

**EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON PERFORMANCE OF  
GLACIER WATER COMPANY, WAJIR, KENYA**

BY

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## DECLARATION

This project is my original work and has not been presented for award of degree or for any similar purpose in any other institution.

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## **OPERATIONAL DEFINITIONS OF WORDS**

Effects-These are both positive and negative results of corporate social responsibility of Glacier Water Company.

Societal effects- It is the benefits and repercussions of Glacier water company in its engagements with Wajir residents since its operation.



## **ABBREVIATION AND ACRONYMS**

CSR- Corporate Social Responsibility

## **ABSTRACT**

The study investigated the effects of corporate social responsibility in Glacier Water Company. Firms engage in corporate social responsibility for a long period. In Kenya, firms had been initiating projects and programs as a mean of alleviating the social problems in the society and a way of being socially responsible. However little attention had been paid on the effects of corporate social responsibility especially in Wajir. The specific objectives were to evaluate the societal effect of corporate social responsibility on performance of Glacier Water Company and assess the company effect of corporate social responsibility on performance of Glacier Water Company. The study adopted case study design attempting to explain the phenomenon of the study. The target population was customers of Glacier water company's products, Glacier Foundation and residents of Wajir and the sample size was 50 respondents but only 37 took part in the study. The study used simple random sampling technique to ensure each respondent had an equal chance of being selected. A test and retest was done prior to the actual study to ensure responses were consistent and reliable and more so to enhance the validity and reliability of research instruments. A research instrument used was questionnaires. Data presented in frequency table. The study found out that there were societal effects of CSR which were recycle bins, schools built, trees planted, boda boda shades erected and scholarships given to students. Customers were impressed with Glacier CSR and continued to be loyal and influenced their friends to buy Glacier products. On company side, it was noted that there was sales growth and image of the company built. The study recommends for societal and customers to be incorporated in the CSR projects and lastly the company to initiate projects that they can manage. The study is of value to the policy makers such as county government, management of Glacier Water Company. It is valuable to customers and residents of Wajir to know the corporate social responsibility practices of Glacier Water Company and their effects to Wajir since its establishment.



## **CHAPTER ONE: INTRODUCTION**

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

Business is usually established within the society and its part of the society hence the need to concern itself with the welfare of the society. Business engaging in the society with an aim of alleviating societal problems has widely been considered as Corporate Social Responsibility (CSR) (Lee, 2014). The inception of CSR is deep-rooted in medieval epoch. The effects of CRS have been a question for rising up for many years up to the present (May, Cheney & Roper, 2013).

According to Wood (1991), CSR is founded on the ideology interlocked between business and society. Society hopes that business might move beyond the law and market demand (Sims, 2010). Henry Ford Company objectives based on the founder, Henry Ford was to make profit and use profit to employ people, use cars to help the society and improve the standard of living of the society (Lee, 2015).

According to Sen, 2012), CRS initiatives affect sales growth and also affect the employment and investments. Before any business engages in CSR must first identify the issues to address in the society and their impact to the society (Porter & Kramer, 2014). For benefit maximization of the CSR initiatives, business and society must choose initiatives which are socially responsible Social issues in the society are grouped in general social issues, value chain social impacts, and social dimensions of competitive context (Porter & Kramer, 2016). Social issues in society are very crucial to the society and are partly contributed by the corporation while others have no relation with the corporation operations and their existence might negatively effect to the corporations competitiveness as society is their always potential customers. Value chain social

impacts are importantly influenced by corporation's activities in the course of their daily routine. Social dimensions of competitive context is the most advantageous category to the society and business and are element in external environment that imminently influence the fundamental drivers of aggressive in areas where business operates (Porter & Kramer, 2016).

In Kenya few researches have been done on the effects of the CSR. Despite the independent government declaring to fight ignorance, poverty and diseases, hitherto the current regime is still fighting the same problems. The business has initiated CSR initiatives to improve the welfare of the society. The notable corporations in Kenya engaging in CSR are Safaricom through Safaricom foundation, Tusker Lager Company (with their project formerly known as Tusker Fame project) and Equity bank with well know Wings to fly initiatives of educating children from poor background (Muthuri & Gilbert, 2011).Muhia (2012) focused on Kenya Airways and it CSR practices. The findings were that there was a committee established on CSR activities with main concentration on health, water, environment though provides a recommendation to investigate the impacts of their CSR and its competitiveness and also on its financial performance. Kathambi (2017), researched on the effects of CSR on the competitive advantage of Airtel Networks Kenya Limited and found out that it had engaged in CSR activities such as Airtel Rising Stars and chartered marathon and had increased its market share despite low publicity.

.Mwangangi (2018) did a research on effects of CSR on performance of manufacturing firms in Kenya with a sample size of 202 firms in Nairobi and Athi River area and found out that there was a significant relationship between stakeholders such as customers, community and government and firms performances.

