correlation results between corporate social responsibility spending and return on asset show a strong positive correlation of 0.96 this means that at 95% confidence level therefore, there is strong positive correlation between corporate social responsibility and the return on assets of the company. The correlation results between corporate social responsibility and return on equity show a perfectly strong positive correlation of 0.74 between the Unilever’s CSR spending and return on equity, this means that at 95% confidence level. Therefore there is significant positive correlation between corporate social responsibility and return on equity of the company. The correlation results obtained indicated a positive correlation of 0.824 indicating that there is significant positive correlation between corporate social responsibility and return on sales of the company.

The correlation results showed a strong positive correlation of 0.845 which is at 95% confidence level therefore there is a strong positive correlation between corporate social responsibility and financial performance of the company. The regression results on the relationship between corporate social responsibility and financial showed a β of 0.954, T-Value of 5.492 which is less than the standard 2.00 and P-value or significance level is 0.012. Results illustrate that there is a strong positive relationship between CSR spending and the financial performance.
5.3 Discussion

5.3.1 Corporate Social Responsibility Programs of Unilever Kenya

On health and hygiene programs Unilever Kenya has kicked off its Schools Program which will run for 4 weeks in different schools across the country. Through the Schools Program, Unilever aims to reach 5 million school going children by 2020; last year Blue Band was able to reach 1.25 million children in 510 schools through an interactive and fun behaviour change nutrition education program. Lifebuoy commits to teach 5 children the habit of hand washing with soap, as part of its commitment to improve the hygiene behaviour among 12 million Kenyans by 2020. The programme aims at encouraging pupils to adopt hand washing behaviour on 5 critical occasions before breakfast, lunch, and dinner, after visiting the toilet, and during the daily bath and reciprocate the message to their family and friends. The programme has been able to reach a total of 281 schools and over 600,000 people across the country.

Under the citizenship aspect, it is considered whether the “company is a good corporate citizen it supports good causes and protects the environment” CSR RepTrak100 (2013); businesses engage in issues that are happening in the community, country or even the world and contribute their efforts to create changes. Multinational companies have a bigger role in their corporate citizenship as they need to: “Address issues that have a dramatic impact on the future of the globe, such as climate change, water shortages, infectious diseases, and terrorism. Many companies practice their corporate citizenship through philanthropic giving, which ranges from donating money, services, or products to nonprofit organizations, charities and communities, partnering with organizations to raise public awareness on certain issues, granting scholarships to students, offering technical expertise, knowledge, and skills, and more Citizens (2013). Businesses also highly encouraged their employees to volunteer at local non-profit organizations, and they would get a double bonus by doing so. The activities brought benefits to the community and drew attention from the public and media; they also aimed to improve the employees’ morale, provide career development, and boost their incentive to engage in more volunteering activities in the future Corporate Responsibility Magazine's (2014).
On agriculture programs SNV, through a programme dubbed HortIMPACT, combines the expertise of the private sector with market based solutions to build sustainable and competitive agriculture markets in Kenya. As part of the agreement, SNV will work with Agventure, a local cooperative of large enterprise farmers that started growing canola and producing canola oil since 2010. Together they will scale up the number of local farmers and train them on approaches of conservation agriculture to make them more productive, profitable and resilient to climate change Citizens (2013). Being a good corporate citizen also involves preserving the environment and reducing the harmful impact the company and its supply chain create. It can also be called “corporate sustainability” as it closely relates to a company’s environmental practices and policies Lajoux and Martel (2013) as environmental problems and global warming become more severe, increasing numbers of companies have made commitments and take initiatives by incorporating environmental measures and strategies into their business practices. Some activities include participating in environmental projects, utilizing solar power, reducing materials for packaging, implementing a recycling program, switching to use renewable energy sources, and many other kinds of green strategies Creel (2010).

