CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES IN THE SUGAR INDUSTRY IN KENYA

BY

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OCTOBER 2008
DECLARATION

This Project is my original work and has not been submitted for a degree in any other university

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This proposal has been submitted for examination with my approval as University supervisor

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DEDICATION

This piece of work is purely dedicated to my father and mother (Johnson and Perpetua), who worked tirelessly towards my education, tenderly care and upbringing. Without them, I wouldn’t have been what I am today.
ABSTRACT

Corporate Social responsibility is a recent development in business. The aim is to balance the profits and the social objectives set by each business venture. Today its necessary that each business should continuously balance objectives without allowing any conflict to arise between the business and the society at large. Therefore the main problem is identification and implementation of the C.S.R activities within the sugar companies to make them socially responsible to the society.

The main objectives of the study is to assess the role of corporate social responsibilities in the performance of the organization especially sugar firms in Kenya. A case of Mumias, Sony, and Chemilil Sugar Company limited in, Butere Mumias, Migori and Nyando Districts in Western and Nyanza provinces respectively.

A descriptive cross-sectional survey design will be adopted to conduct the study. It is relevant because it is used to obtain pertinent and precise information concerning the status of the phenomenon and whenever possible to draw valid conclusions from the facts. Descriptive statistical methods will be used to analyze the coded data. They include Central tendency, frequency distribution and percentages. A total of 153 people will be used as a sample.

The study will focus on Sugar company’s top, middle and lower cadre managers. The data will be collected using questionnaires; tabulated and analyzed findings of the study will shed light on how corporate social responsibilities programs are chosen in the firms, besides finding out which activities are being practiced by the firms. It will also identify programs in place and indicators of an effective corporate social responsibility to the firms. The research will seek to come out with ways of improving corporate social responsibilities in the organizations.
LIST OF ABBREVIATIONS & ACRONYMS

C.S.R: Corporate Social Responsibility
ISO: International standards organization
NEMA: National Environmental management Authority
LTD: Limited
UNEP: United Nations Environmental Programs.
CO: Company.
UN: United Nations.
CO: LTD: Company Limited.
BP: British petroleum
**OPERATIONAL DEFINITION OF TERMS**

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<th>Term</th>
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<td><strong>Sugar industry:</strong></td>
<td>These are factories used in producing sugar from sugarcane en mass to be bought by the esteemed customers.</td>
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<td><strong>Global Compact:</strong></td>
<td>Principles that guide organizations in social responsibility issues touching on Human rights, labour, Environment and corruption.</td>
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<td><strong>Firm:</strong></td>
<td>A business unit or a company engaged in production of one line of a product for instance Sugar firm. Meant to produce sugar only, for example SonySugar Company L.T.D.</td>
</tr>
<tr>
<td><strong>Multinational Corporation:</strong></td>
<td>This is a company that may be based in another country but has other bases in other countries, for purposes such as management, manufacturing or distribution (Schwartz 1999).</td>
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<tr>
<td><strong>Philanthropy:</strong></td>
<td>This is the practice of helping the poor and the those in need especially by giving them money and other forms of material.</td>
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<tr>
<td><strong>Stakeholders:</strong></td>
<td>Is an individual or group inside or outside the organization, who have a meaningful stake in its performance. (Naylor, 2004.)</td>
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<tr>
<td><strong>Sustainable development:</strong></td>
<td>Economic development that meets the needs of the present without compromising the ability of future generations to meet their needs (WCED, 1987).</td>
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<td><strong>Altruism:</strong></td>
<td>Process of helping the needy more than oneself.</td>
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<td><strong>Corporate Social Responsibility:</strong></td>
<td>The obligations which a business enterprise owes to the society, or a business. In this case, the goal is not profit, or security, or a business, but a dedication to advancing industrial relations, creating jobs for the</td>
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people, developing public relations, serving the community, and helping employees to become society adjusted.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Study

Drucker (1984) has observed that there are few things that distinguish competent from incompetent managers quite as sharply as the performance in balancing objectives. Therefore corporate ethics and social responsibility of a business implies the obligations, which a business enterprise owes to the society. The “Gandhi” Principle of trusteeship expresses the inherent responsibility of business enterprise to its customers, workers, shareholders and the community and the mutual responsibilities of these to one another.

According to McIntosh, (2001) C.S.R can be looked at in three main ways namely environmental, social and economic practices. According to him environmental aspects encompass aspects such as energy use, emissions, waste control, sustainable development and product life cycle. The social field includes work place practices and community engagements. Work place practices include the working environment in the organization, remunerations and benefits according to the staff, health and safety practices and human rights amongst others. The economic issues involve market practices, which touch on product description and safety, customers and shareholders relations and supply chain management.

There are four main groups in the society, whose interest is the aim of management to promote in business:

They include:

(i) The owners of the business preferably shareholders.
(ii) Customers who have to be satisfied.
(iii) The employees.
(iv) The society at large.

There is great deal of tug of war or tension in the interests of the diverse groups. The primary responsibility of management is to reduce the areas of such conflict and to bring about harmony of interests among diverse groups. According to Crawford (1986), in Readers Digest, expressed his ideal in the following words:
"Management stands in the middle of a triangle. At the lower right corner is labour with a rope round management’s right leg, yanking for raises. At the lower corner is capital; with a rope round management’s left leg, yanking for raises. At the lower corner is capital; with a rope round management’s left leg, yanking for dividends. The top corner, the market corner is worse. It has a rope round management neck like a noose yanking for ever for bigger bargains” However, from international perspective corporate ethics social responsibility has been adopted mainly by Europe, USA and Japanese companies such as B.P (British Petroleum) Shell, Nestle, Mitsubishi among others. Global conventions such as the United Nations Global Compact have also encouraged companies to adopt C.S.R. These companies have implemented deliberate corporate citizenship programs not only in the countries where their headquarters are located, but throughout their global operations. This program have been necessitated by the realization that those companies deemed to be behaving badly as far as issues on human rights brought about by failing sales, attributed to boycotts of their products. According to Schwartz (1999) the Nestle boycott was probably the worst global boycott since it lasted for ten years. The boycott was attributed to instant breast milk formula which advocacy groups were against as it was to discourage the use of breast milk.

In Kenya, Corporate Social responsibility is increasingly being adopted by such Companies like Barclays Bank, Safaricom, Coca Cola, Kenya Breweries, Nation Media Groups; Del – Monte, Co-operative bank.