## **1.2 Statement of the Problem**

Aguilera, Rupp, Williams and Ganapathi (2007), states that scholars should not pivot if CSR function alternatively they should focus on how companies may report social change. According to Porter and Kramer (2011), in present business environment, corporations are competing to outshine their competitors despite others corporations having similar products. Galbreath (2009), firms while manufacturing their products, they are producing effluents and polluting the air thus require them to regulate their harmful effects on stakeholders. Cruz and Ramos (2015), argues that CSR enhances the need for companies to embrace approaches that centre on the necessity of reducing their detrimental exercises bestowed on stakeholders. Companies have engaged in CSR hence the need to evaluate their impacts (McWilliams, Siegel & Wright, 2006). Mwangangi (2018) argues that there is a positive impact of CSR on firms' performances in Nairobi and Athi River. Therefore this study aimed to investigate the effects of corporate social responsibility on performance of Glacier Water Company in Wajir town, Wajir County.

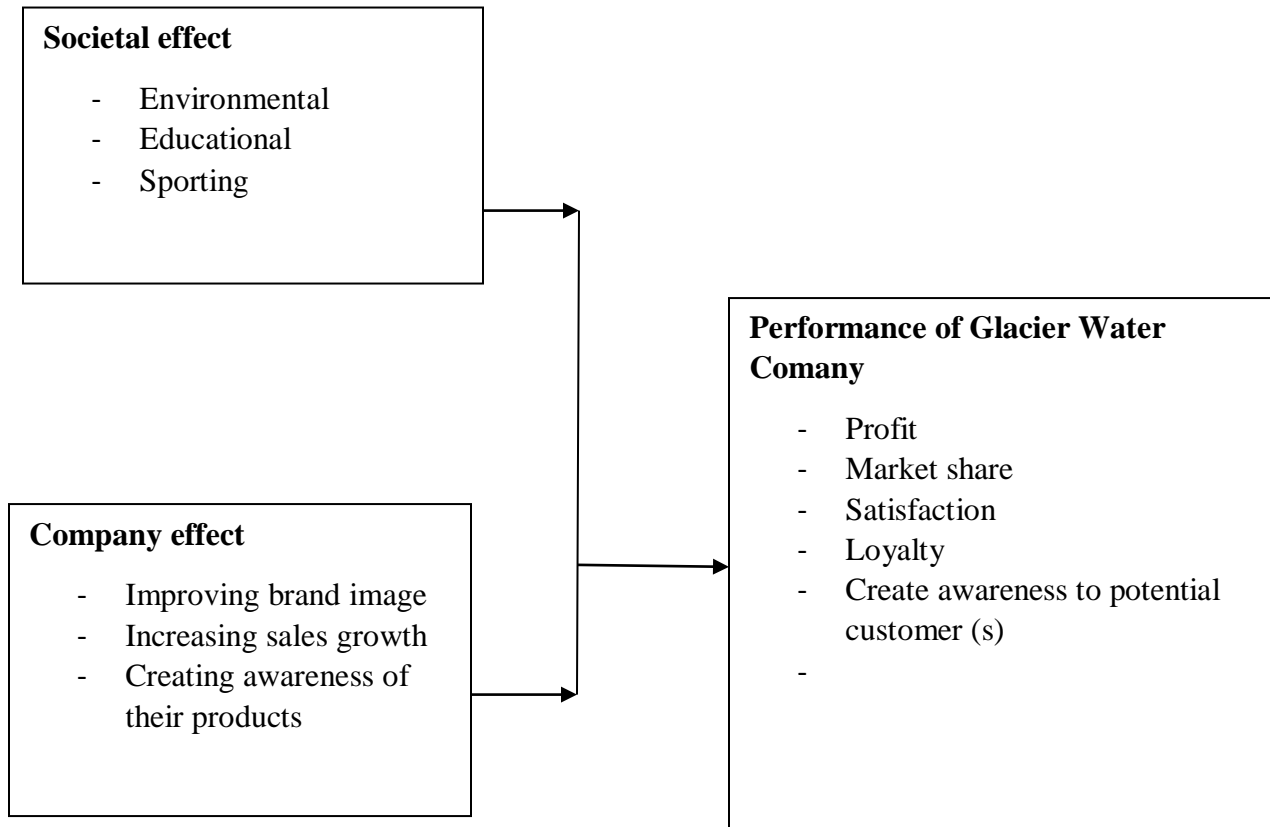
## **1.3 Purpose of the Study**

The study strived to investigate the effects of corporate social responsibility on performance of manufacturing firms.

## 1.4 Conceptual Framework

### Independent variables

### Dependent variable



Source: Researcher, 2019

Figure 1: Conceptual Framework

## 1.5 Objectives of the Study

### 1.5.1 General Objective of the Study

To investigate the effects of corporate social responsibility on performance of Glacier Water Company

### **1.5.2 Specific Objectives**

1. To evaluate the societal effect of corporate social responsibility on performance of Glacier water company.
2. To assess the company effect of corporate social responsibility on performance of Glacier water company.

