

**EFFECTS OF PHILANTHROPIC CORPORATE SOCIAL RESPONSIBILITY ON  
STRATEGIC POSITIONING OF MANUFACTURING FIRMS: A CASE STUDY OF  
UNILEVER KENYA.**

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## **DECLARATION**

### **Declaration by the student**

This project is my original work and has not been presented for examination purpose in any other learning institution. No part of this project should be reproduced without my permission or that of the Kabarak University.

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## **DEDICATION**

I dedicate this work to my mother and not forgetting my brothers and cousins for their support, sacrifices, encouragement and understanding in the course of undertaking this work.

## **ACKNOWLEDGEMENTS**

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## **LIST OF ABBREVIATIONS**

<b>CSR:</b>	Corporate Social Responsibility
<b>EABL:</b>	East African Breweries Limited
<b>ETI:</b>	Ethical Trading Initiative
<b>KCC:</b>	New Kenya Cooperative Creameries
<b>KP:</b>	Kenya Power
<b>KTN:</b>	Kenya Television Networks
<b>NTV:</b>	Nation Television
<b>PCSR:</b>	Philanthropic Corporate Social Responsibility

## **DEFINITION OF TERMS**

- Corporate philanthropy:** Corporate philanthropy is the synergistic use of organizational core competencies and resources to address key stakeholders' interests to achieve organizational and social benefits (Fioravante, 2010).
- Economic responsibility:** The economic nature of business organizations is obvious, since they are created in order to provide goods and services at a price. Thus, the objective of maximizing profits from their activities is essential, and performance is considered the base on which the firm's other responsibilities are founded (Korikchi & Rombuat, 2006).
- Ethical responsibility:** Reflects unwritten codes, regulations and values implicitly are derived from society that transcend merely legal frameworks, (Waltoon, 2012)
- Firms Image:** It is the perception people have of your business when they hear your company name. A business's image is composed of an infinite variety of facts, events, personal histories, advertising and goals that work together to make an impression on the public, (Greenberg, 2011).
- Legal responsibility:** Firms must act according to laws and standards that regulate the market and the society of which they form a part (Baron, 2015).
- Market Share:** It is the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of

the size of a company in relation to its market and its competitors, (Scott Armstrong and Green, 2007).

**Philanthropic responsibility:** Society wants firms to behave as good citizens and commit part of their resources to improve common well-being (Haung, 2010).

**Shareholder:** Is an individual, group or organization that owns one or more shares in a company, and in whose name the share certificate is issued (Business Dictionary, 2011).

**Stakeholders:** Stakeholders are persons or groups that have an interest in the development of the organization and are often affected by operations of the organization or its member's behaviour (Mullins, 2005).

**Strategic CSR:** This is going beyond good corporate citizenship and mitigating harmful value-chain impacts by mounting a small number of initiatives whose social and business benefits were large and distinctive (Porter, 2006).

**Strategic positioning:** A company's relative position within its industry matters for performance. Strategic positioning reflects choices a company makes about the kind of value it will create and how that value will be created differently than rivals. Strategic positioning should translate into one of two things: a premium price or lower costs for the company (Michael & Mark, 2012).

**Strategy:** This is an effort or deliberate action that an organization implements to outperform its rivals (Ehlers & Lazenby, 2004).

## ABSTRACT

Philanthropic Corporate Social Responsibility (CSR) as a common business practice has only recently established a foothold in developing countries. Every business takes birth, survives and grows with the consent and co-operation with the society. The society provides inputs to the business and accepts its outputs. Naturally the business owes everything to the society. Philanthropic Corporate Social Responsibility denotes organizations' willingness to take responsibility and accountability for the effects of their activities and decisions. It is concerned with how companies manage the business processes to produce an overall positive impact on society. It is against this background information that the study sought to determine the effect of Philanthropic Corporate Social Responsibility on strategic positioning of Unilever Kenya. The study was guided by the following objectives: to assess the effect of Environmental Philanthropic CSR activities; to analyze the effects of Educational Philanthropic CSR activities; to establish the effects of Humanitarian Philanthropic CSR activities and to find out how health f Philanthropic CSR activities influence the Corporate Strategic Positioning of Manufacturing firms a case study of Unilever Kenya. The target population was 19,318 residents of Soweto ward of Kibera slums in Kenya. Simple random sampling technique was used in selecting 99 respondents. Questionnaire was used as data collection instrument. Data was analyzed using both qualitative and quantitative analysis. Descriptive statistics was used to summarize data. Further inferential statistics techniques were used to draw comparisons and make conclusions of the data analyzed. Chi-Square was employed in analyzing the relationship between the dependent and independent variables. Bivariate correlation analysis was also used to test for measures of association between variables whereas multiple linear Regression model was used to examine the way a number of independent variables relate to one dependent variable. The SPSS software was used in analyzing descriptive and inferential statistics. Correlation results revealed that Humanitarian PCSR exhibited the strongest association with Corporate Strategic positioning followed by Environmental PCSR, Educational PCSR and lastly Health Philanthropic PCSR. The multiple linear regression models could explain for approximately 52% of the variation in the dependent variable by the variation in the independent variables on corporate strategic positioning of Unilever Kenya. The study concluded that PCSR activities not only enhances a corporation's reputation but also influences incumbent customers to make decisions in the community thus increasing organizational attractiveness and firm familiarity, PCSR acts as an external marketing and communication function and that PCSR affects community' identification with their corporation. The study recommended that Unilever Kenya should fully integrate its PCSR initiatives into its corporate perspectives and operations.

***KEY WORDS: Philanthropic, Corporate Social Responsibility and Strategic Positioning***

## **CHAPTER ONE**

### **INTRODUCTION TO THE STUDY**

#### **Introduction**

This chapter introduces the concept of philanthropic Corporate Social Responsibility in the background of the study, statement of the problem, research objectives, research questions and significance of the study. Finally the scope of the study will be highlighted as well as limitations.

#### **1.1 Background to the Study**

The term Philanthropic Corporate Social Responsibility (PCSR) encompasses a variety of issues revolving around companies' interactions with society. PCSR can be defined as actions that appear to further some social good, beyond the interests of the firm (McWilliams & Siegel, 2010). Philanthropic Corporate social responsibility (PCSR) is the voluntary actions taken by firms to benefit social and environmental causes and communicated to the organization's key stakeholders. PCSR activities have been found to influence corporate reputation which, in turn, has been found to increase company performance (Ackerman, 2015). Important in this definition is that PCSR activities are on a voluntary basis, going beyond the firm's legal and contractual obligations. As such it involves a wide range of activities such as being employee-friendly, environment-friendly, and respectful of communities where the firms' plants are located, and even investor-friendly (Bénabou & Tirole, 2010).

##### **1.1.1 Corporate Philanthropy CSR.**

Corporate philanthropy CSR has become part and parcel of organizations operating in modern times. It cannot be wished away and organizations are beginning to appreciate it more and more. Taylor (2008) says that philanthropic giving has to be a core function of business operation as it contributes to their strategic marketing and communication planning. As businesses grow, the societal expectations are also significantly increasing. A paradigm shift has taken place and organizations are moving from the earlier notion of viewing corporate philanthropy as being an obligation and now see it as a profitable strategy, that should they align their activities to fit this model, they stand to gain not only by creating loyalty from customers but also encourage

innovative products and strategies. They also stand to gain growth in the market share and also reduced employee turn-over. Organizations differ in the way they integrate the dimension of philanthropy into their business. Some opt to integrate PCSR in its totality while others opt to take one of the four dimensions as proposed by Carroll (2001) in his pyramid of social responsibility and integrate it as would be most profitable to them. Since there are no clear cut ways on how to do this, it is upon organizations management in consultation with stakeholders to come up with the most preferred way to conduct and integrate the CSR dimensions.

Global companies toward corporate philanthropy CSR were shaped in the 1990s by three major changes in society: “the impact of the post industrial society” “the insufficiency of the economic system” and “globalization.” A close look at CSR differentiates “compulsory” CSR and “philanthropic” CSR. Compulsory CSR means a responsibility that companies must fulfil by law and by demand from a consensus with the general public. Optional or philanthropic CSR means a contribution that companies perform voluntarily to solve social problems according to their capacity and resources. “Social responsibility” and “philanthropy”, two different concepts in theory, are bound together in the deliberation on CSR by ISO. If ISO determines that CSR should include corporate philanthropy, it means that legal and social obligation has gained the right to make inroads into the area of voluntarism. Of vital importance is to remember that corporate philanthropy is originally an ascetic practice of altruism. No one can force any corporations to practice such altruism. It is not the matter of social coercion or legal obligation. It relates with compassion and voluntary initiative of top management and employees of corporations, which gives distinctive radiance to their acts (Toshiyuki, 2004).

José-Manuel et al. (2008) and others showed that overall, the corporate practices associated with social responsibility in Spanish firms show a positive and significant impact on the rate of sales growth. The analysis emphasizes the role played by corporate actions concerning human resources and the public disclosure of the different responsibilities assumed by corporations through a code of ethics in increasing sales volume (José-Manuel et. al., 2010). Although there is an orientation towards the attainment of social welfare owing to the fact that several PCSR practices do not affect firm performance, this orientation exist side-by-side with the search for competitor differentiation and improving the firm’s image, which imply economic advantages



associated with returns and profits via increases in sales from year-to-year (José-Manuel et. al., 2010).

Increasingly, philanthropy is used as a form of public relations or advertising, promoting a company's image or brand through cause-related marketing or other high-profile sponsorships. Although it still represents only a small proportion of overall corporate charitable expenditures, Sub Saharan Africa corporate spending on cause-related marketing jumped from \$ 125 million in 1990 to an estimated \$ 828 million in 2002 (Idemudia, 2011). Arts sponsorships are growing, too they accounted for an additional \$ 589 million in 2001. While these campaigns do provide much-needed support to worthy causes, they are intended as much to increase company visibility and improve employee morale as to create social impact. Tobacco giant Philip Morris, for example, spent \$ 75 million on its charitable contributions in 1999 and then launched a \$ 100 million advertising campaign to publicize them. Not surprisingly, there are genuine doubts about whether such approaches actually work or just breed public cynicism about company motives (Ite, 2014).

In Kenya today PCSR is well practiced but not as regulated as in Nigeria. There are a variety of organizations doing businesses, ranging from product-oriented marketing and service-oriented marketing. The notable companies that have come out strongly in this initiative of "giving back to the society" are Kenya Airways, Safaricom, Airtel, Kenya Power (KP), East African Breweries Limited (EABL), Kenya Television Networks (KTN), Nation Television (NTV), Co-operative Bank, Equity Bank, Coca Cola, Brookside, New Kenya Cooperative Creameries (KCC), to mention but a few. All these companies and many others operating in the country in one way or another, do practice CSR. Majority of Kenya companies have implemented CSR which has helped the companies to grow in the corporate world such as BIDCO Company which has participated in helping the persons who have HIV/AIDs and also Equity Bank has provide the "Wings to Fly Program" which has helped many families to take their children to access education in terms of primary, secondary and university level. The CSR programs has helped them in improving the financial performance, enhance brand and reputation, increased sales and loyalty and increased ability to attract and retain employees (Moser and Miller, 2011).The corporate sector in Kenya has become increasingly involved in supporting community initiatives

aimed at improving livelihoods among those most adversely affected by poverty (Ominde, 2006). Through these efforts, corporate companies are striving to demonstrate good corporate citizenship. This is done by providing additional resources to supplement similar efforts being undertaken by the government and civil society agencies (Ominde, 2005).

Crane & Matten (2007) note that programmatic CSR activities cultivate loyal partners and a grateful clientele. This results in the development of a highly productive and sustainable relationship between the initiating organizations, partner donors both individual and corporate as well as beneficiaries in the community. Good examples of such relationships in Kenya are the Dettol Heart Run, Safaricom Marathon, and The Rhino Charge where individual and corporate Kenyans as well as some foreigners book the activities in their diaries and set aside funds to participate. Kwalanda (2007) explains that, organizations require implementing partners for their CSR programs. This is because the activities are often not within the company's core competence. Many organizations such as Kenya Commercial Bank (KCB), Safaricom and The East African Breweries have formed foundations to help them implement their respective PCSR programs. Ominde (2006) notes that in the last five years, companies in Kenya have taken PCSR agenda with passion to improve their staff welfare, work environment, and ethically improving profitability, as well as self-regulation and implementing community development programs.

Kenya faces unique economic, cultural, social, and environmental challenges that influence PCSR practices (Muthuri & Gilbert, 2011). The idea that business is a part of society, and therefore has community and national responsibilities, is an established part of Kenya's culture and traditions. It is anchored in the premise that business cannot thrive in an environment where a community is languishing in problems; in other words, business survives by ensuring that the community thrives. In Kenya, the causes that receive the highest attention are: health and medical provision; donations directed to education and training; HIV/AIDs; agriculture and food security (Forstater, Zadek, Guang, Yu, Hong, & George, 2010) Environmental concern is gaining momentum in Kenya, however, owing to increased international attention. So, companies in Kenya are engaging in environmental PCSR. For example, Safaricom organizes Lewa international marathon annually, and collects money towards forest conservation.

There are no strong institutions to guide PCSR engagement in Kenya (Muthuri & Gilbert, 2011), because of inadequate government regulation and a lack of commitment to the enforcement of regulations. Similarly, Kenya has fairly vibrant civil societies that have pushed the CSR agenda in corporate organizations. For example, Opondo (2013) argues that civil society groups have (in collaboration with media, non-governmental, and international organizations) spearheaded a campaign against poor working conditions in the cut-flower industry. This agitation has generated concern about the reputation of the industry in European markets, which has compelled export cut-flower firms to adopt international codes of conduct, in order to export to these countries. Thus, civil society has taken advantage of such repercussions, ensuring that responsible corporate citizenship is adhered to. Indeed, most cut-flower firms in Kenya have embraced codes of labor practice, such as the Ethical Trading Initiative (ETI), in order to supply their products to European market.