On employee programs at Unilever in Africa we work hard to combine our global experience with our deep Africa roots to develop local talent so we are delighted to see our efforts recognized by the internationally renowned Top Employers, which is a truly independent and verifiable measure of industry best practice Bayoud and Slaughter (2012). According to the study done by the Great Place to Work Institute, employees are more willing to take risks and bring more creative and innovative ideas to the companies. The study discovers that companies that pay more attention to their employees and their well-being “enjoy higher levels of customer satisfaction and customer loyalty” Citizens (2013). Therefore, companies should not only focus on the external side of CSR such as supply chain, environment, human rights, philanthropy, and so on. They also need to include internal CSR, which refers to diversity, employee’s privacy, health and wellness, job satisfaction, and more (Corporate Responsibility Magazine's (2014). Each company has a unique organizational culture where it brings huge influences to subordinates’ behaviors, the decisions they make, and the goals they strive to achieve. Having an ethical corporate climate requires a company to integrate these principles inside the company as well.
They can incorporate the principles and rules explicitly into their code of ethics and mission statements. They also provide ethics workshops for employees, channels for reporting internal unethical behaviors, and rewards for being an ethical employee in the company Lajoux and Martel (2013). On Education Programs, Unilever has rewarded 100 secondary school students with more than Ksh. 3.5 million worth of school fees and tablet devices through a back-to-school shopping reward programme dubbed Chuo Club. Unilever Kenya, through the Unilever Sustainable Living Plan, invests in improving the basic hygiene and nutrition behavior of mothers and children. Heroes for Change is a volunteer programme in Kenya that provides a platform and enables college students to make a difference in their communities and society at large by volunteering their time to be agents of change Corporate Responsibility Magazine’s (2014). Under the citizenship aspect, it is considered whether the “company is a good corporate citizen it supports good causes and protects the environment” CSR RepTrak100 (2013); businesses engage in issues that are happening in the community, country or even the world and contribute their efforts to create changes.

Multinational companies have a bigger role in their corporate citizenship as they need to: “Address issues that have a dramatic impact on the future of the globe, such as climate change, water shortages, infectious diseases, and terrorism. Each of these problems is global in scope, even if the solutions may be locally focused” Sharma and Kiran (2012). One initiative companies often engage in is corporate philanthropy, which is also closely associated with corporate citizenship. It refers to “direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services”. Many companies practice their corporate citizenship through philanthropic giving, which ranges from donating money, services, or products to nonprofit organizations, charities and communities, partnering with organizations to raise public awareness on certain issues, granting scholarships to students, offering technical expertise, knowledge, and skills, and more Citizens (2013).
On Environmental Programs, According to Corporate Responsibility Magazine's (2014) just 14% of the plastic packaging used globally makes its way to recycling plants, while 40% ends up in landfill and a third in fragile ecosystems. By 2050, it is estimated there will be more plastic than fish in the world’s oceans. Treating plastic packaging as a valuable resource to be managed efficiently and effectively is key to achieving Sustainable Development Goal 12 (Sustainable Consumption & Production) and, in doing so, shifting away from a ‘take-make-dispose’ model of consumption to one which is fully circular. To help transform global plastic packaging material flows, we have made a commitment to ensure that all of our plastic packaging is fully reusable, recyclable or compostable by 2025. We will also renew our membership of EMF for another three years and endorse and support their New Plastics Economy initiative. And as part of this, we will publish the full ‘palette’ of plastics materials used in our packaging by 2020 to help create a plastics protocol for the industry. Unilever has already committed to reduce the weight of the packaging we use by one third by 2020, and increase our use of recycled plastic content in packaging to at least 25% by 2025 Citizens (2013).

Unilever is contributing to tangible system change and sends a strong signal to the entire fast-moving consumer goods industry. Combining upstream measures on design and materials with post-use strategies demonstrates the system-wide approach that is required to turn the New Plastics Economy into reality.” Architect and circular economy leader, William McDonough, adds: “The optimisation of packaging and plastics is so timely and important that all the people, communities and companies involved suppliers, producers, retailers, customers and consumers can work together now, with common values and purpose, to create and share beneficial value for generations to come” Corporate Responsibility Magazine's (2014)

5.3.2 Challenges in implementing CSR Programs

On Failure to engage key stakeholders corporate social responsibility programs are not context specific and for that matter the need for Unilever to invest in specific context in the corporate social responsibility programs. On inadequate skills needed to carry out CSR programs unilever employees working on CSR require the development of appropriate capacities and skills to make decisions.
Most companies lack the appropriate skills needed to effectively carry out Corporate Social Responsibility. They also need to decide whether to start a new program and whether the proposed policies and procedures are stable and coherent. On budget process Unilever managers’ stated that the environment is dynamically changing as a result of factors such as inflation, technology and economical factors. Standard operating procedures must be developed after budget approval.

On Inability by the Government to enforce CSR into law Unilever management have a social responsibility to the communities they operate, the framework within which this is to effectively work have to be provided by the government. On corruption and selfishness when the resources meant to be used for implementing CSR to improve the lives of people in the society gets to the hands of the leaders of these communities, they are siphoned and used for their selfish and personal gains which is unfair and unethical.