### **1.6 Research Questions**

1. What are the societal effects of corporate social responsibility on performance of Glacier Water Company?
2. What are the company effects of corporate social responsibility on performance of Glacier Water Company?

### **1.7 Significance of the Study**

The study is worthwhile to policy makers, government and the community at large.

The study informs policy makers such as the management of firms on CSR practices and main areas that have been concentrated and their impacts to the communities and firms.

The government has come up with vision 2030 and on economic factors, the study will reveal on how the manufacturing are performing and their impact on the society.

To enlighten community of Glacier Water Company on the CSR practices in Wajir and their impacts to the society.

### **1.8 Scope of the Study**

The study was confined to Glacier Water Company. This study used case study design. The research focused on the effects of corporate social responsibility on performance of Glacier



Water Company. Participants of the study were Wajir community members, local administration, Glacier Foundation and management of the Glacier water company. The sample size of the study was 50 participants.

### **1.9 Limitation of the Study**

Participants such as management of the company and Glacier foundation feared revealing information due to their competitors. Researcher provided a letter of introduction to reveal who the researcher was, assured respondents that their information was confidential and used for academic purpose.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews relevant literature guided by the objectives and conceptual framework. It will also have a theoretical framework.

### **2.2 Firm Performance**

Managers of various firms must have knowledge of the societal problems within their business operation before engaging in the CSR practices. Without the knowledge of the societal issues might engage in CSR and fail in the social responsibility due to their practices which have no impact or misconceived to be unaware of their social duties. Well organized CSR practices link to the corporate policy hence important social effect and enhancing the competitiveness of the firm (Porter & Kramer, 2011).

#### **2.2.1 Profit**

According to Carroll (1979) CSR can have a positive, negative, or no effect on profitability, depending on expenditure to achieve CSR. The same findings demonstrate that some CSR investments are crucial for sustainability. Therefore, corporate management of CSR budget is crucial in determining the optimal effects CSR has on profitability.

Simon (2014), in a case study of best performing Small and Medium Enterprises and their relations with CSR affirmed that they CSR have contributed to Profitability of their businesses as a result of using their CSR to create awareness of customers about their product and using CSR to market their businesses hence increasing customers leading to profit increment.

Babalola (2012) found out that there was a negative relationship existing between firm's performance measure with profit after tax and investment in social responsibility in a case study of Nigeria firms. Berman et al. (2013) reports positive and significant effects from some CSR dimensions and the short-term profitability. Parket & Eilbirt (2006) considered that managers perform cost-benefits analysis of reporting CSR. They were of the view that it is very difficult to quantify the benefits of CSR. A business organization will only invest in CSR when it has extra money to do so (Parket & Eilbirt 1975). This provides more strength to the statement that business organizations being motivated by the profitability are more reluctant to invest in other revenue generating opportunities rather than CSR. However Parket & Eilbirt found that there is a positive relationship between profitability and CSR.

### **2.2.2 Market Share**

Munyoki and Ongol (2013) in a research conducted in Kisumu town in a case study of supermarkets argued that there is a positive relationship between market share and CSR.

Buyaki (2017) in a case study of Nestle Kenya Limited affirmed that there was little impact of CSR on the company market share of 2% based on the CSR programs they had initiated. According to Anderson and Frankle (1980) there is a positive relationship between CSR and market value of the business organization. They aimed at market value as indicator profitability and its relationship with corporate social responsibility. These results show that investors were more reluctant to invest in organizations which are socially responsible rather than in organizations which do not embark on CSR. This establishes grounds for the existence of ethical investors. Cochran and Wood (1984) found a positive relationship between corporate social responsibility and corporate financial performance by controlling age of the assets. This entails

that corporate social responsibility practices of an organization can influence market share (Fredrick & Thomas, 2012).

They further argued that consumers and shareholders concerns about an organization's best interests in terms of corporate social responsibility impact on market share. It is argued that business organizations will continue conducting CSR initiatives when they are confident that such initiatives will influence market share and therefore financial performance. According to Lydenberg, Marlin & Strub (1986) businesses fight for even a small percentage of increase in their market share. Owen and Scherer, (1993) argued that organizations will take social initiatives very seriously if they are convinced that CSR practices will lead to improved market share.

### **2.2.3 Satisfaction**

Customer satisfactions are feelings of person in term of pleasure that shows expectations of the product/Services to their expectations (Oliver, 1980). Customers' satisfaction is the base for business success and the long run growth of the business (Drucker, 1973). When level of Customer satisfaction increased it leads to the higher level of customers repurchase (Iqbal, Zia, Bashir, Shahzad, & Aslam, 2008) they also found that satisfied Customer will also recommend and patronize to other customers for the choosing of that firm's product/services. CSR make a good reputation in the mind of consumers that is a positive sign and customer satisfaction positively influence by the Social Corporate Responsibility.