Companies in Kenya have taken up PCSR with gusto in the last five years: this has led to improving the welfare of staff and the working environment, implementing community development programs, and engaging in environmental conservation. However, it is community CSR that is most highly visible to the majority of people and which gives companies a much sought improvement in their public image. For example, companies sponsor national and international competitions to improve the skills of young Kenyans. During the last few years, East Africa Breweries has sponsored a popular “Tusker Project Fame” to train singers in an academy for eight weeks: the winner obtains a one-year recording contract with leading music recording companies, in addition to other prizes. Similarly, companies engage in tree planting and recycling, as well as in waste reduction initiatives. Although companies in Kenya engage in PCSR, the need remains to study how PCSR engagements affect the firms’ bottom line. As the global business world becomes more competitive by the day due to globalization and technological change, organizations need be more strategy driven as to continue to maintain the top position and gain competitive advantage.

Strategy in general is about an organization formulating a plan on how to achieve long-term success. Organizations have a picture of where they ought to be in the future and they then have to choose a path on which they will embark on to ensure that they achieve that desired goal.

Organizational strategies and philanthropic activities have to be tied together in the business core values. Olynnka & Temitpe (2012) say that strategy is “consciously doing something differently from competitors and if that difference results in a sustainable advantage”. Organizations must be strategic in the way that they integrate philanthropy into their core business function. According to Sabharwal (2010) strategy means a well-planned, deliberate and overall course of action to achieve specific objectives. According to Chandler (1962) “strategy is the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out these objectives”. The concept of strategy has been derived from military administration wherein it implies ‘Grand’ military plan designed to defeat the enemy. As applied to business, strategy is a firm’s planned course of action to fight competition and to increase its market share.

Strategic positioning on the other hand refers to a strategic plan formulated and implemented for expanding firm’s business. For smaller businesses, growth plans are especially important because these businesses get easily affected even by smallest changes in the marketplace. Changes in customers, new moves by competitors, or fluctuations in the overall business environment can negatively impact their cash flow in a very short time frame (Ehlers et al, 2004). Negative impact on cash flow, if not projected and adjusted for, can force them to shut down. That is why they need to plan for their future. Small entrepreneurs generally feel that strategic planning is for large business organizations; but it is very necessary for small and medium enterprises. Strategic positioning gives a formal direction to the business and is necessary to take care of the additional efforts and resources required for faster growth. Strategic positioning can be achieved on many fronts such as growth in profits, increased market share, decreased employee turnover just but to mention a few (Mullins, 2005).

### **1.1.2 Unilever Kenya**

Unilever Kenya was formerly known as Africa Industries Ltd. The company was founded in 1949 and is headquartered in Nairobi, Kenya. Unilever Kenya Ltd. operates as a subsidiary of The Unilever Group.

Unilever Kenya Ltd manufactures and markets food, home, and personal care products. The company's products include washing powder, laundry bars, fabric conditioners, maize meal flour, margarine, soups, sauces, condiments, toothpastes, toothbrush, body lotions, baby care jelly, face creams, beauty soaps. Its brands include Blueband, Royco, Knorr, Homecup Tea, Annarpurna maize meal, Omo, Geisha, Lux, Sunlight, Vaseline, Lady gay, Fair & Lovely, and Close up. Unilever East Africa joined forces with Amref Health Africa to boost the fight against cholera in Kenya. The leading consumer goods manufacturer will supported Amref Health Africa, through its Geisha Germiguard and Pureit brands, in response efforts in Nairobi, Kibera slums where the outbreak hit hardest

Under the partnership Unilever will help train teachers and community health volunteers in the communities and schools hardest hit in the first instance, besides providing Geisha Germiguard soap and Pureit water purifiers as a way of promoting healthy living and hygiene. Over 10,000 pieces of Geisha Germiguard soap will be donated and used to advocate hand washing as a key preventive measure for cholera and other communicable diseases, while Pureit devices will provide clean and safe drinking water. Unilever employees will also give their time by joining Amref Health Africa staff on the ground to demonstrate and encourage proper hand washing behaviour in communities.

Unilever has over the last several years implemented a partnerships strategy through its brands and the Unilever Foundation, with a focus on improving the quality of life through the provision of hygiene, sanitation, basic nutrition and access to clean drinking water, as well as by enhancing self-esteem.

## **1.2 Statement of the problem**

In the manufacturing industry managers are beginning to realize the importance of PhilanthropicCSR and the need to embrace as part of their core activities (Mudzamir, 2010). Although earlier it was perceived as being a cost with no real or perceived positive rewards, organizational leaders are now realizing that philanthropic activities are affording them the opportunity for innovation and competitive advantage in the industry in which they operate.

The relationship between corporate social responsibility and a firm's economic performance has been studied in the past but there is little study to show in the area of manufacturing enterprise (Cheruyot, 2010) yet how effective PCSR is to the firm is crucial to justify continual expenditure by the firm given generic security of resources in the firm. Nkawitei (2011) 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. Wanjala (2011) studied corporate social responsibility and commercial banks in Kenya and found that profitability was one of the factors that influence CSR practice in banks.

Despite the many studies carried out on CSR there seems to be few studies done to establish the relationship of Philanthropic CSR and Strategic Positioning especially in the manufacturing sector in Kenya. It is of importance to study this relationship because it has a great influence on the firm performance. Chertok (2013) asserts that poor implementation of Philanthropic CSR activities affect the organizations Strategic Positioning by tainting its image negatively, reducing its consumer confidence hence loss of Corporate reputation leading to organisation failure. He argues that organizations get it wrong on issues like communication whereby strategic philanthropy calls for effective communication as to whom the philanthropic activity is targeting and what message to convey to which group. Public awareness and tools to engage public interest on the philanthropic activities are also a big problem when it comes to business-society relationship. It is against this background information that the study will seek to determine the effect of philanthropic Corporate Social Responsibility on Strategic Positioning of Unilever Kenya. The study developed recommendations for the Strategic team involved in the firm, the academicians and the Government.

### **1.3 General Objective**

The purpose of this study was to examine the effect of philanthropic CSR on a company's strategic positioning focusing on Unilever Kenya.

#### **1.3.1 Specific Objectives**

The objectives for this study were:

- i. To assess the effect of Environmental focused Philanthropic CSR activities on corporate strategic Positioning of Unilever Kenya.
- ii. To analyse effects of Educational focused Philanthropic CSR activities on the corporate strategic Positioning of Unilever Kenya.
- iii. To establish the effects of Humanitarian PCSR activities on Corporate Strategic Positioning of Unilever Kenya.
- iv. To find out how Health Philanthropic focused CSR activities influence the Corporate Strategic Positioning of Unilever Kenya

#### **1.4 Research Questions**

The study sought to answer the following questions generated from the objectives above:

- i. How does Environmental focused CSR activities affect the Corporate Strategic Positioning of Unilever Kenya?
- ii. What effects does Educational focused Philanthropic CSR activities have on the Corporate Strategic Positioning of Unilever Kenya?
- iii. What effects does humanitarian PCSR activities have on Corporate Strategic Positioning of Unilever Kenya?
- iv. How does health focused philanthropic CSR activities influence the Corporate Strategic Positioning of Unilever Kenya?

#### **1.5 Rationale of the Study**

The study aimed on highlighting the importance of philanthropic CSR by organizations that embrace actions that are in response to society's expectations on welfare promotion as they in-turn improve on performance. It also aimed at creating awareness as to whether integrating corporate philanthropy as a core business value can be used as a strategic tool in achieving an organizations long term sustainability and strategic positioning. A gap exists as far as this is concerned which this study aimed to try and fill.

## **1.6 Scope of the Study**

The study focused on Philanthropic CSR and its effect on the company's strategic positioning. However, the study did attempt to establish the cause of position observed on the effect of PCSR. As this can be an area of further research. The study was conducted within 6 months May, 2016 to November, 2016. The study was carried out at Soweto ward of Kibera Slums as they are the beneficiaries of PCSR activities carried out by Unilever Kenya. The study focused on how environmental focused Philanthropic CSR activities; educational focused philanthropic CSR activities; humanitarian CSR activities; and health philanthropic CSR activities influences Corporate Strategic Positioning among others. A factor analysis in the chapter 4 was used to determine the suitability of these factors.

## **1.7 Significance of Study**

The findings from this study were relevant to Unilever Kenya in contributing to the highly needed knowledge that managers and companies could use and share to improve the quality of corporate image by encouraging managers to embrace corporate philanthropy that enhances positive image of the firm. Corporate image is the reputation of the firm with the various audiences that are important to it.

Secondly, the findings were beneficial to other players in the Manufacturing industry who are affected by the actions of the company and, in turn, their actions are likely to affect the company. Consequently Unilever Kenya's, image in the eyes of its stakeholders is important to the company. The principal stakeholders who are mostly large corporations must be concerned are: customers, distributors and retailers, financial institutions and analysts, shareholders, government regulatory agencies, social action organizations, the general public, and employees.

Lastly, the study contributed to the body of knowledge on philanthropic corporate social responsibility by outlining the benefit of integrating it as a core business strategy. It is also hoped that the study may be used for further research on philanthropy as a strategic tool and recommendations drawn will be used by other Manufacturing organizations when developing and designing their strategies related to Corporate Social Responsibility and its dimensions.



## **1.8 Limitations and Delimitations**

The limitations that were encountered while conducting the research were:

Getting the respondents who were to be interviewed during working hours was a challenge as many of them were out for field work or in closed door meetings. To overcome this, the researcher made special appointments to meet the targeted respondents early in the morning before they leave for their work their station outside the study geographical area.

Not all information sought for this research was in the public domain and to overcome this challenge permission had to be sought to access it from the relevant authorities. This was noteasy as the researcher in many occasions had to prove that the intention of the study was purely for academics purpose and that the information given was going to be guarded with utmost confidentiality.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter describes theoretical framework, literature review of past studies on philanthropic corporate social responsibility, it also discusses empirical review based on the objectives. In addition it explains conceptual framework and critique of reviewed literature.

#### **2.1 Theoretical Framework**

The theoretical framework provides the blue print of the study. In this study Stakeholder Theory and Social Contract Theory have been reviewed.

##### **2.1.1 Stakeholder Theory**

The study employed Stakeholder Theory of Friedman & Miles (2006). This study chose Stakeholder theory because it is a very basic theory to CSR as it asserts that managers must satisfy a variety of constituents such as workers, customers, suppliers, local community organizations) who can influence firm outcomes. According to this view, it is not sufficient for managers to focus exclusively on the needs of stockholders, or the owners of the corporation. This therefore, justifies Unilever's responsibility to socially give back to Soweto ward residents of Kibera Slums.

Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that non-financial stakeholders perceive to be important, because, absent this, these groups might withdraw their support for the firm (McWilliams & Siegel, 2000). A fundamental aspect of stakeholder theory, in any of its aspects, is that of attempts to identify numerous different factions within a society to whom an organization may have some responsibility.

Stakeholder theory is a theory of organizational management and business ethics that addresses moral and values in managing organizations. In the traditional view of the firm, the shareholder view, the shareholders or stockholders are the owners of the company, and the firm has a binding financial obligation to put their needs first, to increase value for them (Friedman, 2010).

However, stakeholder theory argues that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers. Sometimes even competitors are counted as stakeholders their status being derived from their capacity to affect the firm and its other stakeholders. It was originally detailed by Freeman in the book - Strategic Management: A Stakeholder approach in 1984 (Freeman, 2014).

Researchers' interest in manufacturing sector stems from the fact that activities of the companies in this sector more often than not impact significantly on the environment, community and society in which they are located. Also manufacturing activities have significant impact on the economy of a nation. In the modern world, the sector is regarded as a basis for determining a nation's economic efficiency (Amakom, 2012). In developed economies, for instance, they account for a substantial proportion of total economic activities. The manufacturing sector of any economy worldwide is reputed to be the engine of growth and a catalyst for sustainable transformation and national development.

This is because of its enormous potentials as a tool for creating wealth, generating employment, contributing to the country's Gross Domestic Product as well as alleviating poverty among the citizenry (Banjoko, Iwuji, & Bagshaw, 2012). A study therefore into the effect of CSR on the performance of firms in this sector is worth its sort.

The theory is applied in the study as the society is very important to the Unilever Kenya since they are the stakeholders who include: customers and community living around the company. The Unilever Kenya majors on the customers by providing good relationship with them by solving their problems and also meeting their needs. In addition the company also needs to help the society by improving their social welfare through providing them with jobs, building of schools and classes and construction of health centers. This is through the philanthropic CSR which in return will improve the reputation of the company, increase competitive advantage and also increase the market share.

### 2.1.2 Social Contract Theory

Social contract theory Social contract thinking has its historical precedence in Hobbes (1946) Rousseau (1968) & Locke (1986). Donaldson (2012) views the business and society relationship from the philosophical thought. He argues that there exist an implicit social contract between business and society and this contract implies some indirect obligations of business towards society. Based on this argument Unilever Kenya is indebted to contribute in solving societal social problems which they have done through its philanthropic CSR activities targeted on Soweto area of Kibera Slums. Social contract thinking is explicitly recognized as a form of post conventional moral reasoning (Rest, 2011). The social contract theory has been further advanced by Donaldson & Dunfee *et. al.* (2011) who have proposed that an integrative social contract theory is important as it is a way that helps managers to make decision in an ethical manner. According to the societal approach, firms are responsible to society as a whole, of which they are an integral part. The main idea behind this view is that business organizations operate by public consent in order to serve constructively the needs of society to the satisfaction of society (Van Marrewijk, 2013). The societal approach appears to be a strategic response to changing circumstances and new corporate challenges previously not occurred such as Philanthropic CSR.