On lack of interest in implementing CSR programs Unilever management lacked the necessary drive and impetus to effectively carry out CSR because they are not mandated by the laws to do so, as a result, Unilever see CSR as a responsibility or an obligation which they must implement, but do it out of their own volition. On negligible or existence

Unilever management invests in comparatively small amount into community projects and then uses their effort to promote their brand and gain access to markets all around the country and in international markets. On political and social insecurity at times the managers find it very challenging to engage in CSR for fear of not maximising profit which is to the detriment of its stakeholders and the organisation as a whole. The implementation of CSR interventions had presented an opportunity for companies to address challenges emanating from social risk. CSR interventions are a necessary element of risk management for global companies because they provided the framework and principles for stakeholder engagement can supply a wealth of intelligence on emerging and current social issues or groups to support the corporate risk agenda and ultimately serve as a countermeasure for social risk. Integrating CSR into the corporate strategy or core business of companies can pose great challenges Sun (2012).
The problem of CSR may not be due to it pertinence but instead the individual personal values and responsibilities of the people that make the social organization. The existence of CSR is impossible if people do not have sufficient competence and exercise maturity in a socially responsible way. It is therefore imperative for society and companies to train individuals towards the acquisition and attainment of such competencies and maturity essential for the successful design and implementation of Corporate Social Responsibility Cyrus and Oyenge (2013). According to Carroll and Shabana (2010), companies working on CSR require the development of appropriate capacities and skills to make decisions and behavior broader, deeper and richer toward their stakeholders but contrary to this view, most companies lack the appropriate skills needed to effectively carry out Corporate Social Responsibility. Sun (2012) argue that in most cases, due to changes in the environment in which a strategy is being implemented the planned budget may be surpassed by the actual.

5.3.3 Relationship between Corporate Social Responsibility and Financial Performance

The last objective was to determine if there was a relationship between corporate social responsibility and financial performance, although the majority of the respondents agreed that corporate social responsibility has an impact on the financial performance of the company quite a number of the respondents though there was no association and that it was not important for the company to engage in corporate social responsibility and a few remained neutral on the issue Klins and Smit (2010). Highlighted that possible reasons why respondents may remain neutral on this, these include the reliability of the accounting figure as companies may manipulate their financial statements to make it seem like the company is performing better financially.

5.3.3.1 Correlation

The correlation performed for testing the relationship between corporate social responsibility spending and financial performance showed that positive correlation of 0.954 which is close to 1 indicating a strong positive correlation between corporate social responsibility and financial performance of the company. The result of the correlation between corporate social responsibility and financial measures such as return on asset, return on equity and return of sales also indicated a positive association
This means that an increase in corporate social responsibility spending results in an increase in the company’s financial performance and return on assets, return on equity and return on sales. In 2012 Chetty and Seetharam (2014) carried out an analysis on 121 studies published in the 2014, the study found a positive relation between CSR and financial performance. Recent reviews by Choi and Choe (2010) both conclude a positive relationship between CSR and financial performance. There are a number of studies that examined the relationship between CSR and financial performance in Kenya. Ondieki (2011) tested the investment corporate social responsibility and sustained growth of 13 commercial banks in Nairobi County- Kenya between the years 2006 and 2010. Using regression analysis the study established that there is a positive significant association between investment in CSR and banks’ sustained growth.

5.3.3.1 Regression Analysis
The regression analysis results also agreed that there was a positive association between corporate social responsibility and financial performance. The results indicate that R Square was equal to 91%. This implies that 91% of the variation in financial performance can be explained by the variation in the Unilever’s corporate social responsibility engagement. Adjusted R² of 1 indicate that all the variations in the dependent variables can be explained by the variation in the independent variable. In this case the adjusted R² of 0.879 which is close to 1 indicate that a lot of the variation in the independent variable is explained by the independent variable. Ondieki (2011) found that CSR has positive relationship to the financial performance of companies listed at the NSE. The study covered a period of 5 years; 2007 to 2011. CSR was measured by the amount spent on CSR programmes while financial performance was measured by net profit. One major finding of the study is that there was a strong relationship between the independent variables (CSR practice, efficiency and capital intensity) used in the model and the dependent variable (ROA). The study found that there was a general upward trend in the amount invested in CSR activities between 2007 and 2011. The highest investment was seen in 2010 while the lowest in 2007. The study also found that there was an upward trend in the performance of firms listed in NSE.
5.4 Conclusion

5.4.1 Corporate Social Responsibility Programs of Unilever Company

The study concludes that Corporate Social Responsibility programs in Kenya are focused towards education, agriculture, and food security, environmental and HIV/AIDS. In Kenya multinational companies are in the lead when it comes to CSR involvement. Most local companies viewed CSR only from a philanthropic perspective. It is only recently that firms have moved to integrate and align CSR with their company mission and vision. The transition saw both foreign and local companies focusing on performance driven CSR mostly for profit maximization and enhanced competitiveness. Based on the findings of the study Unilever Company is involved in the following corporate social responsibility programs; education, health and hygiene, agriculture, employee among others.