### **2.2.4 Loyalty**

Customer loyalty is desire of customer to continue to conduct business with a company over the time (Smith & Chaffey, 2008). Loyalty mean to stay with the company for the time being or

repurchase behavior of the costumers is customer loyalty toward firm. It can be described consumer loyalty to recognition and preference towards a particular company (Naqvi, 2013). Oliver, (1999) defined loyalty as “a deep commitment to the product/services for re-patronizing and repurchasing consistently for the time being, thereby causing to purchase same brand again and again, despite situational influences and marketing efforts having the potential to cause switching behavior”. As customer loyalty is considered a major objective of a firm to survive in the market and growth and also important for the competitive advantages (Kotler & Armstrong, 2010).

The customers who are loyal will be commented higher contribution of their category spending for the firm, and are more likely to pursue and positively speak to the surrounding peoples about the firm to become part of the firm (Zeithaml, Berry, & Parasuraman, 1996). It is widely agreed that customer satisfaction leads to customer retention, purchase intentions. Thus, it is expected that CSR and customer satisfaction are positively related to customer loyalty (Anderson & Mittal, 2000). Corporate reputation and image are considered as important factors in establishing and maintaining loyalty among customers (Gupta, Raj, & Wilemon, 1985).

### **2.2.5 Potential Customers**

Corporate reputation not only motivates the existing customers to adopt favorable attitude, but also to potential customers. Potential customers conceive idea about corporations from their advertisements and from other sources for instance word of mouth from existing customers. Building strong corporate image is more important in the context of service organizations who are not offering tangible products to customers. Therefore, service providing organizations use corporate reputation as a tool to mold consumer behavior for repetitive purchases from the

organizations (Tang & Weiwei, 2007). Companies can use the Social Norms and Strategies by compelling images that appeal to consumers' social and psychological needs.

### **2.3 Societal effect of CSR**

The aim of company's SCR is usually to boost their rapport with the community (Arnold, 2014). According to Gołaszewska (2009), corporate engagement in the societal issues creates a good atmosphere in the environment. Members of the society that have benefitted from companies CSR are better and standards of living have improved. Society getting assistance from the surrounding companies have skyrocketed the trust of the communities in alleviating the social problems existing within the society (Carrol & Buchholtz, 2016). Corporations have inspired the society through emotional benefits and rekindled their hope for a better tomorrow. As a result of the companies imitative in the community and in return becomes the best strategy of getting more customers and creating awareness of their products, it increases their sales growth which in turn leads to employment opportunities of the locals hence also a way of improving the living standard of the locals and community at large (Carrol & Buchholtz, 2016).Based on the IAIA's (2008) conceptualization of social impact however, the following definition is offered: Social impacts are specific environmental, cultural, political, economic, spiritual, psychological, and physical influences which affect individual and group attitudes, values, and behaviors.

#### **2.3.1 Environmental Concerns**

Social issues in society are very crucial to the society and are partly contributed by the corporation while others have no relation with the corporation operations and their existence might negatively effect to the corporations competitiveness as society is their always potential

customers. Galbreath (2009), firms while manufacturing their products, they are producing effluents and polluting the air thus require them to regulate their harmful effects on stakeholders. Cruz and Ramos (2015), argues that CSR enhances the need for companies to embrace approaches that centre on the necessity of reducing their detrimental exercises bestowed on stakeholders. Global warming has been an issue for a long period and environmental degradation which possess risk to the community. Companies involves in the environmental issues within the community with an aim of improving the environmental conditions and friendliness to the society (Carrol & Buchholtz, 2016). Noble practices did include placing building recycle bins within the operation of the business and enhancing recycling programs (Nike, 2013). Other environmental initiatives include special packages that are environmental friendly, buying wastes, alleviating carbon emissions. The environmental goal of any company establishment should focus on reducing their negative environmental impact in the society and promoting a healthier community within their business environment (Arnold, 2014).

### **2.3.2 Sporting**

Talents within the society have been greatly nurtured by various companies and initiating also their teams. This has seen the members of the society with the talents been harnessed to motivate them to live to their dream (Pitts, Fielder & Miller, 2010). Sponsoring local teams and promotion with sport merchandize to the youths within the community have been seen as a way of companies CSR to nurture upcoming professional players and at the same time keeping the youth busy with sporting activities as a way of preventing the youth from engaging in alcohol and drugs (Kathambi, 2017).

### **2.3.3 Educational**

Every society knows that education is the powerful tool to eradicate poverty within the area hence the need to educate its people (Arnold, 2014). Companies have been at fore front to sponsor brilliant and needy students from humble background to uplift the status of the society (Muthuri & Gilbert, 2011). Companies and various institutions have been investing their CSR practices on sponsoring students to quench their intellectual thirst and giving them an opportunity in their firms to have a competitive manpower (Cruz and Ramos, 2015).