Ramanathan (2010) proposes to define the concepts of social components, social equity, and net social contribution. Social components are different of social groups to which the company is supposed to be bound by a social contract. Each of these groups can measure changes in its rights with respect to the company, resulting from social transactions: thus, he defines social equity. Finally, it is possible to define the net social contribution of a firm as the aggregation of its non-market contributions to the welfare of the Society, less non-market withdrawals made by the firm on the resources of the society (Toukabi *et. al.*, 2014). As Dunfee (2006), social contract theory will suit an emerged economy where individuals are able to direct scarce resources to their highest valued use, where government is limited to its efficient ends, where free-moving prices are allowed to signal the relative value of alternate uses for scarce resources without the distortion of taxes, where the value of money is predictable, and where private property rights and contracts between individual decision makers are enforced in an unbiased fashion (Rest, 2011).

## **2.2 Empirical Review**

### **2.2.1 Environmental PCSR activities and Corporate Strategic positioning**

Some studies focused on the impact of PCSR on the environment. For instance, Lyon and Maxwell (2008) examined the relationship between PCSR and the environment. The study showed how both market and non-market forces are making environmental PCSR profitable, and discussed altruistic PCSR. The authors found that non-governmental organizations strongly influence PCSR activities, through both public and private politics. The authors posit that PCSR can have varied effects; from attracting green consumers or investors, to preempting government regulation, to encouraging regulation that burdens rivals. They however, observed that welfare effects of PCSR are subtle, and there is no guarantee that PCSR enhances social welfare. Also, Tilt (2010) examined the contribution of accounting and accountants to the debate and practice of PCSR. The study concluded that accountants' interest in PCSR is much more wide ranging than simply an interest in the company strategic position impacts on society.

Several studies have been carried out on the relationship between PCSR and company strategic positioning resulting in different conclusions. Some studies showed a positive relationship, (Waddock & Graves, 1997; Cheruiyot, 2010) others negative (Cordeiro & Sarkis, 1997; Wagner et al 2002) and while still another group concluded that there was no relationship between the two variables, (McWilliams & Siegel 2000; Aragon Correa & Rubio Lopez 2007).

Klassen and McLaughlin (1996) studied 14 manufacturing sectors to conclude that environmental management can play a positive role in improving the corporate strategic positioning. In exploring the linkages between environmental performance and company strategic positioning with respect to the market value, Konar & Cohen (2001) argued that a firm with a better environmental performance has a significant positive impact on the firm's market value which is a good predictor of the firm's expected future increase in market size.

Fauzi (2009) did a research on manufacturing companies listed on the New York Securities Exchange (NYSE). The objective of his study was to address the relationship between corporate social responsibility and company strategic positioning. Using a sample of 101 companies on the

NYSE, he used a regression model with company strategic positioning as the dependent variable and CSR index as the independent variable. He also included a control variable of company size and leverage to see if these variables could have any effect on the relationship between CSR and company strategic positioning. His findings were that CSR has no effect on company strategic positioning under both slack resource and good management. Slack resource theory posits that a company should have a good market position to contribute to company strategic positioning since company strategic positioning needs funds to conduct. Good management theory on the other hand posits that CSR comes first because having a good reputation will make it easier for the company to get a good financial position. He however found that leverage has a moderating effect on the interaction between company strategic positioning and CSR.

Cheruiyot (2010) carried out a research whose objective was to establish the relationship between corporate social responsibility and corporate strategic positioning of firms listed at the Nairobi stock exchange. This was a cross sectional study of all the firms listed in the NSE's main segment as at 31 December 2009 which comprised of 47 listed companies. Using regression analysis he sought to establish the relationship between the CSR index and corporate strategic positioning measured in terms of the competitive advantage, market share and strategic growth. In this study conducted for a period of five years from 2004 to 2008, he concluded that there was a statistically significant relationship between CSR and corporate strategic positioning.

There have been conflicting findings on the relationship between CSR and Company Strategic Positioning, Obusubiri (2006) in a study on CSR and company strategic positioning found out that there was a relationship between CSR and company strategic positioning. He found that companies that were ranked high in CSR performed better than their counter parts that ranked low. Possibly it could be because of the good image that comes with being known for the good things that a company does which makes investors prefer them because of the good reputation. Good CSR behavior has a reputational benefit for the practicing firm.

Muthami (2014) in a case study of Unilever Kenya of how CSR affects organisation study a case study of Unilever Kenya found out that Unilever Kenya was involved in environmental awareness to improve welfare of the communities. The study further revealed a positive

relationship between the CSR activities and the financial effects. There was 5% to 8% increase in profits attributed to CSR, which is an indication that CSR activities affected the financial performance of the organization. Moreover, the study did reveal that profits did not decrease by the activity of CSR in Unilever Kenya. Further, the study did reveal that corporate social responsibility did have a significant impact on the financial performance of Unilever Kenya by increase in sales volume, increase in demand for organization products, increased organization awareness and lead to more profitable sale through increased market share.

### **2.2.2 Educational PCSR activities Corporate Strategic Positioning**

There is highly visible change in behavior among corporate stakeholders as a result of high publicity on environmental and human right movements in present times. With global warming, and corporate behavior so publicly available to broadcast, there appears to be a trend in social behavior slowly changing from an individualistic mindset to a more holistic and collective reasoning. The Kyoto Protocol is an example of societies coming together and seeing the need for change on a global level (Bulkeley 2001). Peer pressure from society is paving the way business is conducted. Through education and dialogues the development of community in holding businesses responsible for their actions is growing (Roux 2007).

Unlike the past, the public has taken a significant shift in holding businesses responsible for their actions. This in turn causes businesses to satisfy their customers' needs. This view is also shared by Bansal & Roth (Bansal & Roth 2000). Amoral attitudes and behaviour are unaccepted by consumers who have the potential to impact the sustainability of the organization (Fields 2002).

Philanthropic funding is frequently provided directly or through corporate foundations that exist separately from the corporate entity. The Coca-Cola Company (Coca-Cola), for example, contributes \$88.1 million annually to a variety of environmental, educational and humanitarian organizations through The Coca-Cola Company and The Coca-Cola Foundation, (Kasturi and Marie, 2009). Other examples of in-kind giving include IBM's computer donations through its global KidSmart Early Learning program<sup>16</sup> and Microsoft's donation of almost \$300 million in software products to nongovernmental organizations (NGOs) across the globe. Similar to corporate cash funding, in-kind donations provide important, and often critical, goods and

services to nonprofit organizations and needy populations. Both types of philanthropic giving tend to reflect a corporation's core competencies and business priorities, as illustrated by IBM's and Microsoft's technology donations (Michael Porter and Mark, 2012).

The larger a corporation's size and revenues, the greater the diversity of decision makers and the more fragmented its philanthropic activity may become. Whether privately or publicly held, as a business grows and expands into national and global markets, its educational philanthropy tends to become more complex. This may result from the company's integration into new cultural and socioeconomic environments, as well as the geographic dispersion of executives in various product areas and management functions (Christopher, Kasturi, and Alison, 2012). The addition of executive committee members and boards of directors creates multiple corporate decision makers who may be personally committed to a wide range of charitable social and environmental priorities. These executive leaders in turn are responsible for balancing shareholder interests with the corporation's social responsibility to the community upon which it depends (Kasturi & Marie, 2009).

As corporate philanthropy evolves, it may become more strategic and integrate more closely with a company's business priorities. In strategic corporate philanthropy initiatives, funding for social or environmental programs reflects a corporation's philanthropic priorities as an extension of its business interests. Examples include PNC's "Grow Up Great" early childhood education program and Goldman Sachs' "10,000 Women" initiative to train and support women entrepreneurs in developing countries. Both CSR efforts are a direct expression of the companies' respective business strategies, (Christopher, Kasturi, & Alison, 2012). With \$100 million in funding over a five-year period, "Grow Up Great" provides critical school readiness resources to underserved populations where PNC operates, in turn creating stronger communities, potential future employees and PNC brand loyalty. Furthermore, by integrating "Grow Up Great" into its management training and employee volunteer programs, PNC has created a broad corporate commitment to the initiative (Kastur & Marie, 2009).

"Grow Up Great" also represents the company's CSR strategy of focusing a multitude of philanthropic and community service projects throughout numerous business units behind one



cause in order to have a more significant social impact. Interestingly, the process of unifying behind the Grow Up Great initiative stemmed from a combination of its CEO, Jim Rohr's long standing commitment to early childhood education as well as the eagerness of its many staff to have a hands-on engagement with a local cause (Christopher, Kasturi, & Alison, 2012). Similarly, the "10,000 Women" initiative was a culmination of Goldman Sachs' senior management's effort to consolidate its diverse "philanthropic efforts behind a big idea" that would motivate its many staff, not just its senior partners, who anyway engaged in private philanthropy. In keeping with the organization's global view of economic growth, an internal team honed in on the idea of expanding the benefits of globalization to developing countries. The company devotes significant CSR resources to its "10,000 Women" program to provide business and management skills to underserved women entrepreneurs throughout the world.<sup>20</sup> All of these cases illustrate how strategic corporate philanthropy can serve a social or environmental purpose that a corporation's employees and management care about, while also supporting and expressing the company's core business priorities (Michael Porter & Mark, 2012).

PNC's, Goldman Sachs' and Coca-Cola's corporate giving examples demonstrate that in the first CSR theatre the priority is generating social or environmental value, not necessarily creating an economic return for the corporation. Strategic philanthropy efforts may return intangible benefits in the form of brand awareness and improved social capital, which in turn may translate to business profits, but this is not the goal of the initiatives. In fact, philanthropic CSR ventures are typically considered a necessary cost of doing business to fulfill the corporation's charitable giving priorities. Additionally, philanthropic CSR initiatives in the first theatre typically reside under the purview of corporate and community affairs managers who are not tied to business operations, illustrating philanthropic giving's role as a business expenditure that is not expected to generate a tangible financial value. It may, in a sense, be considered the "purest" form of corporate social responsibility (Christopher, Kasturi, & Alison, 2012).

### **2.2.3 Humanitarian CSR activities and Corporate Strategic Positioning**

In the past, commercial considerations dominated business approaches toward humanitarian affairs with the aim of having an indirect effect on corporate value. When corporations

contributed to humanitarian efforts, it was regarded as a public relations campaign or strategic philanthropy (Tuffey, 2009).

Over the past two decades, societal expectations of corporations have evolved due to corporate violations of human rights, social standards and the environment. This has had repercussions in disaster relief, while the public did not immediately turn its eye to business actors for additional donations. Instead, some business corporations have made relief a virtue out of potential necessity, and looked for areas to exploit in all fields of activity to improve their public image. They increasingly started donating money and looked into their core competencies, assessing whether they could be used in disaster relief (Somavia, 2010).

Being in the spotlight of public attention anyway, a number of companies decided to proactively achieve two things at once: first, to meet public expectations of being ‘good corporate citizens’ and to behave truly ethically in helping those in great distress in the aftermath of natural disasters; and second, to improve their corporate image and benefit from intangibles, such as a better corporate reputation and better employee morale and motivation (Holme & Watts, 2010). Some case studies such as Microsoft, and Coca Cola Companies have shown that corporate engagement in humanitarian assistance is an extension of traditional philanthropic corporate citizenship and core business- related corporate social responsibility activities, (Berman *et. al.*, 2012).

In addition to philanthropic considerations, corporations are interested in maintaining a good corporate reputation, particularly in times of increasing criticism about predatory and rampant capitalism. This is achieved by satisfying the expectations of their stakeholders. Corporations engage in humanitarian efforts in order to increase employee motivation and portray a company as an attractive employer. Moreover, through engagement in disaster relief efforts, the brand value of a company and customer attraction might increase, which could lead to higher market shares. Interestingly, these effects can occur in both the home market and in the foreign market where the disaster has occurred. These effects are hard to measure yet corporations still internally justify their engagement by stressing this rather implicit business case (Adeleye, 2010).

In this regard some corporate brands are easier to discern than others. It is more effective, from a marketing point of view, when Deutsche Post World Net cargo planes arrive at a capital's airport in a disaster region or when Coca-Cola distributes bottled water directly to earthquake victims, than when Microsoft provides software that organizes food supply and emergency management in general (Riodan *et. al.*, 2011).

Moreover, corporations tend to cooperate primarily with NGOs and United Nations organizations, which are considered the experts in humanitarian affairs, have positive reputations, and thus convey a high degree of credibility. By cooperating with positively-viewed partners, corporations can improve their public humanitarian image without giving much in return, as many civil society representatives have stressed and criticized (Tuffey, 2009). There is no obligation for companies to engage. They can pick and choose because their engagement is discretionary. Neither UN organizations nor civil society groups can put any pressure on corporations. In most instances, the corporations decide to what degree they want to become involved (Berman *et. al.*, 2012).

Economic motivators with a potential financial payoff also play a crucial role in corporate investments in humanitarian affairs. Although companies rarely stress these aspects in public because they are afraid that observers might assume that these aspects govern the degree of involvement in humanitarian relief efforts, economic aspects have to be taken into account when analyzing business engagement in emergency situations. This condition can act as a constraint and as driver at different times (Turban and Greening, 2011).

Profit considerations take on the function of a business driver, because by engaging in humanitarian relief efforts corporations have the chance to enter new markets, train employees under extreme circumstances, boost employee morale, put their instruments and standard operating procedure to the test and improve their relationship with state and civil society actors. These factors could lead to new business and less public shaming and reduce NGO campaigns against them (Berman *et. al.*, 2012).