5.4.2 Challenges in implementing Corporate Social Responsibility Programs

The study concludes that the designing and implementation of Corporate Social Responsibility requires long- term commitment and vision from managers, posing a major challenge to organizations. The high rate of low-income earning communities across the world makes it difficult for communities to adequately support companies that carryout CSR as they spend a greater portion of their earnings on food.

5.4.3 Relationship between Corporate Social Responsibility and Financial Performance

This study concluded that there is a positive relation between corporate social responsibility and financial performance. The study also indicates positive association between corporate social responsibility on measures as return on assets, return on equity and return on sales. The study further conclude that the analysis of the results support the theoretical view of the relationship between corporate social responsibility and financial performance.
5.5 Recommendations

5.5.1 Recommendations for improvement

5.5.1.1 Corporate Social Responsibility Programs of Unilever Company

Based on the discussion shown and the literature reviewed it can be said that every company has social responsibilities which usually result in improvement in environment conditions and the economic conditions of the country which helps in creating a positive image of the company and all stakeholder’s regarding the organization. Therefore the study recommends that Unilever Company should increase their allocations for investments in corporate social responsibility programs this is because the company does not exist in a vacuum and has impact on the community in which they operate in.

5.5.1.2 Challenges in implementing corporate Social Responsibility Programs

The study recommends that Corporate Social Responsibility should be viewed a core component of the organizational structure and for that matter activities related to Corporate Social Responsibility should be reviewed for faster approval and implementation. These organizational routines by which organizations accomplish much of what they do. They must be updated to reflect any changes in technology and in strategy. Consistency of the procedures is necessary to ensure that they are affected to the letter which in turn requires policies.

5.5.1.3 Relationship between Corporate Social Responsibility and Financial Performance

The study recommends that Unilever Company should continue to engage in corporate social responsibility programs to further improve the firm’s financial performance. The organization should therefore view corporate social responsibility as the venue for profit maximization.
5.5.2 Recommendations for Further Studies

The study was investigating the impact of corporate social responsibility on Unilever’s Company financial performance; however there are many other Multinationals Companies which differ in their approaches to corporate social responsibility. This warrants the need for a study that will allow for generalization of the findings of the study for all Multinationals Companies. Similar studies can also be extended to other sectors and industries which have not been covered by earlier studies such as the institutions of higher learning, Oil and Gas industries among others.
REFERENCES


APPENDIX 1: COVER LETTER

Cynthia Wangari Gitau,
United States International University-Africa,
P.o. Box 65651-00607 Nairobi.
June 5, 2017.

Dear Respondent,

I am a final year Master of Business Administration (MBA) student at the United States International University. I am currently undertaking a research project in partial fulfillment of the requirements for the award of the degree. This research project seeks to establish the impact of corporate social responsibility on the financial performance of Unilever Company.

I will be grateful if you could spare some time from your busy schedule and fill in the questionnaire. All the information provided in the questionnaire will be purely used for academic purposes and your identity will be treated with utmost confidentiality.

Kindly do not write your name anywhere on the questionnaire.

Yours faithfully,

Cynthia Wangari Gitau
APPENDIX II: QUESTIONNAIRE

Tick (√) where appropriate in the spaces provided and provides descriptive answers where requested.

**Section A: General Information**

1. Age Bracket
   
   20-30 years ( ) 31-40 years ( ) 41-50 years ( ) Above 51 years ( )

2. Highest level of education?
   
   Primary ( ) Secondary ( ) College ( ) University ( )

3. No of working experience
   
   Less than 2 years ( ) 3-5 years ( ) 6-10 years ( ) Above 10 years

4. Name your current department in Unilever Kenya
   
   Procurement Department ( ) Finance Department ( ) Production Department ( )
   Sales & Marketing Department ( ) Human Resources Department ( ) Research &
   Development Department ( ) Other Departments ( )
Section B: Challenges in implementing CSR programs

To what extent do you encounter each of the following challenge in implementing CSR programs at Unilever Kenya?

Use a five point scale, where, 1= Not at all, 2= little extent, 3= Moderate extent, 4= Great extent and 5= very great extent. Tick appropriately.

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<thead>
<tr>
<th>Challenge</th>
<th>1 Not at all</th>
<th>2 Little Extent</th>
<th>3 Moderate Extent</th>
<th>4 Great Extent</th>
<th>5 Very Great Extent</th>
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<td>5. Failure to engage key stakeholders</td>
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<td>6. Inadequate skills needed to carry out CSR programs</td>
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<td>7. Strategy Implementation</td>
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<td>8. Budget Process</td>
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<td>9. Inability by the Government to enforce CSR in to Law</td>
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<td>10. Corruption and Selfishness</td>
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<td>12. Negligible or Existent Benefits</td>
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<td>13. Political and Social Insecurity</td>
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THANK YOU