### **2.4 Company Effect**

Crucial important effect of CSR to the company is strengthening their brand image to the community at large (Kurucz, Colbert & Wheeler, 2012). A company reputation as socially responsible business boosts as a result of involving stakeholders in corporate practices that improves the welfare of the society. Companies engaging and up to the task of CSR approaches do not fear about their social approval to work within the environment (Balcerowicz, 2015). A tainted image of the company can lead to fall in sales within the society and boycotting their products. It becomes difficult for company to rebuild their image and customers might never resume buying from that company hence the best approach is to adhere to ethicality of the business and frequently engage with CSR activities (Perry and Towers, 2013).

A CSR practice is a strategy of differentiating a company from the others. Via company introducing itself as a social responsible to the society, it stands out to the community as responsible one hence wooing customers into purchasing their products and embrace the company in other means (Gupta, 2012).



Investors look for companies that are responsible hence increasing chances of potential investors to invest with them. Ethical practices of companies helps them to appeal prosperous business people that want to accord company performance and profit gains. This increases the goodwill of the company after executing their CSR activities (Kurucz, Colbert & Wheeler, 2012; Perry & Towers, 2013). Companies that are socially responsible are featured by less volatile stock value (Mullerat, 2011). From the perspective of the stock exchange a CSR-obeying company is less risky and has lower chances of being publicly criticized, which could lower the price of the stock. Porter and Kramer (2011), a socially responsible company does not only involve costs and charities, which confine managers, but it also brings benefits to them and to society.

CSR practices creates an avenue of community know companies and what they manufacture and associate with it in terms of buying their products. Other community members gets to know the products of the company for the first time and get curious about their product hence leading to purchasing their products. This in turns increases the sales growth (Gołaszewska-Kaczan, 2009). Adapting social responsibility is an excellent positioning strategy, since it increases value of the brand. It may lead to enhanced influence of a company in the industry. Some CSR practices, like reducing waste, influence operational efficiency, and thus make production more cost-effective and increase profits in the end (Perry and Towers, 2013).

## **2.5 Theoretical Framework**

### **2.5.1 Prospect Theory**

The proponent of prospect theory was Kahneman and Tversky, (1979). It states that decision involving financial affairs of the business are regularly between options that entails risk such as unknown results where the likelihood are familiar. It tries to relate real life options instead of ideal decisions.

Prospect theory therefore postulate that before the company come up with any financial resolution, must contemplate mainly the risk and benefits involved. According to this theory, any resolution to be constructed by the company must be with lot of proficiency and this need knowledge of CSR practices.

The theory's postulation to the study is that firms before engaging in CSR practices have a prospect that they will positively/negatively impact society, customers and the firm itself hence is able to perform better financially and improve the welfare of the society. Hence use of the prospect theory to this study will help the coherency of the effects of CRS in Glacier Water Company.

## **2.6 Summary of identified gaps in the reviewed literature**

There have been little cases of research done on effects of CSR on performance of firms in Kenya, hence this study will fill the gap on the effects of CSR on performance of Glacier Water Company.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.0 Introduction**

This chapter highlights procedures to be used by the researcher while collecting data.

### **3.1 Research Design**

The study used a case study research design. Yin (1984) argues that case study is used to examine the contemporary phenomenon and setting plainly apparent and in which different sources of evidence is utilized. It helped comprehend thorny real life situation. Case study design assisted researcher focus on comprehending on effects of CSR on performance of Glacier Water Company.

### **3.2 Study Area**

Glacier Water Company is situated in Wajir town and was founded in 2010. It is located opposite Eco matt supermarket which is 200 metres from county government offices. The place is very sunny. Wajir County is located in the northeastern region of Kenya and lies between latitudes 3o N 60'N and 0o 20' N and Longitudes 39o E and 41o E. It is a featureless plain covering an area of 56,685.9 km<sup>2</sup> and borders Republics of Somalia to the east and Ethiopia to the north, Mandera County to the north east, Marsabit County to the west, and Garissa County to the south. The county has its headquarters in Wajir Town (GoK, 2014). Wajir County is located in a semi-arid area with relatively hot dry climate throughout most of the year. Mean annual temperatures are above 25°C across the majority of the county with only a small pocket in the northern corner having mean annual temperature below 25°C.

### **2.3 Target Population**

Target population is a complete set of individual's cases or objects with some characteristics that differentiate it from other population (Mugenda & Mugenda, 1999). An effective sample size should possess diversity, representation, reliability, accessibility and knowledge (Kombo & Trump, 2006). According to Mugenda and Mugenda (2003), a sample size of 10% of target population can be used if it is less than 1000. The sample size was 50 participants. The study used a simple random technique where each respondent had a chance of being picked in the study.

### **3.4 Validity and Reliability of Research Instruments**

Validity of the research instruments and content was reviewed by university supervisor through consultation and recommendations were factored in the study. According to Naubuga (2010), reliability of research instruments is a measure of degree to which a research instruments yield consistent results after repeated trials. Reliability of research questionnaire was first tested to five identical respondents and their responses were analyzed. After a period of one week, a similar questionnaire were retested to similar respondents and their responses were analyzed. A comparison of the analyzed responses of the two tests were done to ensure responses were consistent and reliable.