As pointed out in the first section, more natural disasters take place in developing and transformation countries, where there are new business opportunities. In remote regions where

the populations are largely computer illiterate, software companies such as Microsoft can create the basis for future business sales although their citizenship and commercial branches are strictly separate. Microsoft is also involved in the One Laptop Per Child project, for ethical as well as financial reasons (Riodan *et. al.*, 2011). This is a prototype win- win situation, where the short and long- term utility functions are followed at the same time. When Microsoft provides hardware and software infrastructure in the aftermath of natural disasters, it is expected that recipient underdeveloped societies will become acquainted with modern software technology. Disaster victims of today might be stakeholders of tomorrow, as customers or as government employees(Holme & Watts, 2010).

Coca- Cola's business case for moving into developing communities is obvious. The company thus has an interest in promoting its products and using its personnel in humanitarian operations. Other companies, such as Deutsche Post World Net, deploy personnel in emergency situations, training their employees under severe circumstances and putting their vehicles and management processes to the test. Employees, although specifically allocated to Crises Response Teams for a limited period of time, can transfer their acquired knowledge to regular business activities. The same holds true for the vehicles and procedures. Logistics companies can derive great benefit from demonstrating best practices in extreme conditions and applying them to regular business proceedings. Moreover, employees become highly motivated because they are working for a good cause, thus increasing employee morale (Riodan *et. al.*, 2011).

Furthermore, the close working relationship with public and civil society actors has additional economic benefits. Improved relationships with public actors, such as United Nations organizations and governments, increase the likelihood that some companies will be considered in public procurement. Public organizations that are familiar with the strengths of certain companies and can look back on successful partnerships might also reflect on selecting the same partner for future projects (Sanusi, 2011; Adeleye, 2010). As a positive side effect, repeated interactions with NGOs can lead to a dismantling of negative stereotypes and a better understanding of the context under which an actor operates. As a consequence, corporations may be less likely to become the target of NGO campaigns (Somavia, 2010; Graff, 2011).

The following three aspects explain various ways through which organizations can participate in Humanitarian Philanthropic Corporate Social Responsibilities.

**a) Donation of Funds**

The most common type of philanthropic engagement to disaster relief is to donate money to international organizations, civil society organizations or directly to governments. There are different types of donations: company donations; employee donations; and matched funds. Matched funds are usually limited to a specific amount per employee (Holme & Watts, 2010).

**b) Volunteering and Delegation**

Lately, more companies have taken part in volunteering programs whereby companies exempt their employees from work so they can participate in relief efforts initiatives. There are two types of volunteer employee engagement: in the first, employees do whatever tasks are needed the classic type of volunteering; in the second, employees are delegated as experts, making available their knowledge and expertise. Companies who have facilitated staff volunteering or participation in disaster response include IBM (hard and software producer), Deutsche Post World Net (logistics) and TNT (logistics) (Turban & Greening, 2011).

**c) Application of Key Expertise**

More often companies bring in their core expertise to disaster relief efforts. This is done by offering knowledge, material resources, or both. The line between companies applying key expertise and those volunteering is blurred, particularly in case of knowledge provision. The range of offered core competences varies from providing and improving logistical systems, supplying computer hard and software, to consulting business partners. For example, Deutsche Post World Net has set up a partnership with the United Nations Development Program and the United Nations Office for the Coordination of Humanitarian affairs to provide “the management of complex logistics and transportation processes” to respond to natural disasters. Microsoft has set up IT systems for public and civil society organizations to coordinate relief efforts, and Coca-Cola has provided bottled water to people in disaster regions (Somavia, 2010; Graff, 2011)

The nature of non- commercial business engagement in disaster relief operations has changed significantly over time. Previously, business corporations limited themselves to donations of funds. Today they are more willing to make use of their core business resources: personnel, infrastructure/material and expertise. Donations of funds can be made by any company, whereas only some companies can make their goods and services available. These engagements can therefore be differentiated by the type of business contribution to disaster relief efforts (Berman *et. al.*, 2012).

Some companies are able to provide all types of non- commercial business engagement; others are restricted to cash donations as their personnel may not be available and their goods and services not suited for disaster relief efforts (Sanusi, 2011).

#### **2.2.4 Health PCSR activities and the Corporate Strategic Positioning**

Health care is only one of many social areas companies invest in as part of their PCSR portfolio. Other areas of activity include education, youth development, women's empowerment, financial literacy, workforce development, agriculture, and climate change. However, for many companies, health is one the main areas of PCSR focus. A 2013 UN Development Program (UNDP)-funded KPMG survey of the PCSR practices of 100 companies from various sectors in Angola found that health and education receive the highest portion of PCSR budget allocations. The study also found that most corporations in Angola focus on health programs targeting their employees and overall HIV prevention. Such programs give less support to programs directly linked to the health of children, training of health professionals, and provision of medicines.

Health Sector clearly stands out as a leader, when discussing the PCSR issues. Part of the reason is its close relation to its multiple stakeholders of society, government, and other private sectors. Another part of the reason may be that its way of making profits has a bigger relationship to people's lives by affecting their health problems rather than other business entities. There are many reasons why it pays for companies, both big business and SMEs (small and medium enterprises) to be socially responsible and be conscious about the interest of the key stakeholders. The healthcare industry has a variety of challenges that the average person may not fully understand. Issues such as stringent regulatory compliance, intense labor shortages in

nursing, increased and costly technological advancements, implementation of international quality standards and substantial community dependence make this industry one of the most operationally difficult (Kweyun, 2009).

PCSR helps the healthcare sector to elaborate on social issues that could serve to improve their images and enhance the stakeholder engagement by making their performance indicators available to public. This creates a positive image with the community and will eventually translate into increased revenues for the organization (Caroll & Shabana 2010).

Nadezhda (2007) holds that many companies do not yet make a clear distinction between giving, sponsorship and socially-responsible activities. He cites the most widespread forms of socially-responsible activities to include the direct provision of funds and support targeting health, qualification and other social needs of society, non-financial support in the form of free products or services and investment in energy efficiency and environmental protection. The three approaches to PCSR that emanate from these activities include caring for the societal health, supporting social activities benefiting the local community and activities with a long-term social impact, such as social investment.

### **2.3 Philanthropic Corporate Social Responsibility**

Philanthropy involve the following activities in an organization; Donation of sales, Unrestricted cash donations, Donation of products, Employee volunteerism, Collection of customer donations, Charity events, Promotion of public service announcements to mention but a few. According to Noam Noked ( 2011) corporate philanthropy is a potential source of other-oriented, extrinsic value since it entails the ethical benefit of supporting others in need, it's also means of gaining social status and, as such, can be a source of self-oriented, extrinsic value. "A discretionary responsibility of a firm that involves choosing how it will voluntarily allocate resources to charitable or social service activities in order to reach marketing and other business-related objectives of which there are no clear social expectations as to how the firm should perform" Ricks (2005).

The practices of philanthropy has been evolved from the day business existed in this world until today. The main reason for a company to exist is to create profit. Making profits are nothing wrong but the way used to derive such profits are of concerned. Before 1970, basically, corporate share its profit with the community through philanthropic activity. In other word, CSR is after-profit obligation. If let say, companies are not profitable they do not have to behave responsibly. This impact is even worse during severe economic depression or when an organization is managed by unethical, short-term thinking managers that would lead to societies having no choice and accepting discrimination, child labor, pollution and dangerous working conditions. Another debate arises in this approach is if companies are just being good and donating a lot of money to social initiatives then they will be wasting shareholders' money. That is not sustainable in the long-run, and shareholders will quickly lose interest.

Thus, during 1970 to 1990, organization had shifted from sharing profits with the community as a soft approach of philanthropy to the hard approach by using philanthropy for the purpose of profit-making. PCSR is perceived as a public relation tool in improving an organization image and performance. PCSR is also performed for mitigating adverse impacts of an organization onto environment and society such as those in the oil and gas industry. While philanthropy does little or nothing to help companies make profits, CSR activities are linked to improving a company's bottom line. Therefore, during 1990 to 2001 period, embedding socially responsible principles in corporate management has become a corporate obligation. PCSR is increasingly being embedded into the corporate mission, strategy and actions of organizations.

For a long term survival, PCSR has been adopted as a corporate routine. Strategic CR is whereby an organization achieves sustainability in such a way that its PCSR actions have become part and parcel of the way in which a company carries out its business. Its links to the bottom line of a company has been laid out clearly simply because, if it does not contribute to the bottom line, it will eventually be rejected by other stakeholders of the organization. Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of life, in ways that are both good for business and good for development (Korkchi &



Rombaut, 2011). PCSR refers to the obligations of the firm to society or, more specifically, the firm's stakeholders-those affected by corporate policies and practices (Hosseini, 2012).

Globalization has shown that PCSR is becoming important. It has brought many changes such as the increased number of MNCs & TNCs as well as the issues of business ethics. Globalization and the technological revolution, such as the Internet, have created new economic expansion opportunities for corporations (Korkchi & Rombaut, 2012). Movement of corporations' production results in environmental and human consequences thus raising corporate responsibility question (Gotherstrom, 2012). PCSR basically shows the expectation of society in different way for example, fair and clear operating practices, consumer protection, anti-corruption and fraudulent behavior (Carroll & Shabana, 2010) reinforced this approach in his evaluation of business response patterns to social issues. He maintained that firm behavior was first guided by social obligations imposed by the marketplace and legal constraints. Firm behavior must also be viewed in terms of its congruence with prevailing social norms, values, and expectations.

Carroll (2010) proposes that philanthropy encompasses those corporate actions that are in response to society's expectation that business entities be good corporate citizens by actively engaging in acts or programs to promote human welfare or goodwill. Steiner & Steiner (2009) argue that other than complying with the law, organizations must take on charitable activities to meet the society expectation on them.

Fioravante (2010) noted that considering the essential rudiments of a strategic marketing plan, firms explore internal and external means. Corporate philanthropy is quickly becoming a viable strategic option in the development of marketing strategies. Firms looking to further brand development, market recognition, and enhanced customer perceptions can integrate philanthropic initiatives throughout the planning process. Implementing these initiatives in a complementary fashion to the overall business plan brings forth the latency of creating a distinctive competitive advantage for those who choose to do so. This marketing phenomenon provides a cogent social and economic approach to furthering the myriad of business agendas necessary to have market sustainability. Corporate philanthropy is a phenomenon which associates the business sector with the social sector. Social historians and researchers alike as a subset of a larger corporate social

responsibility (CSR) subject, philanthropy provides an opportunity for corporations to establish an ethical and moral mantra within the organization (Gan, 2006; Madrigal & Boush, 2008).

An organization is comprised of people who assume the responsibility of cultivating and maintaining a culture supportive of philanthropy and its range of objectives. Success philanthropy achieving the goal is as vital to an organization as the core business (Bruch & Walter, 2005). Philanthropic initiatives are complex and thus need to be developed, communicated, implemented, monitored, and lastly sustained, in order to guarantee its viability as a strategic tool. Understanding the potential impact of philanthropy in all of its forms enables a corporation to alter its value proposition and ultimately shape the manner in which it employs this phenomenon in the business strategy. Strategic marketing has a myriad of meanings and applications across industries. Philanthropy can add altruistic and capitalistic contribution to an organization.

### **2.3.1 Corporate Social Responsibility**

Corporate Social Responsibility has its origins in the early 18<sup>th</sup> century and has undergone many significant changes from its onset to date. It was not until 1960s that it became widely used when it appeared in academic literature. Society began having expectations on organizations based on the general idea that those with great power, more so those in the business world to be more proactive in ceasing to cause societal problems and starting to participate in solving societal problems (Baron, 2015).

Almost all businesses whether big or small need to participate in CSR in one way or another. Ufadhili trust (2010) proposes that the main rationale why companies get involved in CSR is to improve the image of the company. Others include corporate sustainability, adherence to mission statement, or CSR policy. Hune and Preuss (2011) propose that the media and government are holding organization to account for the consequences of their business action and as a result CSR has become as inescapable part and parcel of every business leader in every country. As with any other concept of business, there are those who are for and others against organization engaging in CSR activities. Those that are in favour of CSR as part of organization activity argue from two perspectives. One is the ethical perspective, which they argue that it is a moral duty to

promote social well-being and justice for the society. Organizations cannot exist and or operate in isolation. Society offers the source of labour and is also the customer base for the company's products and services.

The CSR concept emphasizes community participation by business enterprises. The concept of social responsibility proposes that a private firm has responsibilities to society that extend beyond making a profit. It is the obligation of the firm's decision makers to make decisions and act in ways that recognize the relationship between the business and society. It is therefore important for a business to continue in its commitment to behave ethically and contribute to economic development while improving the quality of life of the work force and the surrounding community at large. This can be achieved through the various CSR activities that the business chooses to engage in. To be able to address corporate social responsibility effectively, firms should identify their stakeholders and what they expect from the firm. Some of the firm's stakeholders include employees, suppliers, shareholders, government, community/society and customers among others. There are different views on who the firm should be responsible to in the course of its business.

According to Friedman (2013) "There is one and only one social responsibility of business which is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to engage in open and free competition without deception or fraud". Carroll (2011) on the other hand devised a four part model of corporate social responsibility which is economic, legal, ethical and philanthropic responsibility.

Under the economic CSR, a firm should produce goods and services of value to society so that the firm may repay its creditors and stockholders, ensure employees are safe and are paid fairly and that customers buy quality products at a fair price. Legal responsibility is defined by governments through enacted laws that management is expected to obey. A firm must follow the laws of the country in which it is based as well as any internal moral views or objectives that the firm has set. It is the baseline for operating within society. Ethical responsibility requires firms to follow generally held beliefs about how one should act in society. Ethics defines what is good for the firm and for society and establishes the nature of duties that the firm owes to itself and others

in society. It relates to doing what is right, just and fair. Philanthropic responsibility relates to discretionary behavior to improve the lives of others e.g. charitable donations, sponsoring sports and health days among many others. Many companies produce a CSR report explaining how it complies with the law. The private sector especially should take on the obligations deriving from the impact of the organization's activities and operations on society, the workforce, the environment and human rights (José-Manuel et al, 2010).