Del-Monte has been critically denounced by human rights activists due to negative publicity attributed to media claims, of human rights violations towards the workers and surrounding communities. The recent deaths of Patrons at the Smirnoff experience annual concert is also a pointer towards organizations improving the safety of their products and service offering hence adopting Organizational Health and Safety Programs. Since adoption of corporate social responsibility is inevitable in current business understanding, its influence on business performance would perhaps stimulate its wider acceptance. This has led to the focus and importance of the study.
Sony Sugar for instance, was meant to produce both for local consumption and export. However, the company in its inception had some teething problems; first for the company to get its nuclear sugar farms many people were moved and resettled to provide adequate land. It has a total land acreage of about 1600 hectares, under its nuclear estate. This movement and resettlement of people brought about certain social problems. The people were compensated but the money was not enough and many people soon ran out of money and new economic and social problems started emerging. However, because the company introduced C.S.R People who were primarily involved in producing their own food found themselves with good harvest which was economical.

The company had started conservation of both indigenous forests and exotic trees; because people needed firewood as fuel for domestic use. The conservation measures on forests led to soil fertility and the peasant farmers who were producing their own food and for the local market, realized the importance of the programme. This led to an increase in production of crops such as maize, beans; millet, hence solved the already dwindling food production. The company has put proper measures to check on both the industrial & domestic wastes from the company. This is done to reduce environmental pollution.

As the company expanded, the social welfare of the workers improved; this was possible since the company had consolidated its production capacity. More money was allocated for the development of the workers social welfare. The employees who excelled in various fields were rewarded well, this motivated them. The company had programme for occupational safety measures. Prostitution which was a problem was solved by bringing families together and destitutes were absorbed by the firm as cane cutters. The company has health care programmes for the elderly, women, and orphans. They rely on company and Government dispensaries, which meet all the needs of both employees and local community.

Customer care is one area which the firm has considered in its marketing strategy. The company has realized that a better understanding of consumers’ preference and ability to influence them would allow the company to retain and sustain its competitive edge in an
industry that is riddled with constant price fluctuations. Another area in which the company has thought of wisely was packaging materials. The material used in packaging decomposes easily and this prevents polluting the environment.

Therefore, due to all these programmes put in place by the company its necessary to compare the performance now and before the introduction of C.S.R

1.2 Statement of the Problem

Social corporate responsibility is relatively a new concern of the business world. Every business has a social obligations above and beyond making a profit. It is voluntary action, but today most organizations only turn to corporate social responsibility when lawsuits are initiated or court orders issued before they respond to societal needs. Most companies use the corporate social responsibility element to get favorable publicity. When an organization is involved in activities in supporting community organizations are encouraging employees to do volunteer work, giving funds to local children’s home lending executives to important public meetings to discuss public policies, this ensures media coverage as some of those activities are most of the times covered by media resulting to favorable publicity.

According to Interim (2006) there has been growing awareness among stakeholders on issues that concern the environment, product safety, health & human rights. As such, businesses that are not operating in an ethical way are likely to perform poorly leading to their demise. The survival of business as such would depend on the way it undertakes its C.S.R activities within the society.

Previous studies in this area of social responsibility have come up with different findings. Rarieya (2001) in a survey of social responsiveness of pharmaceutical firms to the HIV/Aids pademic; found that managers were aware of CSR, however the pursuance of high profits remained the most important objectives of banks. Ufadhili, a trust
commissioned to work with private sector to make CSR an integral part of business, conducted an explanatory study on CSR in Kenya in 2003. An important insight was that the level of awareness of CSR did not go beyond corporate philanthropy.

Various companies have engaged in a number of such activities that can be classified as corporate social responsibilities to the communities. The corporate social responsibilities vary from company to company like coca cola supports youth soccer under 20 years, Bamburi & Barclays bank participates in afforestation program. As such the biggest issue for the sugar companies is how to identify and implement C.S.R activities within the industry to make them socially responsible to the society. Businesses are becoming socially involved in many creative ways. Highly publicized accounts of corporate misconduct in recent years have led to wide spread cynicism about business ethics (Kreitner, 1999). The research intends to clearly bring out the of C.S.R activities in the sugar industry in Kenya and the obstacles they face as they implement such activities.

1.3 General Objective of The Study

The general objective is to assess activities of C.S.R in the sugar industry in Kenya.

1.3.1 Specific Objectives

(i) To establish if politics affect the C.S.R activities of the sugar companies.
(ii) To examine if the social cultural practices affect the C.S.R activities of the sugar companies.
(iii) To establish if the legal aspect affect the C.S.R activities of the sugar companies.

1.4 Research Questions

The following specific questions are advanced;

1. Are there politics that affect the C.S.R activities of the sugar companies?
2. What are the social cultural practices affecting the C.S.R activities of the sugar companies?

3. What are the legal aspects that affect the C.S.R activities of the sugar companies?

1.5 Justification of the Study

According to the Ministry of Agriculture Reports-Kenya (2005) most sugar firms have not taken the issue of Corporate Social responsibilities seriously especially on environmental issues, safety standards, employees welfare and equal employment opportunities. This could be as a result of the way they view it as an expensive venture. Given the important role that sugar firm’s play in our economy, it is necessary to find out the Corporate Social responsibility activities which they have put in place. The finding of the study can prompt actions to resist a social problem that would compromise or impair the performance capacity of organizations. It will be used to fill an important gap as far as contributing information on C.S.R is concerned within the industry which will finally sensitize the society in C.S.R issues.

Kenya’s economy will improve after laying the frame work of implementing the policies and legislation. The G.O.K and Ministry of Environment and Natural Resources may use C.S.R activities within the firms as a useful guideline in understanding the importance of environmental conservation.

1.6 Scope and Limitations

This study covers sugar industries in Kenya and specifically Sony Sugar, Chemelil and Mumias sugar firms in Nyanza Province.

It is also covering the sugar firm managers. The study will also cover sugar firms’ employees in both private and public ones. The study will limit itself to the Corporate Social responsibility activities of the sugar firms since the environment employees, management, marketing strategies and financial resources are different. Therefore, since it can not be fully and wholly be generalized to all other sugar firms, its use will be limited to the three sugar firms’ understudy. Such weakness can be solved by carefully analyzing what is most appropriate to be borrowed from one company to another.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Corporate Social Responsibility

Drucker (2001) is of the opinion that companies should work on eliminating or at least minimize their impacts on environment, while maintaining the underlying activity itself. He cites the case of Dow chemicals, which made the elimination of its impacts into a profitable business opportunity. It undertook to develop polluting subsistence into salable products to create use and market for them. He also points out the case of DuPont, which became aware of many of the toxic side effects of its industrial products. It developed a laboratory to develop processes to eliminate the poisons.