### **3.5 Data Collection Technique**

Data was collected by use of primary and secondary sources. Secondary sources were gathered from published documents such as books, journals, from internet and unpublished documents which aided in reviewing literature of related topic and objectives of the study. The primary data

was collected via use of research instruments. The research instruments used included questionnaire, interview and observations. Questionnaire was structured to have close ended questions. They were administered to respondents by the researcher and it was a drop and pick later methods. Respondents were interviewed at their convenient time. Researcher observed CSR done projects and on progress.

### **3.6 Data Analysis and Presentation**

Data was collected in the field and analyzed. The analyzed data was reported in a narrative form in chapter four and was arranged in themes and each theme was interpreted qualitatively and quantitatively. After every theme, it was presented either in frequency table.

### **3.7 Logistical and Ethical Consideration**

The respondents were assured of their confidentiality while participating in this study and more so their participation was voluntary. Researcher had an authority letter to conduct research in Wajir the local authority and from Glacier Water Company.

## CHAPTER FOUR: DISCUSSIONS AND FINDINGS

### 4.1 Introduction

Researcher mainly focuses on data analysis from the study participants' responses in discussion form and presents it in frequency tables.

### 4.2 Participant Gender

The study participants mainly composed of men who were twenty three and women were fourteen. The participants' gender represents those that completed and returned their questionnaire of which they were thirty seven out of fifty questionnaires given to participants.

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<b>Participant gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	23	62%
Female	14	48%
<b>Total</b>	<b>37</b>	<b>100%</b>

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Table 1: Participant gender

### 4.3 Education Achievement

Respondents had attained post primary education. Data analyzed indicated that eighteen participants managed to complete secondary education and twelve respondents had attained college education. According to the study, only seven participants had university education and were the least in this study.

<b>Level of education</b>	<b>Frequency</b>	<b>Percentage</b>
Primary	0	0
Secondary	18	49%
College	12	32%
University	7	19%
<b>Total</b>	<b>37</b>	<b>100%</b>

Table 2: Education achievement

#### **4.4 Participants Location**

Researcher wanted first to confirm if the respondents were the residents of Wajir. It was noted that 34 respondents were native residents of Wajir while three respondents were residents due to business related factor. This was very valuable in terms of being able to respond to questions posed by the study about Glacier Water Company.

<b>Residents</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	34	92%
No	3	8%
<b>Total</b>	<b>37</b>	<b>100%</b>

Table 3: Participant location

#### **4.5 Awareness of Glacier Water Company**

It was noted that Glacier Water Company had done a lot of publicity within Wajir and eighteen participants were aware of the company while fourteen respondents were their customers. Data analyzed also indicated that five participants had heard the company through their friends in

terms of their community projects. Participants being aware of the company helped in informing what the respondents knew about Glacier Water Company corporate social responsibility.

<b>Awareness of Glacier Water Company</b>	<b>Frequency</b>	<b>Percentage</b>
Publicity	18	47%
Customers	14	39%
Friends	5	14%
<b>Total</b>	<b>37</b>	<b>100%</b>

Table 4: Awareness of Glacier Water Company

#### **4.6 Connection between CSR and Glacier Water Company**

The study wanted to find out if there is a relationship between Glacier Water Company and its CSR in Wajir. The study found out that Glacier Water Company started its CSR in 2015 hence wanted to find out how the four years of its CSR had been. Respondents of these posed questions were staffs and management of Glacier Water Company. According to the findings, market share of Glacier Company had increased having attained mean of 3.07 and the sales growth from time of practicing corporate social responsibility in 2015 had increased (mean of 2.90). Analyzed data indicated that profit had slightly increased with the practice of CSR in Wajir (mean of 2.76). Respondents argued that performance of the company goes hand in hand with the CSR. Study found out that profit dictated the amount to be used in CSR though performance of the company was not entirely attributed to practice of CSR (mean of 2.41).



<b>Glacier water company</b>	<b>Mean</b>	<b>Standard Deviation (Std)</b>
The sales growth from time of practicing corporate social responsibility have raised	2.90	0.76
Performance of the firm is informed by corporate social responsibility	2.41	0.16
Profit have increased as a result of practicing corporate social responsibility	2.76	0.92
Market share of Glacier Water company in Wajir have increased.	3.07	0.68

**Table 5: Glacier Water Company and CSR**

#### 4.7 Regression Analysis

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.850a	.723	.728	.400

**Table 6: Model summary**

- a. Predictors: (Constant), societal and company effect

The value of R Square is 72.3% (.723) which indicates that the dependent variable Glacier company performance can be explained by all the independent variables; societal and company effect

#### 4.8 Analysis of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	90.167	4	56.810	144.062	.000b
Residual	50.833	160	.310		
Total	141.000	164			

**Table 7: Analysis of Variance**

- a. Dependent Variable: Performance of Glacier water company
- b. Predictors: (Constant), Societal and company effect

The calculated value is 144.062 where tabulated value at 4% significant level with 4 degrees of freedom is 4. This test reveals that the calculated value is greater than tabulated value.