CSR is a “set of management practices that ensures the company maximizes the positive impacts of its operations on society” (Jamali & Mirshak, 2010). McWilliams and Siegel (2011) define CSR practice as operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business. Corporate social responsibility practice affects firms in many positive ways because through the activities the firms undertake, they are able to be known more and may grow in future. Stakeholders can help make or bring down a firm and therefore the need for firms to consider stakeholder's interest as they make strategies to achieve the firm's goals. The firm should then come up with various CSR practices (activities) that meet the expectations of the various stakeholders depending on their influence and capacity.

#### **2.4 Conceptual Framework**

The framework conceptualizes philanthropic corporate social responsibility as independent variable while corporate strategic positioning as dependent variable. Philanthropy encompasses those corporate actions that are in response to society's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. Examples of philanthropy include business contributions to financial resources or executive time, such as contributions to the arts, education, or the community. If a company implements philanthropic corporate social responsibility it will enhance corporate strategic positioning where it improves the market share, competitive advantage, and portray good image and reputation.

## Independent Variable

Environmental Philanthropic CSR

Educational philanthropic CSR

Humanitarian Philanthropic CSR

Health philanthropic CSR

## Dependent Variable

### Corporate Strategic

### Positioning

➤ market share

➤ Firms image

### Intervening Variable

- Industry forces
- Inflation
- Government policies

**Figure 2.1 Conceptual Framework**

**Source:** Researcher (2016)

## 2.5 Operationalization of Variables

### 2.5.1 Strategic Positioning

It is the overall intended objectives and approach to a situation. Most business managers will carefully develop a well thought out strategic position and take considerable steps to communicate it to staff clearly so that all parts of the business can be operating toward the firms stated goals. It will be measured through market share and firm image.

### **2.5.2 Environmental Philanthropic CSR activities**

For successful strategic positioning the company needs to participate in various environmental initiatives that encourage friendly utilization of the environment they operate in. This variable was measured by assessing whether Unilever Kenya had incorporated aspects like planting trees, cleaning of slums, clearing drainages, putting up dustbins, provision of environmental pollution and prevention systems in their PCSR activities in pursuit of protecting the environment.

### **2.5.3 Educational Philanthropic CSR Activities**

This variable was measured by assessing if Unilever Kenya had engaged itself in various programmes that are deemed to support education of the residents of Soweto ward of Kibera slums. These educational initiatives included establishing if there were schools built, libraries constructed, students sponsored through scholarship to pursue education, provision of education material, Sponsoring of school feeding programs and assessing whether Unilever Kenya through its educational PCSR activities encouraged nurturing of skills and talent of children in the area.

### **2.5.4 Humanitarian Philanthropic CSR Activities**

This variable was measured through an assessment of the number of times the firm has helped in situations of natural disasters like floods, earth quake and drought by helping in evacuation from danger zone, donating food to hunger and drought stricken individuals. This can be achieved through working with other agencies like the Red Cross, Non-Governmental Organizations and Government.

### **2.5.5 Health Philanthropic CSR Activities**

This variable was measured by assessing the number of constructed health centers, number of purchased health machines and also assessing the level of adoption of hygienic living by the residents of Soweto ward residents in Kibera .

## **2.6 Research Gaps**

Studies that have been conducted are based on the belief that a responsible institution is rewarded for its good reputation and have failed to arrive at the same conclusion. Some of these

studies show a positive correlation, while others have shown no correlation at all. A closer examination of these studies reveals variations on data sources, measures used on dependent, independent variables and control variables. Based on these studies it brings a gap where no study has been done on relationship between philanthropic corporate social responsibility and corporate strategic position. It is against this background information the study will seek to investigate effects of philanthropic corporate social responsibility on corporate strategic positioning of Unilever Kenya.

There are varied arguments, for and against philanthropic CSR programmes. Foster *et. al*, (2009) note that the economists viewed it as a manager's responsibility to generate profits for their shareholders, thus to act in any other way would be a betrayal of this special responsibility. They saw addressing social problems as being the province of government rather than company managers. Economists did not believe that managers should spend other people's money on some perceived social benefit, and thought by doing so was misguided (Michell *et al*, 2011). Eisingerich *et al*, (2011) further argue that a corporation's core responsibility is to increase shareholders value and not to be responsible for societal issues. On the other hand, Bryer (2010) aver that a corporation can maximize its company value only by voluntarily taking actions on external issues, specifically pollution.

The other criticism is that philanthropic CSR is too costly. Spending of company's money brings with it the lost opportunity to spend the money on other priorities, such as research and development (Moser & Miller, 2011). Philanthropic CSR also encourages consumer cynicism, that is, many consumers regard CSR initiatives as little more than public relations exercises (Jobber, 2012). Furthermore, philanthropic CSR is a form of risk management in that there are real penalties for companies that are not environmentally or socially responsible. For instance, media criticisms of companies such as Nike, that they involve child labour in the developing countries could be harmful since they could be perceived as being irresponsible (Moore, 2011 & Sorsa, 2010)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This explains the research design, target population, sampling procedure, data collection instruments, validity and reliability of research instruments, data analysis, and ethical consideration.

#### **3.1 Research Design**

The research design for the study was descriptive design based on a case study of Unilever Kenya. Descriptive design was suitable because it allowed measure of variables in their natural setting so as to report observations as observed (Mugenda and Mugenda, 2003). According to Yazici (2009) a case study places more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. The study used both quantitative and qualitative analysis of quantitative and qualitative data obtained from questionnaire instruments. This method will be suitable for the study because it gave information about the effect of philanthropic CSR on a company's strategic positioning focusing on Unilever Kenya and again the researcher will be able to get first-hand information from the sampled population. This design is ideal for gathering information regarding people's behaviour, feelings and opinions about issues. Survey method is widely used to obtain data useful in evaluating present practices and providing basis for decisions. Survey collects data about variables or subjects as they are found in a social system or society.

#### **3.2 Target Population**

Mugenda and Mugenda (2009) describes target population as the population to which a researcher wants to generalize the results of a study and should be defined according to the purposes of the study. The researcher targeted Soweto Residents of Kibera slums as the community which has benefitted from PCSR activities by Unilever Kenya. The total population of Soweto ward of Kibera slums according to UN Habitat (2008) was 19,318 residents. It is clear that the data is more than 8 years old and so the population must have changed. However, this



was the only credible record available to the researcher and therefore, the researcher has taken this as the target population from which the sample data shall be obtained.

### 3.3 Sampling Frame and Sample Size

Orodho (2003) defined sampling frame as a process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group. The sampling frame therefore is the UN Habitat (2008) report data on the Soweto ward population of 19,318. Simple random sampling technique was used to select respondents who took part in the research study. In random sampling technique, each member of the population has an equal chance of being selected as a sample for use in the study. The entire process of sampling is done in a single step with each subject selected alongside the other members of the population. One of the best things about random sampling is the ease of assembling the sample. It is also considered as a fair way of selecting a sample from a given population since every member is given equal opportunities of being selected. A sample size is a representative of the whole population, (Kothari, 2007). Nassiuma's (2000) formula was used to calculate the sample size as outline hereunder.

$$n = \frac{NC^2}{C^2 + (N-1)e^2} \quad \text{Where}$$

n = Sample size

N = population size

C = Coefficient of variation (30%)

e = Error rate (0.03)

$$n = \frac{19318(0.3)^2}{0.3^2 + (19318-1)0.03^2}$$

$$n = 99$$

Since the study will assume a target population of 19,318 the above sampling formula gives a sample size 99 respondents.

The stratified sampling formula was applied as follows;  $n_h = ( N_h / N ) * n$  : where  $n_h$  is the sample size for stratum  $h$ ,  $N_h$  is the population size for stratum  $h$ ,  $N$  is total population size, and  $n$  is total sample size.

**Table 3.1: Sample of the Study**

<b>Respondents</b>	<b>Population</b>	<b>Strata Sample</b> $n_h = ( N_h / N ) * n$
<b>Residents of Soweto</b>	19318	99
<b>Ward Kibera Slums</b>		
<b>Total</b>	19318	99

**Source:** Researcher (2016)

### **3.4 Research Instruments**

The study used a questionnaire as the main research instrument. Questionnaires are preferred because they are easy to administer and cost effective (Kothari, 2008). The questionnaires were administered to Soweto Residents of Kibera Slums. A questionnaire consists of a number of questions printed or typed in a definite order on a form or set of data collection items. The questionnaire will use Likert scale type of questions which will include a scale ranking of 5 degrees; which are strongly agree, agree, undecided, disagree and strongly disagree. The design of the questionnaire will contain two sections which are: respondent's relevant background information such as age bracket, gender, education level and duration served in that area of residence; and specific information for the objectives of the study. The general information will be used to determine the validity of the respondent's data.

Before collecting the data, the researcher sent a letter to the respondents requesting to be allowed to collect the data. This letter was attached to the permit obtained from the Kabarak University. It helped in confidentiality of the ethical issue in the study. The researcher then visited the residents of Kibera Soweto Slum and administered the questionnaires to the respondents. However the researcher left the questionnaires with the respondents to allow the respondents to fill at their own time. After a week the researcher then returned to the villages to collect the questionnaires

that were left. Later the researcher used an interview schedule to obtain data from the team of employees from Unilever responsible for the Philanthropic activities so as to understand their goals/objectives and observation on the effectiveness of the Philanthropic campaigns across different target beneficiaries.

### **3.5 Validity of Research Instruments**

According to Paton (2015) validity is quality attributed to proposition or measures of the degree to which it conforms to establish knowledge or truth. Face and content validity of the questionnaire will be tested whereby face validity is in relation to the misunderstanding or misinterpretation of the questions in the questionnaire. This will be checked by employing the pre-testing method. Content validity on the other hand refers to the capacity of the instrument to provide adequate coverage of the topic. Adequate preparation of the instruments under the guidance of the experts and pre-testing of open ended questions helped in establishing content validity. The general data about each individual respondent will also enhance confirmation of validity of data since aspects such as the education level and duration that a respondent has stayed in the target area can affect ability to complete the questionnaire effectively.

#### **3.5.1 Reliability of Research Instruments**

Reliability is a measure of consistency of the research instrument if and when administered to respondents drawn from different populations but exhibiting similar characteristics. The reliability of data collection instruments was determined through a pilot study where the researcher administered the research instruments to a total of 37 residents of Dandora Slums. The test method was used to obtain two scores for the pilot test data. The two scores from the pilot test data were subjected to Cronbach's reliability coefficient Formula to compute reliability coefficient.

The Cronbach's Alpha-Coefficient was obtained as follows;

$$= \frac{n}{n-1} \left[ 1 - \frac{V_i}{V_{test}} \right]$$

Where :

= Reliability

n = Number of questions in questionnaire

$V_i$  = Variability of each of question score

$V_{test}$  = Variability of each of overall questions' score

### **3.6 Data Analysis**

Quantitative and qualitative techniques were used to analyze the data. Qualitative analysis was involved in explanation of information obtained from the empirical literature of open ended questions from the questionnaire. Data was analyzed using quantitative analysis and the first process was by use of descriptive statistics. The study used frequency distributions, pie charts and percentages in presenting the data.

Data was organized into frequency tables from which means were calculated. The questionnaire was coded and the data entered into the computer using the Statistical Package for Social Science statistical software (Mugenda & Mugenda, 1999). This software was used in analyzing descriptive and inferential statistics. The researcher used multiple regression model which assumes that there is a linear relationship between the dependent variable (Corporate Strategic Positioning) and each predictor (environment, educational, ethical, and health philanthropic CSR activities).

Analysis of the data was done using quantitative analytical techniques. Tables and percentages of the data gathered among others were used in the case of the quantitative technique. The data was coded and entered into the computer for analysis using SPSS. Descriptive statistics such as percentages and frequency distributions were used to describe data. Presentation of data was done on tables and charts. The data collected was adopted and coded for completeness and accuracy of information at the end of every field data collection day and before storage. Descriptive statistics was then used to analyze the data. Descriptive statistics included measures, frequencies and percentages.

Chi-square as a statistical technique was used to compare the difference between categorical frequencies. Chi-square test was used to analyze data to show if there was any significant perceived relationship between philanthropic corporate social responsibility and corporate

strategic positioning. The researcher chose to use chi square although it is a test of association as the responses will be nominal in nature.

Bivariate correlation analysis was used to test for measures of association between variables (Babbie, 2009). It was helpful in testing simple hypotheses of association. Bivariate analysis helped to determine to what extent it becomes easier to know and predict a value for one variable (possibly a dependent variable) if we know the value of the other variable (possibly the independent variable). Multiple linear regression analysis which is also a statistical technique was also used to examine the way a number of independent variables relate to one dependent variable. The multiple linear regression model was employed because it provides the most accurate interpretation of the independent variables (Lipovestky, 2009). The coefficient of multiple correlations is symbolized by the correlation, R which indicates the strength of the correlation between the combination of the predictor variables and criteria variables.

The following regression model was used to analyze the data.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Independent variables are;

X<sub>1</sub>            .Environmental philanthropic CSR

X<sub>2</sub>            .Educational philanthropic CSR

X<sub>3</sub>            .Humanitarian philanthropic CSR

X<sub>4</sub>            -Health Philanthropic CSR

0              -Constant term

                -Beta coefficients

e              -Error term

(a) Dependent Variable

Y = Strategic Positioning

The findings of data analyzed were presented in form of tables. The study also checked the model significances (f and t-significances) for statistical reporting.