According to the study conducted at university of Michigan found that companies saw improvement in their operating performance within the first year of pollution prevention programs (Wasik 1996). He is quick to add that in the second year the companies additionally reaped enhanced return on equity. It is thus difficult to comprehend why majority of companies are not quick in implementing such programs given that they auger well to the organization. In the same year, he noted that Xerox Corporation realized that an investment of 10 million in recycling cartridges result in 200 million profit. Halima (2002) highlighted that C.S.R is not an alternative to performance or even necessary in conflict with it. It is a way of doing business by which managers internalize external factors. He further points out that when done well this process generates greater profits in the short term through innovation, in the medium term though reputation in the long term by creating new markets and anticipating new regulations. This is the same like the case of Xerox, Dow chemicals and DuPont Companies have often utilized interests advocated by pressure groups prove their performance.

This is depicted in the case of ecological marketing strategy. This was illustrated by the green marketing strategy that embarked to appeal to environmentally conscious consumers (Naylor, 2004) explains that more than 2,500 companies gained more than
half their income from recycling and green technologies. Henion (1976) observes there some signs that some consumers are willing to forfeit a portion of their convenience in exchange for some improvement in environmental quality. This has been made possible as membership to organizations such as Green Peace International has been on the rise worldwide.

As such, companies have found it necessary to produce products that appeal to such interest groups. Commenting on C.S.R versus performance, Halima (2002) states that C.S.R is related to performance of the business. As without them it cannot dedicate itself to corporate responsibility. He further states that businesses first social responsibility is good performance leading to high profits to the owners. After which it can use Corporate Social responsibility as another business tool.

2.2 Corporate social responsibility activities versus sustainable development

According to McIntosh, (2003) for many activists and public policy makers, environmental sustainability is the starting point for any investigation of the relationship between business and society. The environment just like any other system has a limit as to the amount of waste material it can comfortably accommodate without interfering with the eco-system. Most current development fails because it meets human needs incompletely and often degrades or destroys its resource base; C.S.R comes to play by striking a balance between human needs and the utilization of the resource base by either recycling or carrying out conservation measures I UCN, UNEP & WWF, 1991.

In the words Hobsbawn, (1994) he observed that if the rate of economic growth, like that of the second half of the twentieth century is maintained indefinitely, it would have invertible and catastrophic consequences on the physical environment and human beings. This can be attributed to the economic activities that have drastically changed the earth’s eco-system.

Uniliver Company acknowledges the role played by sustainable development in its long-term success. This is because the organization relies on natural resources particularly, in the agricultural sector as far as fish and fresh water are concerned (WWW.Uniliver.Com
Sustainable development does not only focus on environmental concern but should also incorporate the human element. This is in regards to quality of life of individuals and society. Starting, (1984) observed that when the quality of life of individuals decline so does the performance of business. He cites the case of Detroit companies that experienced low sales when the quality of life of individuals around the companies diminished. Drucker, (2001), said that the health of the community is a prerequisite for successful and growing business. He goes further and states that a healthy business and a sick society are hardly compatible; that a healthy business requires a healthy or at least a functioning society.

2.3 Choice of Corporate Social Responsibility Activities Within The Industry

Many international corporate have been subjected to a lot of pressure from advocates of corporate Ethics and Social responsibilities on organization’s performance. They advocate on issues like violation of human rights, environmental, pollution, planning and safety issues. Schwartz, (1999) observed that every company’s decision has the potential of unexpectedly becoming National or International. The incidents experienced by Shell Co. in 1995 as regards its attempted disposal of an oil storage tank in the North Sea, the trials of Prof. Wangari Maathai 1995 over Uhuru Park, and the hanging of Nigerian environmental activist Ken Saro-Wiwa, all these attracted media attention, and brought about serious problems. Schwartz continues to point out that there is a possibility that the events had no short-term effects on performance of the company, but on a deeper level it had profound effects. The pressure mounted on international corporations compelled to it to find another means of disposal of the oil. Nestle Company also had a share of problems in mid 80’s due to its aggressive marketing of instant milk formula. The bone of contention was brought about due to the fact that breast milk is the healthiest food for newborn babies. Such a move would be detrimental especially in developing world where access to clean drinking water is a real menace.

Waring, (1989) Commenting on the same issue observes that companies that promote instant milk formula at the expense of breast milk need to examine their shareholders short term profits against benefits to the society. Nike, an apparel company has also been
on the spotlight due to low wages offered to workers in their Asian plants and use of child Labour in their factories. These accusations culminated into a series of boycotts compelling to improve conditions in their sub-contracting factories and establishing better chain management (Schwartz 1999).

2.4 Obstacles in Implementing Corporate Social Responsibility Activity in Kenya

If the agent against social reasons approach were widely accepted, nobody would even be talking about C.S.R because everyone would be doing it. Some organizations argue that any money they spend on so-called social responsibility is effectively theft from those shareholders who can, after all, decide for themselves if they want to give to charity. Sternberg (1980) argues that there is human rights case against C.S.R, which is that a stakeholder approach to management deprives shareholders of their property rights. She states that the objectives sought by conventional views of C.S.R are absurd. Not all aspects of C.S.R are guilty of this, however. Sternberg states that ordinary decency honesty and fairness should be expected of any corporation.

In the first instance, this case strongly depends on the model of social responsibility adopted by the business being a philanthropic one. The starting point assumption is that though C.S.R, corporations simply get to "give away" money which rightfully belongs to other people. If C.S.R is seen as a process by which the business manage its relationship with a variety of influential stakeholders who can have a real influence on its license to operate, the business case becomes immediately apparent. C.S.R is about building relationships with customers, about managing risks, and about assuring reputation. The market capitalization of a company often far exceeds the "property" value of the company.

For instance, as much as 90% of coca cola is made up of "intangibles" – a major part of which rests on the reputation of the company. Only a fool would run risks with a company’s reputation when it is so large a part of what the shares represent.

In any case, if shareholders are to be accorded full property rights one would expect to see the balancing features of responsibility for the actions taken by the enterprises they often fleetingly own.
Since most shareholders remain completely unaware of any such responsibility, it can only fall to the management – the “controlling mind” of the company, to take that responsibility on.

Many thinking people will readily accept argument for C.S.R, that caring about customers and employees bring good business. But they might draw the line at believing a company has any responsibility to community and environment. To donate time and capital to philanthropy, they will argue, is the duty of investor. After all, the corporations assets legally belong to the investors, don’t they management has a fiduciary responsibility to maximize shareholders value; therefore, any act: which don’t maximize shareholders value are violations of this duty. If you feel altruism towards others. You should exercise that altruism with your own money, not with assets of a corporation that doesn’t belong to you.

There can be little doubt that a certain a mount of corporate philanthropy is simply good and works for the long-term-benefit of the investors.