#### 4.9 Societal Effects of Glacier Water Company CSR

According to the variance analyzed between selected demographics which were awareness, location and education reveals that the resultant p values ranges from 0.631 on awareness and 0.093 on education. According to the respondents, Glacier Water Company had invested mainly in establishing recycle bins to conserve the environment as a result of their customers littering water bottles after use and also other wastes not to be littered anyhow. Cleaning environment and recycling waste was highly recognized by the respondents. Study also noted that respondents argued that Glacier Company had given scholarship to students, contributing towards building schools within Wajir and donating books to school with an aim of promoting education. According to study findings, Glacier Company had initiated planting trees programme especially

during the rainy seasons. Respondents felt that Glacier Company CSR had least participated in

<b>Societal Effect of corporate social responsibility</b>	<b>P Value ( 95% confidence</b>		
	<b>Awareness</b>	<b>Location</b>	<b>Education</b>
Glacier water company has established recycle bins in Wajir which an aim of cleaning environment and recycling waste.	.631	.307	.256
Glacier water company plant trees to conserve Wajir environment.	.505	.560	.306
Glacier Foundation has educated children within Wajir by giving them books, building schools and scholarships.	.626	.406	.093
Glacier water company has empowered youths in Wajir through Glacier tournaments	.471	.101	.371
Boda boda operators have shades to relax and protect them from direct sunshine and being rained on while waiting for customers	.301	.333	.561
empowering youth through sports activities and bodaboda shades.			

**Table 8: Societal effect of Glacier CSR**

#### **4.8 Company Effects**

Research analysis of variance in table 8 below reveals relationship between location and company effect was an improved customer with a p score value of more than 0.05 (p= 0.909). Only fourteen customers participated in the study out of thirty seven participants hence this posed questions on customers had fourteen participants. Respondents mainly argued that Glacier

CSR makes them loyal to their products and they felt satisfied with Glacier Company improving the welfare of Wajir community. Analysis of data also revealed that respondents influenced their friends to buy Glacier products due CSR practices within Wajir. Findings further revealed that respondents least argued that Glacier Company CSR makes them influence more potential customers though did not have statistics if Glacier Company had added more customers due to CSR practices.

Company effects	P Value ( 95% confidence)		
	Awareness	Location	Education
Does corporate social responsibility makes customers loyal to the company products.	.447	.808	.149
Does corporate social responsibility improving the welfare of the society makes community satisfied	.402	.423	.289
Do you think corporate social responsibility of the company makes the company add more customers	.369	.909	.361
When company involves in societal issues affecting my society makes me feel better and influence my friends to buy goods from that company	.387	.189	.752

**Table 9: Company effects**

#### **4.9 Performance of Glacier Water Company**

This posed questions wanted to find out the benefits that Glacier Company had accrued as a result of CSR initiatives for the last four years they have practiced in Wajir. It was noted that CSR had improved the image and value of the company. According to the respondents from the management stated that CSR had created awareness of the company and a platform of marketing.

Participants also argued that CSR had increased sales growth with customer increase and investors though they affirmed that they could not exactly state the number of customers' increment due to CSR. The study further found out that through scholarship, they had trained professionals in line with the expected expertise of the company from the community who had formed part of the human resources of the company.

<b>Company Effect</b>	<b>Mean</b>	<b>Std</b>
Corporate social responsibility has improved our company image and value	4.58	0.99
Corporate social responsibility creates awareness of Glacier water company products and is an informal of way of marketing.	4.37	0.41
Corporate social responsibility has led to sales growth as a result of increase in customers and investors	3.26	1.10
Ours social responsibility to the community has enabled the company gets more qualified workers who the company have sponsored educationally.	2.90	0.01

**Table 10: Company effect**

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

The chapter will give a summary of the discussions, conclusions and recommendations based on the discussions.

### **5.2 Summary of the Findings**

The study was evaluating the effects of corporate social responsibility on performance of Glacier Water Company in Wajir. The study evaluated societal and company effect of corporate social responsibility on performance of Glacier Water Company. The sample size of the respondents were fifty but only thirty seven participated fully with majority being men. It was observed that there were completed and ongoing projects initiated by Glacier Water Company in Wajir while some of the projects like scholarship given to students were not well known to the respondents who were particularly the customers and community. Majority of participants had achieved secondary education.