### **3.7 Ethical Issues**

The researcher sought consent to carry out the study from Unilever Kenya. Other ethical considerations that the researcher took include: ensuring anonymity for the respondents. The data collected was thereafter treated with utmost confidentiality and used in this particular research only. Furthermore, all sources of information that does not belong to the researcher were acknowledged through citations.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.0 Introduction

This chapter presents the data analysis, presentation and interpretation of findings on the data collected from respondents on the effect of philanthropic CSR on a company's strategic positioning focusing on Unilever Kenya. The specific objective of the study was to assess the effect of Environmental focused Philanthropic CSR activities, to analyse the effect of Educational focused Philanthropic CSR activities, to establish the effect of Humanitarian PCSR activities and to find out how Health Philanthropic focused CSR activities influence the Corporate Strategic Positioning of Unilever Kenya. Descriptive and inferential statistics and discussions are covered under this section.

#### 4.1 Response rate

The study targeted a total of 99 respondents on the effect of philanthropic CSR activities on a company's strategic positioning focusing on Unilever Kenya. Out of the 99 questionnaires issued, 76 were returned giving a 77% response rate as shown in Table 4.1. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% is rated very good. This implies that based on these assertions; the response rate for this study, 77% is very good.

**Table 4.1 Response Rate**

<b>Response Rate</b>	<b>Questionnaire administered</b>	<b>Questionnaires filled and returned</b>	<b>Percentage</b>
<b>Total</b>	99	76	77

**Source** Researcher (2016)

From Table 4.1, the results indicate that the researcher obtained high questionnaire rates of return. The researcher pre-contacted the administrators of each sampled colleges prior to administration of questionnaires hence a high rate questionnaire return. Of the 76 respondents, it emerged that 46(61%) of the responses were from a group that was well aware of the PCSR while 30(39%) were not quite aware of it.

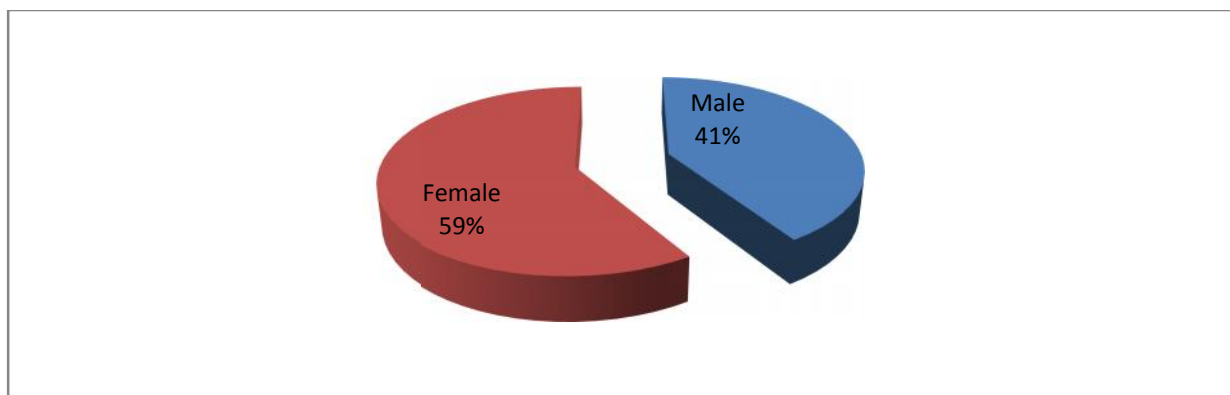
According to Gall & Borg (2007) a pre-contact is an earlier message in which the research participants identify themselves, discuss the study purpose and request for co-operation. The questionnaires were then administered by the researcher and research assistants who had been hitherto trained on administration of research instruments. The questionnaires were then collected after the response time was over. Additionally, the cover letter containing detailed instructions was sent with the questionnaires to respondents. These approaches influenced the excellent questionnaire rates of return.

## 4.2 Demographic information

The study found it important to establish the demographic information in order to evaluate effect of philanthropic CSR on a company's strategic positioning focusing on Unilever Kenya. The demographic information of the respondents included gender, age and level of education. A thorough description of participants allows readers and researchers to determine to whom research findings generalize and allows for comparisons to be made across replications of studies. Frequencies and percentages aided the study in illustrating the characteristics of the respondents and nature of the data in line with the study questions.

### 4.2.1 Gender of Respondents

The researcher sought to determine the gender distribution of the respondents and the findings are shown in Pie Charts in figure 4.1.



**Figure 4.1: Gender of the Respondents**

**Source** Researcher (2016)



The findings of the study indicated that the dominant group or the majority of the respondents who participated in the study were female who accounted for 59% while their male counterparts accounted for 41%. This implies that the women were more accessible for the research undertakings than their male counterparts. This also shows that women are ones mostly found at homes and the shopping centres in most cases than the male counterparts.

#### 4.2.2 Age of Respondents

Different ages have different perspectives to the things that affect their lives; therefore, it was important to establish whether different age groups had different understanding as to CSR. In this study, the results displayed in Table 4.2 show that the respondents that had the most concentration was of age groups of between 35 to 39 years followed by 30 to 34 age group. This implies that the respondents were well mature and exposed to the influences and experiences of the PCSR activities in Soweto ward of Kibera slums. The findings are also similar to those of Stefanovska-Petkovska & Bojadziev (2014) who did a research on the role of philanthropic CSR on a company's and found that only the age of the respondents and their term in the locations showed significant relationship with being exposed.

**Table 4.2 Age of Respondents**

<b>Age Bracket</b>	<b>Frequency</b>	<b>%</b>
Below 30 Years	11	15
30 - 34 Years	15	20
35 - 39 Years	22	29
40 - 44 Years	12	16
45 - 49 Years	5	7
50 - 54 Years	4	5
55 - 59 Years	3	4
60 - 64 Years	4	5
<b>Total</b>	<b>76</b>	<b>100</b>

**Source:** Research Data (2016)

#### 4.2.3 Level of Education and Category of the respondents

Cross tabulation was used by the researcher to present the level of education and category of the respondents. Table 4.3 presented the results:

**Table 4.3: Level of Education and Category of the respondents**

<b>Education level</b>	<b>Frequency</b>	<b>Percentage</b>
Primary	20	26
Secondary	32	42
Diploma	22	29
University	2	3

**Source:** Research Data (2016)

From Table 4.3, the respondents who possessed primary education level were 20(26%) while with secondary level educations were 32(29%). For the diploma level the holders were 22(29%)while the university graduates were2(3%). It was thus assumed that the secondary education level respondents actively participated in the research.

### **4.3Analysis of the Specific Objectives**

In this section the study sought to analyze information related to the four research questions and the responses attained from questionnaires. The study findings on the research questions covered aspects of Environmental Philanthropic CSR activities, Educational Philanthropic CSR activities, Humanitarian PCSR activitiesand Health Philanthropic CSR activities. The researcher prepared a Likert scale and computed a total score for each respondent. These together with other items were each rated on a 5-point Likert scale ranging from: 1= Strongly Agree to 5= Strongly Disagree and the results summarized and presented.

#### **4.3.1. Environmental Philanthropic CSR**

The first research question sought to assess the effect of Environmental Philanthropic CSR activities on corporate strategic Positioning of Unilever Kenya. The researcher sought to analyze the relationship between Environmental Philanthropic CSR and Corporate strategic Positioning. The objective was achieved by asking the respondents to respond to questions that best described their immediate environment.

**Table 4.4 Environmental PCSR**

KEY SA: Strongly Agree, A: Agree, N: Neutral; D: Disagree; SD: Strongly Disagree

Statement	SA	A	N	D	SD	MEAN
	%	%	%	%	%	%
They have a policy of Recycling and treatment of waste	12(16)	23(30)	11(15)	12(16)	17(22)	2.97 (59.4)
They have provision of environment pollution protection/prevention systems	20(26)	20(26)	8(11)	22(29)	5(7)	3.36 (67.2)
They spread environmental awareness through messages and campaigns.	26(34)	28(37)	3(4)	15(20)	3(4)	3.74 (74.8)
They implement Cleaning of the slum	42(55)	16(21)	5(7)	8(11)	3(4)	4.05 (81.0)
They have put Dustbins in the area	27(36)	21(28)	13(17)	3(4)	8(11)	3.58 (71.6)
They have planted trees in the area	15(20)	1(1)	4(5)	29(38)	26(34)	2.30 (46.0)

**Source** Researcher (2016)

The scores in Table 4.4 showed the reactions of respondents to the examined Environmental Philanthropic CSR activities on corporate strategic positioning of Unilever Kenya. The statement: “they have a policy of recycling and treatment of waste indicated strongly agrees and agree were 16% and 30% respectively, while those who were in disagreement and strongly disagree were with 12% and 17%. This implied that Unilever products policy of recycling and treatment of wastewas essential in the motive of maintaining a reasonable corporated strategic positioni.”They have provision of environment pollution protection/prevention systems”, the respondent’s agreed 52% while those who disagreed represented 36%. On the issue of organization spreading environmental awareness through messages and campaigns the respondents agreed at 71% while the others disagreed at 24%. They implement Cleaning of the slumwas strongly agreedat 55% and those who agreed were at 21%.Therefore, majority agreed at 76%. They have put Dustbins in the areawas strongly agreed at 36%, 28% ageed therefore, the

majority agreed at 64%. They have Planted trees in the areawas Disagreed at 72% while the minority agreed at 21%.

The study results also indicated that 59.4% (mean=2.97) were of the view that they have a policy of Recycling and treatment of waste; 67.2% (mean=3.36) were of the view that they have provision of environment pollution protection/prevention systems; 74.8% (mean=3.74) were of the view that they spread environmental awareness through messages and campaigns; 81.0% (mean=4.05) were of the view that they implement Cleaning of the slum; 71.6% (mean=3.58) were of the view that have put Dustbins in the area while 46.0% (mean=2.30) were of the view that they have planted trees in the area.

**Table 4.5 Extent of Environmental Philanthropic CSR**

Sentiment	Frequency	Percentage
Very Great Extent	32	42
Great Extent	17	22
Moderate Extent	12	16
Small Extent	9	12
No Extent	2	3
Not aware	4	5

**Source** Researcher, 2016

As to the extent that Environmental Philanthropic CSR has benefited the residents the respondents responses was mixed. The results in table 4.5 show that majority (42%) of the respondents indicated that they have benefited from Environmental Philanthropic CSR while 22% indicated to a great extent, 16% moderate extent, 12% small extent, 3% no extent and 5% were not aware of any Environmental Focused Philanthropic CSR activity.

**Table 4.6 Relationship between Environmental PCSR and Strategic Positioning**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-
Pearson Chi-Square	6.678E2 <sup>a</sup>	640	0.217
Likelihood Ratio	293.152	640	1.000
Linear-by-Linear	40.087	1	0.000
N of Valid Cases	76		

a. 697 cells (100.0%) have expected count less than 5. The minimum expected count is .01.

**Source** Researcher (2016)

The study results indicated that there was a statistically significant relationship between Environmental Philanthropy and Strategic positioning ( $p=0.000$ ). This implies that Environmental Philanthropy affected Strategic positioning.

#### 4.3.2 Educational PCSR

The second research question sought to analyze effects of Educational focused Philanthropic CSR activities on the corporate strategic positioning of Unilever Kenya. The researcher sought to analyze the relationship between educational focus and corporate strategic positioning. The objective was achieved by asking the respondents to respond to questions that best described their views and opinions.

**Table 4.7 Educational Philanthropic CSR**

KEY **SA**: Strongly Agree, **A**: Agree, **N**: Neutral; **D**: Disagree; **SD**: Strongly Disagree

Statement	SA	A	N	D	SD	MEAN
	%	%	%	%	%	%
They contribute to adult education initiatives.	16(21)	26(34)	10(13)	23(30)	1(1)	3.43 (68.7)
They facilitate awareness on importance of children education.	9(12)	29(38)	25(32)	17(24)	5(7)	3.62 (72.4)
Schools and classes have been constructed.	23(30)	17(22)	15(20)	13(17)	8(11)	3.45 (69.0)
Sponsoring of school feeding program in public schools.	27(36)	20(26)	10(13)	11(12)	8(11)	3.62 (72.4)
They provides scholarships.	12(16)	25(33)	16(21)	21(28)	1(1)	3.30 (66.1)
They provide free educational materials.	18(24)	22(29)	19(25)	4(5)	13(17)	3.37 (67.4)

**Source** Researcher (2016)

Table 4.7 shows the responses of respondents views and opinions on the effects of Educational focused Philanthropic CSR activities on the corporate strategic Positioning of Unilever Kenya. To probethey contribute to adult education initiatives. It indicated a summed agreement of 55% and disagreement of 31%. This response shows that the majority of respondents tended to agree.

On facilitating the creation of awareness on importance of children education indicated 50% agreement and 31% disagree. Further, on Schools and classes have been constructed it was established that 52% agreed but the majority 28% disagreed. On Sponsoring of school feeding program in public schools 62% agreed but the majority disagreed 23%. They provide scholarships was agreed at 49% but few disagreed at 29%. As to the extent that Educational focused Philanthropic CSR activities has benefited the residents the respondents' responses were mixed.

The study findings indicated that 68.7% (mean=3.43) were of the view that they contribute to adult education initiatives; 72.4% (mean=3.62) were of the view that they facilitate awareness on importance of children education; 69.0% (mean=3.45) were of the view that Schools and classes have been constructed; 72.4% (mean=3.62) were of the view of Sponsoring of school feeding program in public schools; 66.1% (mean=3.30) were of the view that they provide scholarships while 67.4% (mean=3.37) were of the view that they provide free educational materials.

**Table 4.8 Extent of Environmental PCSR**

<b>Sentiment</b>	<b>Frequency</b>	<b>Percentage</b>
Very Great Extent	24	32
Great Extent	32	42
Moderate Extent	12	16
Small Extent	4	5
No Extent	2	3
Not aware	2	3

**Source Researcher (2016)**

The results in table 4.8 show that majority (42%) of the respondents indicated that they have benefited to a great extent from Educational focused Philanthropic CSR activities while 32% indicated to a very great extent, 16% moderate extent, 5% small extent, 3% no extent and 3% were not aware of any Educational focused Philanthropic CSR activities.