The other problem in implementing C.S.R programs is where to draw the line. If the company donates a given percentage of the profits to the society it is seen to be good, someone will ask why not donate 100% of profits for the betterment of community. C.S.R should help business to find appropriate balance and trying to create value for all the stakeholders.

Corporate philanthropy is a good thing, but it requires the legitimacy of investors’ approval.

Adam Smith, in his great book “Theory of moral sentiments” explains that human nature isn’t just about self- interest but also includes sympathy, empathy, friendship, love and the desires for social approval. Business give money to our communities because they care about them and for responsibility to help them flourish as well as possible.

Some of the Corporates in Kenya who are quick to adopt corporate social responsibilities include:-
1. Barclays Bank: - Has a massive Programme of creating forests and planting trees, this is a movement for the conservation of the environment (www.barclaysbank.com).

From a social perspective the bank is credited for the good pay packages, equal employment opportunity, training and education, health and safety. In totality, it entails management of human resource in the work place. However, the main issue is which activity of C.S.R to go for first as an industry.

2. Bamburi Portland Company: Is really involved in some rehabilitation and environmental conservation. This is carried out by the restoration of forest eco-systems and landscape regeneration at Baobab farm. The cement firm is also involved in tree planting where an estimated two million trees have been planted. The company has developed its equipment to arrest dust and reduce carbon IV oxide emissions (www.user.skynet.be).

The National Environment Management Authority (N.E.M.A) is working with the Kenya Association of Manufacturers to reduce plastic bags use in the environment by introducing levies based on the Polluter Principle. This is done to reduce the adverse effects of pollution by plastic bags and rejuvenate the cotton industry. Daily Nation 31st April 2005.

Such practices are in conformity with the UN Global compact principles on environment issues.

3. Kenya Breweries limited: Regarding HIV/AIDS, the company has developed policies to minimize, monitor and manage the impact of the spread and sequence of the disease. The employees are encouraged to attend voluntary counseling and testing and provision of free anti- retroviral drugs, (www.diagio.com). The firm has also undertaken to educate consumers and help tackle alcohol misuse. This is to be achieved through promotion of moderate and responsible consumption of alcohol through the bartender program. The firm also provide education scholarships to needy and bright students a cross the country. The firm has also developed a policy to support local suppliers and help them achieve world-class performance more so; the firm ensures high quality raw materials from suppliers. Product information is also clearly and accurately labeled (www.diageo.com).
4. Firestone Company (Kenya): The firm according to the media received an International Standards organization (ISO) 14001 award in compliance with international and corporate environmental regulations and standards. The manufacturing process of the Company from raw material through processing, to the final product and delivery, are continuously reviewed to identify and mitigate environmentally negative aspects of the entire process.

5. KenGen Limited: It has established a social reforestation Programme in areas around seven folks dam and the Mau forest. It is also actively involved in efforts to fence the Aberdares. Furthermore, it is continuously reviewing its power generating operations to minimize adverse effects to the environment. The firm espouses the principle of sustainable development in the management of Forest eco-systems. Other prime contributors to this project include Nation Media Group and the Rhino Ark. (www.kengen.co.ke)

2.5 Critical Review of Major Issues

Majority of the above mentioned researchers and authors have pointed out the role of social responsibilities and the challenges of corporate social responsibilities on organization. It is therefore necessary that each sugar company practices C.S.R issues to enhance societal status. We should have all firms appreciating the need to be socially responsible to sustain our environment.

Corporate social responsibility programmes should be continuous and that all managers should be able to recognize and practice it, not because they are forced but because it is a good venture.

New problems, new product packaging, new equipments, and undisputable products are coming up creating the needs for firms to undertake new measures on how to deal with them. If these are done, firms will save our environment, workers safety and product safety.

Corporate Social responsibilities policy should be understood and supported by employees at all levels. This is because such programmes may fail to succeed if there is no commitment on the part of management.
2.6 Conceptual Framework

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<tr>
<td>-Environment</td>
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<tr>
<td>-Economic</td>
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Intervening variables
-Politics
-Social Cultural practices
-Legal

Source: Author 2007

According to the literature review, it is stated that firms can employ Corporate Social responsibilities as (independent variable) to enhance the firm’s performance (dependent variable). Therefore when a company implementing C.S.R activities, it will improve the standard of living within the society. According to the model, the company interacts with environment, social and economic spheres. The company derives inputs from environment, social and economic spheres and likewise releases outputs. The outputs by the company for example are product value equal employment opportunities, advertising standards; waste control hence efficiency in performance. However there could be other intervening variables which the company may not have much control over like politics, cultural practices, and legal issues. In the long run both dependent and intervening variables will have an impact on the efficiency of a company’s progress.

2.7 Chapter Summary and Gaps to Be Filled By the Study

The literature on Corporate Social responsibility concentrates on measuring corporate social responsibility as an input. It highlights the main difficulties in measuring corporate social responsibility, including lack of common definitions and standard. There is
relatively little research on the effectiveness of corporate social responsibility on profitability of the firms.

Areas not covered by the literature review include merits of corporate ethics and the long term costs of not having such a program (for instance choosing to do vigorous advertising, improved packaging) at the expense on being socially responsible. These areas could provide topics for future research.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

This chapter details the method and procedure to use, to collect data on corporate social responsibility activities on Sugar Companies. It describes among other things, the study area, study design, study population, sample size, sampling design, data collection, data instruments and data analysis.

3.1. Research Design

The descriptive cross-section survey method will be used to conduct the study. It is relevant because it involves specific predictions, with narration of facts and characteristics concerning the managers and individual Employees. (Kathari 1990)

The design is in agreement with views of Lokesh (1984) who agrees that descriptive studies are designed to obtain pertinent and precise information concerning the status of a phenomenon and whenever possible to draw valid conclusion from facts discovered.

3.2 Study Area

The Sugar Companies under study are situated in Migori, Nyando and Butere Mumias Districts in Nyanza and Western provinces. The companies were established as parastatal bodies. The farmers who supply the factories with sugarcane come from both around and far (out growers).

The companies have been chosen as areas of study because they are closure to the researcher and considered as larger sugar companies in Nyanza and Western provinces. They are also known to be serving a bigger market area as opposed to other firms in Kenya, however Mumias Sugar Company is a private firm.

3.3 Target Population

The following stakeholders will be identified to provide information to be used for analysis to cover the scope of the study adequately. They include:

1) Top managers of the Companies
2) Middle cadre managers of the Companies.
3) Lower cadre managers of the Company
Cooper (2003) defines the target population as the list of all the elements from which the sample is actually drawn.

Total number of the population targeted is 80 both male and female working in the sugar companies.