On societal effect of CSR in Wajir, respondents had various arguments based on the statements posed to them. The project that was known to majority of the respondents and observed was the recycle bins branded Glacier Water Company that were situated in most places within Wajir. It was also noted that schools were built, books donated and scholarship given to poor and needy students in Wajir by Glacier foundation. According to respondents, trees were planted in most of the places where community had the responsibility of watering it and time when rainy season was drawing closer. The study further noted that Glacier Water Company had initiated projects

based on shades of boda boda where operators were designated and more so youth empowerment through sports.

On customers' effect, respondents stated that when Glacier Water Company was doing CSR within their own community made them loyal to Glacier products and were contented with the company improving the societal welfare. Respondents also stated that they had positively influenced their friends to be buying Glacier products due to well seen and observed projects of Glacier Company. Participants further felt that the company was marketing to get more customers though only few customers were able to convince their friends to buy bottled water with Glacier company brand.

On company effect, participants from the company argued that they had built their image and value using CSR and which was a marketing platform through creating awareness that they were still in the market. From the findings, Glacier sales had grown with increased customer but could not assert the number of customers that started buying their products since 2015 as a result of CSR in Wajir. The study found out that there were few students who had been educated by Glacier Company and were part of the valuable human resource. The summary of the findings were tied to objectives of the study and which were achieved by the study.

### **5.3 Conclusion**

This study findings noted that there were effects of CSR to the Wajir community, customers and the company itself. On company effects, there were some effects which could not be quantified such as planting of trees where some had withered and could not locate students who had benefitted from scholarship of Glacier foundation. There were effects which could be noted once an individual was within the Wajir town such as recycle bins and schools built by Glacier foundation. This study noted mostly positive effect and the company was not able to relate the

financial input in CSR and quantify their performance. The study noted some challenges and gave out recommendations.

#### **5.4 Recommendations**

1. The study recommends that Glacier Water Company should consult the community on their immediate challenges which are affecting the community. The study noted that Glacier was doing CSR without the input of the community hence some of the projects are not really addressing the community immediate problems.

2. There is need for the company to put into consideration the financial inputs of the company and the performance of the company despite the main goal of giving back to the society as they were constraining while developing some projects such as building some schools which had stayed for long before completion.

3. Some customers who have been loyal for long buying Glacier product need to be included as part of CSR to woo potential customers and show them the benefits of being a frequent customer of Glacier Water Company.

#### **5.5 Recommendation for Further Study**

The study recommends for further study on the effectiveness of CSR with community incorporation and targeted benefits of CSR to company.



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## APPENDICES

### Appendix I: Introduction Letter

Dear Sir/Madam

My name is Mohammed Omar Daffa, a bachelor of commerce student at Grets University. I am conducting a research on **effects of corporate social responsibility on performance of manufacturing firms, a case study of Glacier Water Company**. Allow me to invite you to be part of the respondents by filling the questionnaires provided by the study. Your participation is voluntary and highly appreciated. Kindly respond with lot of sincerity and your response will be confidential and meant for academic purposes in fulfillment for the award of my degree course.

Yours

Mohammed Omar Daffa

## Appendix2: Questionnaire

### SECTION A: GENERAL QUESTION

1. Gender

Male.

Female

2. Level of education

Primary.

Secondary

College.

University

3. Are you a resident of Wajir?

Yes.

No

4. Do you know Glacier Water Company?

Yes

NO

**Kindly tick appropriately**

<b>Performance of the company</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Strongly disagree</b>	<b>Disagree</b>
The sales growth from time of practicing corporate social responsibility have raised					
Performance of the firm is informed by corporate social responsibility					
Profit have increased as a result of practicing corporate social responsibility					
Market share of Glacier Water company in Wajir have increased.					

**Societal effects of Glacier water company Corporate Social Responsibility.**

<b>Societal Effect of corporate social responsibility</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Strongly disagree</b>	<b>Disagree</b>
Glacier water company has established recycle bins in Wajir which an aim of cleaning environment and recycling waste.					
Glacier water company plant trees to conserve Wajir environment.					
Glacier Foundation has educated children within Wajir by giving them books, building schools and scholarships.					
Glacier water company has empowered youths in Wajir through Glacier tournaments.					
Boda boda operators have shades to relax and protect them from direct sunshine and being rained on while waiting for customers					

**Effect of Glacier water company corporate social responsibility**

<b>Company effects</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Strongly disagree</b>	<b>Disagree</b>
Does corporate social responsibility makes customers loyal to the company products					
Does corporate social responsibility improving the welfare of the society makes you satisfied					
Do you think corporate social responsibility of the company makes the company add more customers					
When company involves in societal issues affecting society makes customers feel better and influence friends to buy goods from the company					



**Effects of corporate social responsibility to the Glacier water company**

<b>Company Effect</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Strongly disagree</b>	<b>Disagree</b>
Corporate social responsibility has improved our company image and value					
Corporate social responsibility creates awareness of Glacier water company products and is an informal of way of marketing.					
Corporate social responsibility has led to sales growth as a result of increase in customers and investors					
Ours social responsibility to the community has enabled the company gets more qualified workers who the company have sponsored educationally.					