**Table 4.9 Relationship between Educational PCSR and Strategic Positioning**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-
Pearson Chi-Square	4.745E2 <sup>a</sup>	400	0.006
Likelihood Ratio	209.522	400	1
Linear-by-Linear	32.06	1	0.003
N of Valid Cases	76		

a. 451 cells (100.0%) have expected count less than 5. The minimum expected count is .01.

**Source** Researcher (2016)

The study findings indicated that there was a statistically significant relationship between educational philanthropy and strategic positioning ( $p=0.003$ ).

### 4.3.3 Humanitarian PCSR activities

The third research question sought to establish the effects of Humanitarian PCSR activities on Corporate Strategic Positioning of Unilever Kenya. The researcher sought to analyze the relationship between humanitarian PCSR activities and strategic positioning. The objective was achieved by asking the respondents to respond to questions that best described their views and opinions.

**Table 4.10 Humanitarian PCSR activities**

KEY SA: Strongly Agree, A: Agree, N: Neutral; D: Disagree; SD: Strongly Disagree

Statement	SA	A	N	D	SD	MEAN
	%	%	%	%	%	%
Donation of clothing to the needy persons in the area.	34(45)	10(13)	2(3)	10(16)	16(21)	3.32 (66.3)
Providing foodstuffs to the people affected by hunger.	15(20)	17(22)	9(12)	27(36)	5(7)	2.82 (56.3)
Assisting in Evacuation of people from danger zones.	31(41)	25(33)	5(7)	9(12)	2(3)	3.41 (68.2)
Creation of humane living conditions socially for deprived groups in the community.	15(20)	22(29)	15(20)	15(20)	6(8)	3.21 (64.2)
Build temporary shelter for the extremely needy	29(38)	23(30)	3(4)	16(21)	2(3)	3.68 (73.7)
Provision of shelters for the old	31(41)	25(33)	5(7)	9(12)	2(3)	3.82 (76.3)

**Source:** Researcher (2016)

Table 4.10 shows the responses of respondents' views and opinions on the humanitarian PCSR activities on Corporate Strategic Positioning. To probe they donate clothing to the persons affected by floods majority of the respondents agreed 58% and only 37% disagreed. Providing foodstuffs to the people affected by hunger, the findings also assert that the respondents disagreed 42% and 43% disagreed. The findings also show majority of the respondents agreed strongly that Evacuation of people from danger zones. Further to that Creation of good conditions for socially or in other way deprived groups for their involvement in community agreed at 49% and on Build temporary shelter for the extremely needy 68% agreed. Lastly Provision of shelters for the old was agreed at 74%..

The study findings indicated that 66.3% (mean=3.32) were of the view that donation of clothing to the needy persons in the area; 56.3% (mean=2.82) were of the view of providing foodstuffs to the people affected by hunger; 68.8% (mean=3.41) were of the view of assisting in Evacuation of people from danger zones; 64.2% (mean=3.21) were of the view of Creation of humane living conditions socially for deprived groups in the community; 73.7% (mean=3.68) were of the view of building temporary shelter for the extremely needy whereas 76.3% (mean=3.82) were of the view of provision of shelters for the old.

**Table 4.11 Extent of humanitarian PCSR activities**

<b>Sentiment</b>	<b>Frequency</b>	<b>Percentage</b>
Very Great Extent	18	24
Great Extent	29	38
Moderate Extent	19	25
Small Extent	6	8
No Extent	3	4
Not aware	1	1

**Source:** Researcher (2016)

The results in table 4.11 show that majority (38%) of the respondents indicating that they have benefited to a great extent from humanitarian PCSR activities while 24% indicated to a very great extent, 25% moderate extent, 8% small extent, 4% no extent and 1% were not aware of any humanitarian PCSR activities.



**Table 4.12 Relationship between Humanitarian PCSR and Strategic positioning**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-
Pearson Chi-Square	5.691E2 <sup>a</sup>	476	0.003
Likelihood Ratio	300.1	476	1.000
Linear-by-Linear	11.768	1	0.001
N of Valid Cases	76		

a. 533 cells (100.0%) have expected count less than 5. The minimum expected count is .01.

**Source** Researcher (2016)

The study findings indicated that there was a statistically significant relationship between humanitarian PCSR and strategic positioning ( $p=0.001$ ). This implies that Humanitarian PCSR activities influence the strategic positioning of Unilever Kenya.

#### **4.3.4 Health Philanthropic CSR activities**

The third research question sought to find out how Health Philanthropic focused CSR activities influence the Corporate Strategic Positioning of Unilever Kenya. The researcher sought to analyse the relationship between Health Philanthropic CSR activities and strategic positioning. The objective was achieved by asking the respondents to respond to questions that best described their views and opinions.

**Table 4.13 Health Philanthropic CSR activities**

KEY SA: Strongly Agree, A: Agree, N: Neutral; D: Disagree; SD: Strongly Disagree

Statement	SA	A	D	SD	MEAN
	%	%	%	%	%
Helping the HIV/AIDs patients in the area.	49(65)	9(12)	4(6)	9(12)	3.92 (78.4)
Provision of medical programs in the community.	51(67)	14(18)	1(17)	4(8)	4.17 (83.4)
Being constructed health centers.	52(68)	10(13)	4(5)	3(4)	4.09 (81.8)
Health and safety regulations are always enforced in the area.	47(62)	10(13)	5(6)	10(13)	3.88 (77.6)
Enabled reduced cost of health in the area	50(66)	11(15)	3(4)	7(9)	4.04 (80.8)
Created a healthier environment.	7(9)	19(25)	28(37)	4(5)	2.25 (45.0)

**Source:** Researcher (2016)

Table 4.13 indicated that majority of the respondents 77%, agreed on Helping the HIV/AIDs patients in the area another majority also agreed 85% on Provision of medical programs in the community. On construction of health centers the study showed that 81% were in agreement while Health and safety regulations are always enforced in the area 75% enabled reduced cost of health in the area 81% agreed. While Created a healthier environment in summary Health and safety regulations on the workplace are always enforced on health focus showed the strongest association. As to the extent that Health Philanthropic focused CSR activities has benefited the residents the respondents' responses was mixed.

The study findings further indicated that 78.4% (mean=3.92) were of the view of helping the HIV/AIDs patients in the area; 83.4% (mean=4.17) were of the view of Provision of medical programs in the community; 81.8% (mean=4.09) were of the view of constructing health centers; 77.6% (mean=3.88) were of the view of health and safety regulations are always enforced in the area; 80.8% (mean=4.04) were of the view of enabled reduced cost of health in the area while 45.0% (mean=2.25) were of the view of creating a healthier environment.

**Table 4.14 Extent of Health Philanthropic CSR activities**

Sentiment	Frequency	Percentage
Very Great Extent	40	53
Great Extent	22	29
Moderate Extent	11	14
Small Extent	1	1
No Extent	1	1
Not aware	1	1

**Source:** Researcher (2016)

The results in table 4.14 show that majority (53%) of the respondents indicating that they have benefited to a very great extent from Health Philanthropic focused CSR activities while 29% indicated to a great extent, 14% moderate extent, 1% small extent, 1% no extent and 1% were not aware of any Health Philanthropic focused CSR activities.

**Table 4.15 Relationship between Health philanthropy and Organizational Performance**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-
Pearson Chi-Square	6.195E2 <sup>a</sup>	560	0.041
Likelihood Ratio	274.889	560	1.000
Linear-by-Linear	14.876	1	0.000
N of Valid Cases	76		

a. 615 cells (100.0%) have expected count less than 5. The minimum expected count is .01.

**Source:** Researcher (2016)

The study results indicated that there was a statistically significant relationship between health philanthropy and performance ( $p=0.000$ ). This implies that the kind of health philanthropy adopted in the organization influences its strategic positioning.

#### **4.4 Inferential statistics**

Correlation and multiple linear regression analysis results are presented in this section to evaluate the relationship between the dependent and independent variable. Thus, inferential statistics were used to make inferences from the data to more general conditions.

#### 4.4.1 Correlation analysis

Correlation analysis is used to determine the significance and degree of association of the variables. The main result of a correlation is called the correlation coefficient (or "r"). It ranges from -1.0 to +1.0. The closer r is to +1 or -1, the more closely the two variables are related. If r is positive, it means that as one variable gets larger the other gets larger. If r is negative it means that as one gets larger, the other gets smaller (often called an "inverse" correlation).

**Table 4.16 Correlation Results**

		<b>Environmen tal PCSR</b>	<b>Education al PCSR</b>	<b>Humanitaria n PCSR</b>	<b>Health PCSR</b>	<b>Corporate Strategic positioning</b>
<b>Environmental PCSR</b>	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	76				
<b>Educational PCSR</b>	Pearson Correlation	.173**	1			
	Sig. (2-tailed)	.000				
	N	76	76			
<b>Humanitarian PCSR</b>	Pearson Correlation	.479**	.172**	1		
	Sig. (2-tailed)	.000	.000			
	N	76	76	75		
<b>Health PCSR</b>	Pearson Correlation	.515**	.517*	.471**	1	
	Sig. (2-tailed)	.000	.011	.000		
	N	76	76	75	76	1
<b>Corporate Strategic positioning</b>	Pearson Correlation	.718**	.676**	.771**	.544**	
	Sig. (2-tailed)	.000	.011	.000	.000	
	N	76	76	75	76	

\*. Correlation is significant at the 0.05 level (2-tailed).

**Source:** Researcher (2016)

The correlation summary table 4.16 indicates a strong and significant association between the independent and dependent variable. From the correlation results, it was found that there was a significant relationship between environmental activities and strategic positioning ( $r=0.718$ ,  $P=0.000$ ), there was a significant relationship between education activities and strategic positioning ( $r=0.676$ ,  $P=0.011$ ), there was also significant relationship between humanitarian activities and strategic positioning ( $r=0.771$ ,  $p=0.00$ ) and lastly there was a significant relationship between health activities and strategic positioning in the Unilever Kenya ( $r =0.544$ ,  $= 0.00$ ). This led to the conclusion that Educational focused activities Environmental focused activities, Humanitarian PCSR activities and Health Philanthropic focused activities were all important factors in the Corporate Strategic Positioning in Unilever Kenya. The study findings can be interpreted to mean that humanitarian PCSR exhibited the strongest association with Corporate Strategic positioning followed by Environmental focused, Educational focused and Health Philanthropic focused. This implies that for companies to attain effective corporate strategic positioning it has to put in place humanitarian CSR in front of all the other aspects of corporate responsibility. Organizations differ in the way they integrate the dimension of philanthropy into their business if they opt to integrate CSR in its totality they will attain strategic position in the market.

#### 4.4.2 Regression Analysis

Regression analysis was used to determine the extent to which philanthropic CSR affect a company's strategic positioning focusing on Unilever Kenya. In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value ( $p$ ) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

**Table 4.17 Multiple Linear Regression Analysis Model Summary**

Model	R	R Squared	Adjusted R Square	Std of Error Estimate	T	Sig.
1	0.720	0.518	0.514	0.54947	113.478	0.000 <sup>b</sup>

**Source:** Research data (2016)

Results displayed in Table 4.17 show the adjusted r square value of  $r^2 = .518$  which indicated that when all the variables are combined, the multiple linear regression model could explain for approximately 51.4% of the variation in the dependent variable by the variation in the independent variables on corporate strategic positioning of Unilever Kenya. The results from the Coefficient of Determination in Table 4.17 shows a significant relationship ( $p=0.000$ ) in all the variables. This further indicates that the model was correctly computed and fit for the study.

**Table 4.18 Coefficient of Determination of the Effect of Corporate Strategic Positioning**

Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
(Constant)	.435	.167		2.608	.009		
Environmental PCSR	.529	.043	.505	5.334	.000	.0702	1.425
Educational PCSR	.676	.041	.693	4.440	.000	.0551	1.815
Humanitarian PCSR	.455	.043	.457	10.694	.000	.0569	1.759
Health PCSR	.432	.322	.421	9.564	0.002	0.433	1.654

Dependent Variable: Corporate Strategic Positioning

**Source:** Researcher (2016)

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Information in Table 4.18 indicates the prediction equation is Corporate Strategic Positioning =  $.435 + .505$  (Environmental focused)  $+ .693$  (Educational focused)  $+ .457$  (Humanitarian PCSR)  $+ .421$  (Health Philanthropic focused). The standard error was (0.167), being an estimate of the standard deviation of the coefficient, is a random variable with a mean of zero and which captured the variables that could not be quantified. If a coefficient is large compared to its standard error, then it is probably different from 0.

The independent variable which was most important in the Corporate Strategic Positioning was also determined. This was obtained by the beta value whereupon the results identified

Educational activities as the most important variable of the study followed by Environmental activities, Humanitarian PCSR activities and lastly Health Philanthropic focused activities in that order. Table 4.18 shows the beta value for these variables .505, .693, .457 and .421 which indicate that dependent variables would change by a corresponding number of standard deviation when the respective independent variable changed by one standard deviation.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

The chapter focuses on the results in relation to the study objectives, purpose and research questions of the study. It also focuses on the conclusion and recommendations of the study. It concentrates on the relationship between Environmental focused Philanthropic CSR activities, Educational Philanthropic CSR activities, Humanitarian PCSR activities and Health Philanthropic CSR activities influence the Corporate Strategic Positioning of Unilever Kenya.