### 3.4 Sample Size

Out of many sugar firms in Kenya, Chemelil, Sony and Mumias sugar Companies Limited were purposively sampled because they are bigger in size, have many workers and many go downs in major towns in the Country.

Cooper (2003) describes purposive samplings as a non-probability sample.

Kathari (1990) describes sample size as the number of items selected from the Universe to constitute a sample.

A sample of study is necessary because according to Welmen (2001) the size of the population usually makes it impractical and uneconomical to involve all the members of the population in research project.

Consequently we have to rely on the data obtained for a sample of the population.

The sample of SonySugar, Chemelil and Mumias Management will be done according to Mulusa (1990) who suggests that one third of the target population is a representative enough to generalize characteristics being investigated.

The researcher decided to use half of the top male and female managers, middle and lower cadre managers in each stratum. This was after realising that if we took a third then the sample size will have been too small to be a representative of the population.
Table 1.1 Showing the total population and sample

<table>
<thead>
<tr>
<th></th>
<th>Total Population</th>
<th>Total Sampled Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>managers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SonySugar</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Chemelil</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Mumias</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>cadre managers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SonySugar</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Chemelil</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>Mumias</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>lower cadre managers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SonySugar</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td>Chemelil</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>Mumias</td>
<td>18</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>125</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: Human Resource Department SonySugar, Chemelil, Mumias Co. ltd. 2007

Therefore from the table the sample consists of 17 top managers, 23 middle cadre managers 42 lower cadre managers, The total sample size is 82, out of which 17 are top managers, 23 are middle cadre managers and 42 are lower cadre managers.

3.5 Sampling Procedure

The researcher will use stratified random sampling and purposive sampling methods. The total sample will consist of all strata (subgroups) of managers. Each manager will be stratified on the basis of job seniority and gender. Mugenda and Mugenda (1999) states that in stratified random sampling subjects are selected in such a way that the existing sub-groups in the population are more or less reproduced in the sample.

There will be three strata consisting of top managers, middle cadre managers, and lower cadre managers. Each manager stratum will be sub-divided further on the basis of gender.
Once the firm’s target population has been sub-divided into sub-strata, the percentage or proportion of the sub-category population to the total population will be worked out. The same percentage will be used to determine the sample size of the sub-category.

Simple random sampling will be used to select respondents from the sub-category population who will be part of the sample. Numbers will be assigned to all managers who belong to the sub group. All numbers assigned to members in a sub group will then be placed in a box and any number will be picked at random one at a time. Once the sample size of respondents required for that sub group is attained, the managers corresponding to the numbers will be included in the sample for the sub-group (Mugenda and Mugenda, 1999). The process is repeated for all the sub groups in each population strata category.

3.6 Data Collection Procedure and Collection Instruments

Secondary data will be used as a source data. These will include information in journals, reports, newsletters, books archives, newspapers. Information on the numbers of years worked by managers in the target population will be collected from both the three firms Human resource departments.

Primary data will also be collected through the methods of questionnaires and interview schedule. Mugenda and Mugenda (1999) define interview schedule as a set of questions written down by the researcher to act as a guide during research.

The study will also use self administrated questionnaires for the strata that have large number of questions printed or typed in a definite order on a form or set of forms.

The above mentioned methods and tools will be used to solicit information on Corporate Social Responsibilities activities on the three sugar firms and to establish the indicators of their performance. The questionnaire will be delivered by hand to managers who in turn will fill them. Self –administered questionnaires will be labelled clearly indicating which group of respondents will receive them.

3.7 Inclusion and Exclusion Criteria

This study includes permanent employees of Sonysugar, Chemelil and Mumias who have been there for at least six months and above. They are presumed to have tangible information as regards Corporate Social responsibility activities on the firms.
Those who are employed temporarily and those who were employed but have less than six months will be excluded because they might be lacking crucial information regarding the firm.

3.8 Data Analysis

Data will be collected, coded and analyzed. Descriptive statistical methods will be used to analyze the coded data. This will include measures of central tendency, frequency distribution tables and percentages. Data will also be analyzed with the help of the computer software package, The Statistical package for Social Sciences (SPSS). The data will be represented by use of tables, bar charts, frequency distribution tables, pie charts and graphs.

3.9 Expected Outcome

The research is aimed at finding out which activities of C.S.R sugar companies are carrying out. This will encourage corporates to provide ethical issues which will enhance their growth and efficiency.
CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This report covers findings of a survey carried out to assess activities of CSR in the sugar industry in Kenya. Specifically to establish CSR objectives of sugar companies, to identify the CSR activities that the sugar companies are involved in, to establish how sugar companies identify their activities. A total of 50 staff from the four main sugar companies responded to our questionnaire from a total of 80.

4.2 Practice of Corporate Ethics and Social Responsible

This section sought to find out if the companies practice corporate ethics and social responsible. The results are summarized in the chart below.

<table>
<thead>
<tr>
<th>Response rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50</td>
<td>100.0</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008

All the respondents agreed that their companies practice corporate ethics and social responsible.

4.2 Sugar Company Socially Responsible

The respondents were asked to state how if they think their companies are socially responsible. The results are indicated in the figure below
<table>
<thead>
<tr>
<th>Response rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50</td>
<td>100.0</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008

All the respondents agreed that their companies are socially responsible.

4.3 Year of company started practicing

In this section the researcher was interested in when their companies began practices of corporate social responsibility the findings are summarized below

Source: Author 2008

The research findings indicate that the most 34% of the respondents started practicing corporate social responsibility in 1993, 33% in 1994 and 1995.

4.4 Objective to Embark on Social Responsibility Practices

In this section the researcher was interested in knowing what objectives made the company to embark on social responsibility practices the findings are summarized below

<table>
<thead>
<tr>
<th>Objective</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To balance the objective both for society and the business</td>
<td>15</td>
<td>30.0</td>
</tr>
<tr>
<td>To strike a delicate balance between the environmental, economic and social spheres</td>
<td>34</td>
<td>68.0</td>
</tr>
<tr>
<td>To capture the large markets</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008
The findings show that 34% of the respondents indicate that the companies embarked on social responsibility practices to strike a delicate balance between the environmental, economic and social spheres, 15% indicates to balance the objective both for society and business and just one person indicate that to capture the large markets.

4.4 Continuation of Corporate Social Practice

The respondents were asked to indicate their opinion if it was proper for the company to continue practicing CSR objectives and the results are shown in the table below.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>49</td>
<td>98.0</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008

The research findings indicate that all except one of the respondents indicated that the companies should continue practicing CSR objective.