#### 5.1 Research Findings and Summaries

The following sections summarises' findings on the study objective and the corporate strategic positioning. It covers findings on Environmental Philanthropic CSR activities, Educational Philanthropic CSR activities, Humanitarian PCSR activities and Health Philanthropic CSR activities influence the Corporate Strategic Positioning of Unilever Kenya

##### 5.1.1 Environmental Philanthropic CSR activities on Corporate Strategic Positioning

The first objective of this study was to assess the effect of Environmental focused Philanthropic CSR activities on corporate strategic Positioning of Unilever Kenya. Data analysis and interpretation of the questionnaires revealed that there is a significant relationship between environmental PCSR and strategic positioning 46% of the community agreed that Unilever Kenya policy of recycling and treatment of waste was essential in the maintaining a reasonable corporate strategic positioning. This variable was further probed to establish whether there was a relationship between Environmental PCSR and strategic positioning and the Pearson correlation results revealed that there was a significant relationship ( $r=0.718$ ,  $P=0.000$ ) This findings coincides that of Cheruyot (2010) who found out that there was relationship between Corporate Social Responsibility and Strategic positioning of firms listed in Nairobi Security Exchange. . This therefore, implies that Unilever Kenya through its Environmental PCSR activities supports a precautionary approach to environmental challenges; undertakes initiatives to promote greater environmental responsibility; and lastly encourage the development and diffusion of environmentally friendly technologies.



By being environmentally responsible, Unilever Kenya is bound to build trust and improve its image therefore becoming more competitive. Obviously, this also contributes to Unilever Kenya sustainable development.

### **5.1.2 Educational Philanthropic CSR activities on Corporate Strategic Positioning**

The second objective examined in the study was to analyze the effect of Educational focused Philanthropic CSR activities on the corporate strategic Positioning of Unilever Kenya. The study findings indicated that Unilever sponsors school feeding programmes and facilitates creation of awareness of importance of children education. Majority of the respondents agreed to this at 62% and 60% respectively. Through a Pearson correlation test the findings further revealed that there was a significance relationship between Educational PCSR activities and corporate strategic positioning ( $r=0.676$ ,  $P=0.011$ ). The implication these findings had is that by Unilever Kenya integrating “education initiatives” into its PCSR activities it has created a broad corporate commitment which may return intangible benefits in the form of brand awareness and improved social capital, which eventually may translates to business profits. These findings are further supported by Michael & Mark (2012) who asserts that Education PCSR activities serve to elevate social welfares at the same time helps to support and express the company’s core business priorities. However, this is not the goal of the initiatives at the moment.

### **5.1.3 Humanitarian PCSR activities on Corporate Strategic Positioning.**

The study sought to establish the effects of Humanitarian PCSR activities on Corporate Strategic Positioning of Unilever Kenya. An overwhelming majority of the respondents felt that engaging in humanitarian PCSR in the community was the most important and major motivating force in determining whether companies adopt PCSR. The study found out that Unilever Kenya assists to donate clothing to people affected by floods and aids in provision of food stuffs to hunger stricken community. This was supported by 58% and 74% of respondents respectively. The significance of the finding is that Unilever supports and respects the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses. This variable was further probed to establish whether there was a relationship between Humanitarian PCSR and strategic positioning and the Pearson correlation results revealed that there was a significant strong relationship ( $r=0.771$ ,  $p=0.00$ ). This study agrees with that of Somavia (2010)

who found out that business engagement in Humanitarian activities helps them improve their public image and hence a positive strategic positioning. These finding therefore implied that Humanitarian PCSR activities can be used to improve Unilever Kenya strategic position hence an increase in shareholder wealth and corporate image.

#### **5.1.4 Health PCSR activities on Corporate Strategic Positioning**

Finally the study sought to find out how Health Philanthropic focused CSR activities influence the Corporate Strategic Positioning of Unilever Kenya.. This study found out that in a mid to mitigate challenges in the health sector Unilever Kenya has facilitated provision of medical programs and construction of health centers. This was supported by majority of respondents at 85% and 81% respectively. The significance of this finding indicates that Unilever Kenya is committed in helping the health sector in improving some of the challenges they are facing.

This variable was further probed to establish whether there was a relationship between Health PCSR and strategic positioning and the results revealed that there was a significant relationship( $r = 0.544$ ,  $p = 0.01$ ). This study compliments that of Carroll & Shabana (2010) who asserts that firms involvement in Health PCSR activities helps to elaborate on social issues and at the same time serve to improve their corporate image. This creates a positive image with the community and will eventually translate into increased revenues for the organization.

## **5.2 Conclusions**

The following sections give conclusions on the study objective and the corporate strategic positioning. It covers conclusion on Environmental Philanthropic CSR activities, Educational Philanthropic CSR activities, Humanitarian PCSR activities and Health Philanthropic CSR activities influence the Corporate Strategic Positioning of Unilever Kenya.

### **5.2.1 Environmental PCSR on Corporate Strategic Positioning**

The study concluded that environmental PCSR activities play a significant positive role in improving the corporate strategic positioning of Unilever Kenya. There is a relationship between the PCSR index and corporate strategic positioning measured in terms of the competitive advantage, market share and strategic growth. Companies that are ranked high in PCSR perform better than their counter parts ranked low because of the good image that comes with being

known for the good things that a company does making investors and customers prefer them because of their earned a good reputation.

### **5.2.2 Educational PCSR on Corporate Strategic Positioning**

The study concluded that Educational PCSR activities enhance a corporate image and organizational prestige in the eyes of external audiences which in this study are the community of Soweto ward Kibera slums. Educational PCSR influences community's identification with their corporation its services and products. Educational PCSR can directly reinforce community' self-definition, their identification and subsequently how they position corporate brands. Management commits resources to the improvement of community welfare as this has an implication on corporate positioning. Poor reputation breeds distrust and thus affects strategic positioning.

### **5.2.3 Humanitarian PCSR on Corporate Strategic Positioning**

The study concluded that Humanitarian PCSR exhibited the strongest significant Relationship on strategic positioning. Corporations that engage in Humanitarian PCSR efforts are therefore, deemed to increase their strategic positioning to a greater extent. In order to increase community motivation and portray a company as a responsible Stakeholder it pays then to engage in Humanitarian PCSR. Moreover, through engagement in disaster relief efforts, the brand value of a company and customer attraction might increase, which could lead to higher market shares.

### **5.2.4 Health PCSR on Corporate Strategic Positioning**

The study concluded that a Health PCSR activity has as significant positive relationship on strategic positioning of Unilever Kenya. Health philanthropic PCSR activities helps organizations to elaborate on social issues that eventually transforms to improving their images and enhancing their stakeholder engagement by making their performance indicators available to public. This creates a positive image with the community that eventually translates into increased revenues.

In summary good PCSR behavior has a reputational benefit for the practicing firm. PCSR therefore acts as an external marketing and communication function and that it can be a powerful marketing tool for corporations' internal and external customers. Therefore, from findings it was

indicated that Unilever Kenya has embraced PCSR activities which could be translated to be a significant contributor to its corporate image and reputation and, as such, a crucial element of its sustainable development.

### **5.3 Recommendations**

Based on the study findings, the researcher made the following recommendations.

#### **5.3.1 Environmental PCSR on Corporate Strategic Positioning**

Stricter environmental regulations ought to be embraced as certification schemes have positive impact on responsible business as they have forced companies to improve their working conditions and reduces their environmental effects. Also the non-existent of strong PCSR regulatory framework at the national level to enforce standards and regulations make some investors unwilling to implement them. In this case, Unilever Kenya should adopt environmental activities such as planting trees in the communities.

Unilever Kenya should further focus on environmental issues which may soon be a major determinant of consumer choices. As its annual reports show, Unilever Kenya has actively encouraged community involvement in environmental conservation and supported a number of environmental initiatives. Under the so-called “Unilever Kenya eco-value” principle, Unilever Kenya should also be more dedicated to minimizing the environmental impact of its operations at all stages for example encouraging re-use of their plastic bags. Such efforts will further re-enforce its image and reputation as a green corporation.

#### **5.3.2 Educational PCSR on Corporate Strategic Positioning**

Unilever Kenya should engage in more Educational PCSR activities than what they are doing now as this has been identified to bring a long a positive strategic positioning. Unilever can endeavor to build more schools and sponsor more students by offering scholarship. Unilever Kenya could work more collaboratively with the educational institutions to provide scholarships to pupils and students with respect to its PCSR activities in order to attract more public attention and gain visibility and support. This kind of strategy would be beneficial to Unilever Kenya which would then enjoy more public recognition and at the same time continue to serve society

and of course this would enhance its corporate image and reputation among all its stakeholders at no additional expense.

### **5.3.3 Humanitarian PCSR on Corporate Strategic Positioning**

It is the researcher's recommendation that Unilever Kenya should incorporate its Humanitarian PCSR activities into their Strategic plan. Humanitarian PCSR exhibited the strongest of all the variables relationship. This implies that it can be good tool for the company to employ in order to realise a strong strategic positioning. At the moment Unilever Kenya views this initiative as part of giving back to society and a by-product, not something that had been planned for strategic reasons and upon which the very existence of PCSR activities was based. In short, it should now be transformed into a philanthropic gesture that needs to have direct business ramifications.

### **5.3.4 Health PCSR on Corporate Strategic Positioning**

The study recommends that Unilever should provide more medical support programs in the community as part of its overall strategy; this would generate additional support not only within the organization but also, and perhaps even more importantly, among its other stakeholders and the public at large. Unilever Kenya can deliver on this by joining arms with various institutions like Red cross, Amref Kenya and St jones Ambulance that purpose to provide Health assistance to needy communities. This would enable them to share ideas, exchange experiences, and gain synergy. In short, it would enhance the effectiveness of Health PCSR activities.

### **5.4 Recommendation for Further Research**

This study suggests that future research in the area of PCSR should focus on finding the relationship between an effective PCSR and a company's positioning strategy. Furthermore, quantitative studies in terms of adoptions of PCSR strategies would add to the PCSR research. Lastly, a horizontal study of Unilever Kenya would be useful to see the impact the company's PCSR strategy has on it over time.

PCSR therefore, can be seen as a useful component in reinforcing a company's strategic positioning hence the manufacturing industry should deploy more resources in further studies on what it can have on the overall growth of other firms.

This research also makes a recommendation to the government to allocate funding resources to Companies that deemed to support social initiatives so that they can carry out more studies on what the role PCSR activities have on improving the living standards of people since a happy nation implies a working nation which can eventually translate to an improved economy. It is also recommended that government should find a way of making certifications mandatory for all investors in the manufacturing and other sectors of the Kenyan economy as it has been identified that Companies that engage in PCSR register a positive result hence should be made mandatory for all organizations that wish to carry out businesses in Kenya

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## APPENDICES

### Appendix I: Questionnaire for The Residents

I am undertaking a research on “**Effects of Philanthropic Corporate Social Responsibility on Strategic Positioning of Unilever Kenya**”. I kindly request you to participate in my study and your responses to the items in the questionnaire will be treated with utmost confidentiality, and will not be used for any other purposes except this study. Fill blanks by ticking [  ] where appropriate.

#### SECTION A: Demographic Information

1. What is your gender?

Male            {  }

Female         {  }

2. What is your age .....?

3. What is your education level?

Primary        {  }

Secondary     {  }

College        {  }

University     {  }

#### Section B: Environmental Philanthropic CSR activities.

Kindly answer the questions or comment on the statements by ticking appropriately using the guide below.

---

Strongly Disagree	<b>SD</b>
Disagree	<b>D</b>
Not Sure	<b>NS</b>
Agree	<b>A</b>
Strongly Agree	<b>SA</b>

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<b>statement</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
they have a policy of Recycling and treatment of waste					
they have provision of environment pollution protection/prevention systems					
they spread environmental awareness through messages and campaigns					
They implement Cleaning of the slum					
They have put Dustbins in the area					
They have Planted trees in the area					
They have Planted trees in the area					

To what extent has Environmental Focused Philanthropic CSR benefit the residents of your area?

- Very Great Extent { }
- Great Extent { }
- Moderate Extent { }
- Small Extent { }
- No Extent { }
- Not aware { }

### **Section C: Educational PCSR Activities**

<b>statement</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
They contribute to adult education initiatives					
Your children have been taken to school					
Schools and classes have been constructed					
Sponsoring of school feeding program in public schools					
The organisation provides scholarships to the needy					
They provide educational materials					
They nature skills and talents of the children in the area					



To what extent does educational focused philanthropic CSR activities benefited the residents of your area?

- Very Great Extent        { }
- Great Extent                { }
- Moderate Extent        { }
- Small Extent                { }
- No Extent                    { }
- Not aware                { }

**Section D: Humanitarian PCSR activities**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
Donation clothing to the persons affected by floods					
Providing foodstuffs to the people affected of hunger					
Evacuation of people from danger zones					
Providing foodstuffs to the people affected of hunger					
Creation of humane living conditions socially for deprived groups in the community					
Build temporary shelter for the extremely needy					
Provision of shelters for the old					

To what extent does humanitarian philanthropic CSR activities benefited the residents of your area?

- Very Great Extent        { }
- Great Extent                { }
- Moderate Extent        { }
- Small Extent                { }
- No Extent                    { }
- Not aware                { }

**Section E: Health PCSR activities**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
Helping the HIV/AIDs patients in the area					
Provision of medical programs in the community					
Being constructed health centers					
Health and safety regulations are always enforced in the area					
Enabled reduced cost of health in the area					
Created a healthier environment					
Needs are promptly attended to					

To what extent does health philanthropic CSR activities benefit the residents of your area?

- Very Great Extent      { }
- Great Extent            { }
- Moderate Extent        { }
- Small Extent            { }
- No Extent                { }
- Not aware                { }

**Section F: Strategic Positioning**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
PCSR has transferred consumption benefit to the area					
PCSR has resulted in increased market share of the company					
PCSR has resulted in the improved reputation of the company					
PCSR has resulted in higher sales growth					
PCSR has improved the brand awareness of the products of the company					
PCSR has resulted in improved Government relations					
PCSR has made entry into new markets easier					