4.5 Impact of CSR on employees

In this section the researcher was interested in knowing if the respondents think practicing of corporate social responsibility activities can help improve employees and consumers attitude toward the company the findings are summarized below

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>49</td>
<td>98.0</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008
The research findings indicate that the all expect one of the sugar company respondent indicated that practicing of corporate social responsibility activities can help improve employees and consumers attitude toward the company.

4.6 Methods of Identifying CSR Activities

The respondents were asked to state if the companies have methods of identifying CSR activities. The findings are shown in table 4 below.

<table>
<thead>
<tr>
<th>Response rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50</td>
<td>100.0</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008

All the respondents agreed that their companies have methods of identifying CSR activities.

4.7 Methods Used for CSR activities

The respondents were asked to state methods used by their companies in identifying CSR activities. The findings are shown in table 4 below.

Using the results in Table above, it is evident that 88% of the respondent indicated that the method they use is that of accordance to the needs of the society while 12% use the needs of the company. All the key determinant indicates that they identify areas to be covered through CSR by social needs.
4.8 Publishing of Annual Report

The respondents were asked to state if their companies publish annual reports concerning corporate social responsibility to the society. The results are indicated in the table below.

<table>
<thead>
<tr>
<th>Response rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50</td>
<td>100.0</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008

All the respondents agreed indicated that their companies publish corporate social responsibility of the society annually.

4.9 Area Covered by the Annual Report

The researcher wanted to know which areas of the reports they cover. The results are as shown in the table below. Most of the respondents comprising of 68% indicated that the report covers social impact while 32 indicate that it covered environmental impacts.

4.10 Practice that Deserve most Attention

In this section the researcher was interested in knowing which practice comes first in deserving attention from the company the findings are summarized above.

<table>
<thead>
<tr>
<th>Practice</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment protection</td>
<td>1</td>
</tr>
<tr>
<td>Fair treatment of employees</td>
<td>2</td>
</tr>
<tr>
<td>Product safety</td>
<td>2</td>
</tr>
<tr>
<td>Offering community service</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Author 2008
It can be seen form the table above that the respondent indicated that environmental protect should be the first practice to be addressed by the companies the second should be fair treatment of employees, number three should be product safety and the least should be offering community service.

4.11 Performance of Companies

This section was intended to find out if corporate ethics practice make companies to perform better. This is summarized in figure below.

The research findings indicate that 98% think that corporate ethics practices make the company to perform betters while 2% disagree.

Those who agreed indicated that the performance is in the following ways; Advertising standards, being mindful of the community as a whole, charging fair prices, conserving the environment, customer reputation, equal employment opportunity, fair treatment of employees, following the standard laid down on weight and measures act ,Good methods of environmental conservation, good will from the public, helps in environmental conservation and Improving product value to customers

4.12 Practices that have Resulted to Better Performance

In this section the researcher was interested in knowing if the respondents can identify any corporate ethics practices that have resulted into better performance of company; improving opportunities of employment ,environmental conservation, equal employment opportunity and fair treatment of employees.

4.13 Reputation with the Community

This category sought to find out in which way the respondents company improve its reputation with the community. The findings are shown in the figure below.
<table>
<thead>
<tr>
<th>Equal Employment Development</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Development</td>
<td>34</td>
<td>68.0</td>
</tr>
<tr>
<td>Product</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source: Author 2008**

Most of the respondents comprising of 60% indicated that their companies improved their reputation to the community through equality in job employment, 32% through improving protect value and 8% through advertising standard.

### 4.14 Involvement of other organization

This section sought to find out if the companies coordinate with other originations. The results are summarized in the table below.

<table>
<thead>
<tr>
<th>Response rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50</td>
<td>100.0</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source: Author 2008**

All the respondents agreed that their companies coordinate with other companies in CSR activities. The key respondents indicate that they the management consult when setting CSR objectives.

### 4.15 Laws that Act as Obstacles

The main obstacle that hinders the companies to practice CSR is the long procedures to get permission from local authority; choosing which one to go for first, coming with the
most appropriate need of society, finances to tackle CSR programs and time consuming process


The researcher wanted to know if the companies carry out social responsibility activities in line with government development plans. Slightly more than half of the respondents at 82% agree that their companies carry out social responsibility activities in line with government development plans while 18% do not.

4.17 Sales Volume before CSR

In this section the researcher was interested in knowing the sales volume before practicing CSR the findings show that respondents comprising of 62% indicate that the sales were low, 32% of the sales were moderate and 6% were high.

4.18 Sales Volume after CSR

From the above findings, it is clear that majority of sales volume form the various respondents company was high after introduction of CSR by 88%, low at 10% while 2% moderate.

4.19 Methods that Company Overcome Obstacles

The respondents were asked to state how the companies overcome obstacles while implementing the CSR practices. The findings are shown in table 4 below
Table Methods used to Overcome Obstacles.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>By following laid regulations</td>
<td>43</td>
<td>86.0</td>
</tr>
<tr>
<td>By setting own practices</td>
<td>4</td>
<td>8.0</td>
</tr>
<tr>
<td>By strictly following acts of parliament</td>
<td>3</td>
<td>6.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008

The research findings showed that 86% of the respondents, their companies overcome obstacles through following laid regulations, 8% indicates through setting own practices while 6% through strictly following acts of parliament.

4.20 CSR activities the firm is involved in

The respondents were asked to state what CSR activities the firm is involved in. The results are indicated in the figure below.

The research findings showed that 74% are involved in customer reputation, 18% through providing protection to employees while 8% through equal employment opportunities. From the analysis of the key determinant they indicated that they area all involved more through sustainable development.

4.21 Methods used to Identify CSR activities

The respondents were asked to state which method the firms use to identify CSR activities and the results are indicated in the table below.
Table: Methods of Identifying

<table>
<thead>
<tr>
<th>Methods</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>needs of the society</td>
<td>46</td>
<td>92.0</td>
</tr>
<tr>
<td>according to Government requirements</td>
<td>3</td>
<td>6.0</td>
</tr>
<tr>
<td>needs of the shareholders</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008

The findings in the table above shows that 92% of the respondents indicate that their companies identify their activities through needs of the society, 6% in accordance to government requirements and 2% through needs of the shareholders.

4.21 Problem in CSR Activities

The respondents were asked to state if there are problems met when identifying the CSR activities within and outside the firm. The research findings showed that all respondents except one indicate that there are problem when identifying CSR activities in their companies. The main problems identified by the respondent include: - The activities are time consuming, they are expensive and employees are not comfortable with such program.
4.22 Consultative committee

The respondents were asked to state if their companies have a consultative committee that reviews the methods in identifying CSR activities. Summarized findings in the figure above shows that all the respondents agree that their companies have a consultative committee that reviews the methods used in identifying CSR activities and they all indicated that the committee meets every 6 months. All the key informants agreed that the firms have a consultative committee that reviews the methods used in identifying CSR activities and they meet every 6 months.

4.23 Department that deals with CSR activities

The respondents were asked if their companies have a department that deals with how CSR activities are identified or it’s the whole company. The findings show that all the companies have a department set aside that deals with CSR activities.

4.24 Parties Target for Social Activities

Firms were asked to state some parties they target with the CSR activities

Table: Parties targeted for social activities

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Society</td>
<td>2</td>
<td>50.0</td>
</tr>
<tr>
<td>Customers</td>
<td>2</td>
<td>50.0</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The observations indicate that two of the key determinants indicted that they target the society while the other two indicated they target customers

4.25 Role played by the key determinants in identifying CSR activities

The respondents were asked to state what role they play in identifying CSR activities. The findings are shown in table 4 below
Table role played by key informants in identifying CSR activities.

<table>
<thead>
<tr>
<th>Roles</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>3</td>
<td>75.0</td>
</tr>
<tr>
<td>Initiator</td>
<td>1</td>
<td>25.0</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author 2008

The main role according to the table above was that of management of the CSR activities by three respondents while one indicated that the role was that of initiating the activities.

4.26 Department to be involved in CSR

The respondents were asked to state which methods the respondents use in choosing which departments to be involved on CSR activities and the results are shown below

Table Department to be involved in CSR

<table>
<thead>
<tr>
<th>Method</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selection</td>
<td>3</td>
<td>75.0</td>
</tr>
<tr>
<td>Nominations</td>
<td>1</td>
<td>25.0</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source author 2008

The findings according to the table above shows that 3 of the respondents indicate that they used selection method in involving departments in CSR while one indicated they use nominations.
CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This study had one main objective namely: To assess activities of CSR in the sugar industry in Kenya and three specific objective which are to establish CSR activities of sugar companies, to identify the CSR activities that sugar companies are involved in and to establish how sugar companies identify their activities.

Data was collected by a questionnaire based on literature. The questionnaires was dropped and picked from a census sample of 50 respondents from the four main sugar companies and 4 key informants responded.

5.2 Summary

This study has shown that there is increased willingness by corporations in Kenya to enhance social responsibility. It also concurs with Kamau (2001) findings, which showed a strong positive altitude towards social responsibility among managers of large scale manufacturing companies.

Further, the indication of little association between attitude and implementation (Kamau, 2001) could be attributed to firm specific characteristics, For example, if social responsibility practice is not formalized or provided for in the strategic plans, it leaves managers with very little choice as regards the matter. The provisions will allow the manager discretion in implementing corporate social responsibility.

The study also shows that corporations are aware of the corporate social responsibility concept and as such is consistent with findings by Kiarie (1997) who observed that executives in medium scale manufacturing firms were generally aware of basic issues of social responsibility concept.
The findings shows that 34% of the respondents indicate that the companies embarked on social responsibility practices to strike a delicate balance between the environmental, economic and social spheres, 15% indicates to balance the objective both for society and business and just one person indicate that to capture the large markets. The research findings indicate that all expect one of the respondents indicated that the companies should continue practicing CSR objective.

All the respondents agreed that their companies have methods of identifying CSR activities. It is evident that 88% of the respondent indicated that the method they use is that of accordance to the needs of the society while 12% use the needs of the company. All the key determinant indicates that they identify areas to be covered through CSR by social needs.

All the respondents agreed indicated that their companies publish corporate social responsibility of the society annually and that the report covers social impact while 32 indicate that it covered environmental impacts. It can be seen from the study that the respondent indicated that environmental protect should be the first practice to be addressed by the companies the second should be fair treatment of employees, number three should be product safety and the least should be offering community service.

Most of the respondents comprising of 60% indicated that their companies improved their reputation to the community through equality in job employment, 32% through Improving protect value and 8% through advertising standard. All the respondents agreed that their companies coordinate with other companies in CSR activities. The key respondents indicate that they the management consult when setting CSR objectives. Slightly more than half of the respondents agree that their companies carry out social responsibility activities in line with government development plans.

Most of the respondents comprising of 62% indicate that the sales were low, 32% of the sales were moderate and 6% were high. In comparison it is clear that majority of sales volume form the various respondents company was high after introduction of CSR by 88%, low at 10% while 2% moderate.
The study shows that 86% of the respondents, their companies overcome obstacles through following laid regulations, 8% indicates through setting own practices while 6% through strictly following acts of parliament. The research shows that 74% are involved in customer reputation, 18% through providing protection to employees while 8% through equal employment opportunities. From the analysis of the key determinant they indicated that they are all involved more through sustainable development.

5.3 CONCLUSION

The study reveals that a the sugar firms in Kenyan are increasingly adopting social responsibility in their strategic thought process. Though a number of these firms have their plans as informal/implicit, most recognize the practice (social responsibility) as one of their core values. Given that they all concede that long-term business planning is very important and essential to their success, it’s reasonable to see greater adaptation of CSR in their formal plans in future.

Involvement in social responsibility amongst these firms show that actions on environment and employees job opportunities are the most addressed, paradoxically. Nevertheless, the companies seem to be embracing responsible behaviour towards their employees, communities and the economy in general - a much needed response to supplement Government effort. The question that may soon come to the fore must be one echoed by 7% of these firms “should government allow-for tax purposes, expenditure due to social responsibility?”

5.4. RECOMMENDATIONS FOR POLICY AND PRACTICE

It’s imperative that companies recognize corporate social responsibility as an issue that is gaining more focus internationally, the sooner these companies developed strategies and modalities to streamline their role(s), the better for them because the future looks gleam for errand corporations – be it in terms of profitability or relevance.
Companies should embrace cross-sector partnerships to help pool resources and ideas in the way forward in their practice of social responsibility. This will enable them achieve more reasonable and realistic contributions to society.

The government on its part should endeavour to streamline the infrastructure necessary to ease the efforts of these corporations in their practice. For instance the issue of tax allowance and monitoring of organizations charged with channelling the resources to deserving persons, should be streamlined.

Perhaps one very important suggestion is for companies that are involved in pooling resources for certain causes e.g. ‘save a life’, etc, to open up their activities to thorough auditing on accountability and transparency.

Nevertheless, Corporate entities have embarked on creating foundations to handle their corporate social responsibility functions notable among them, East African Breweries (EABL), which was the first publicly quoted company to put together and table a corporate citizenship report followed by BAT (Sunday Nation: Sept 12, 2004). Along side this development, corporations are increasingly committing a portion of their net profit(s) for CSR activities (e.g. EABL: 1%).

5.5. SUGGESTIONS FOR FURTHER RESEARCH

This study was based on corporate social responsibility practices among sugar companies in Kenya. The following studies are suggested:

First, since the area/scope of CSR is broad, it was not possible to thoroughly cover everything in this study. Similar studies could be carried out in the same field- especially focusing on those aspects omitted by this study.

Second, a study on what Kenyan firms feel about the ‘tax allowance on CSR expenditure’ issue can be very interesting. Finally, studies can be done to establish the role of cross-sector partnerships in corporate social responsibility.
REFERENCES

Adam Smith (1979) *Theory of Moral sentiments.*


Cooper (2003) Cooper Donald et al.


Dr. Mayur, Rashmi (1977) *Ministry for Environmental planning Needed industrial times,* Bombay.


APPENDENCES

Appendix 1: Introduction Letter

LETTER OF INTRODUCTION

This is to certify that I OBULO GEORGE is a student M B A. Kenyatta University. Am currently undertaking a research on activities of C.S.R on sugar industry in Kenya.

I hereby kindly request you to respond to the questionnaires attached to be collected on or before 30\(^{th}\) -12- 2007.

It is important to assure you that the information you give will be kept in confidence and used strictly for academic purpose only.

May I thank you in advance for the assistance given.

Yours Sincerely.

OBULO GEORGE.
QUESTIONNAIRE FOR MANAGERIAL STAFF.

1. Does the company practice corporate social responsible?
   (a) Yes (   )
   (b) No (   )

2. If yes do you think the sugar company is socially responsible?
   a) Yes (   )
   b) No (   )
   c) Others specify .................................................................

3. Which year did the company begin practices of corporate social responsibility. .................................................................

4. What objectives made the company to embark on social responsibility practices?
   (a) To balance the objectives both for society and the business (   )
   (b) To capture the larger markets. (   )
   (c) To strike a delicate balance between the environmental, economic and social spheres. (   )

5. In your own opinion, do you think it is proper for the company to continue practicing C.S.R objectives.
   a) Yes (   )
   b) No (   )

6. Do you think practicing corporate social responsibility activities can help improve employees and consumers attitudes towards the company?
   (a) Yes (   )
   (b) No (   )

7. Does the company have methods of identifying C.S.R activities?
   a) Yes (   )
b.) No ( )
c.) Others ( )

8. If yes, which are the methods of identifying C.S.R activities?
   a.) According to the needs of the society. ( )
   b.) According to the needs of the company. ( )
   c.) According to profitability. ( )

9. Do you publish annual reports concerning corporate social responsibility to the society?
   (a) Yes ( )  
   (b) No ( )
   (c) Others ( )

10. Which of the following areas does the report cover?
    (a) Environmental impacts ( )
    (b) Economic impacts ( )
    (c) Social impacts ( )

11. Rank the practices below in order in which you think deserves most attention from the company.
    a.) Environmental protection ( )
    b.) Fair treatment of employees ( )
    c.) Product safety. ( )
    d.) Offering community services ( )

12. Do you think corporate ethics practices make the company to perform better?
    (a) Yes ( )
    (b) No ( )
    (c) Others ( )

13. If, Yes explain how.

........................................................................................................................................
........................................................................................................................................

14. Can you identify any corporate ethics practices that have resulted into better performance of the company?
15. In which ways is your company improving its reputation with the community?
   (a) Equal employment opportunity. ( )
   (b) Improving protect value. ( )
   (c) Advertising standards. ( )
   Others specify-------------------------------

16. In carrying out corporate social responsibility, do you coordinate with other organizations?
   (a) Yes ( )
   (b) No ( )
   (c) Others ( )

17. If Yes, which organizations?

18. Are there any laws that act as obstacles to your corporate ethics practices?

19. Do you carry out your social responsibility activities in line with Government development plans?
   (a) Yes ( )
   (b) No ( )
   (c) Others ........................................

20. If not how do you determine the areas to be covered by social responsibility practices.

21. What was your sales volume before and after being socially responsible?
   Before
   a) low ( )
   b) moderate ( )
   c) high ( )
After

a) low
b) moderate
c) high

22. How does the company overcome obstacle while implementing the C.S.R practices.

a.) By following laid regulations
b.) By setting own practices
c.) By strictly following Acts of parliament

Others specify - --------------------------------------

23. What are the C.S.R activities the firm is involved in?

a.) Providing protection to employees.
b.) Tree planting exercises
c.) Equal employment opportunities.
d.) Customer reputation.

e.) Others specify ------------------------------------------------------

24. Which method does the firm use to identify C.S.R activities?

a.) Needs of the Society.
b.) Needs of the shareholders.
c.) According to Government requirements.
d.) Need to get profit.
e.) Others specify --------------------------------------

25. Are there problems met when identifying the C.S.R activities within and outside the firm?

a.) Yes
b.) No

c.) Others specify----------------------------------------------------------------

26. If yes what are the problems.

a.) Time consuming.
b.) It is expensive
c.) Employees not comfortable with such program.
d.) Others specify------------------------------------------------------
27. Does the firm have a consultative committee that reviews the methods used in identifying C.S.R activities?
   a.) Yes ( )
   b.) No ( )

28. If yes, how often does it meet?
   a.) Every 6 months. ( )
   b.) Annually ( )
   c.) After 2 years. ( )
   d.) Others specify ( )

29. Is there a department that deals with how C.S.R activities are identified or it’s the whole firm?
   a.) Department. ( )
   b.) The firm. ( )
Appendix 3: Interview Schedule

INTERVIEW SCHEDULE

I am conducting a study on the C.S.R activities on sugar industries. A selecting of three sugar firms in Nyanza province which include Sony Sugar, Chemilil, Muhuroni. This is in partial fulfillment of the requirement for a ward of degree of master of Business Administration (HRM) in the school of business of Kenyatta University. Your response will be treated with strict confidence. The data will be used for research purpose only. There is no right or wrong answers. Please tick the responses of your choice. The interview schedule is divided into two sections A and B.

SECTION: A: PERSONAL INFORMATION.

1. State your gender.
   - Male □
   - Female □

2. What is your age bracket?
   - □ 18 – 29 yrs.
   - □ 30 – 39 yrs.
   - □ 40-49 yrs
   - □ 50 yrs and above.

3. Which of the following best describes your level of education?
   □
4. Which of the following best describes your terms of employment?

- Probation.
- Permanent and pensionable.
- Temporary
- Contract.
- Others specify

5. Which of the following describes your department?

- Finance
- Human resource.
- Marketing
- Production.
- Others specify

6. How long have you been in the organization?

- Less than 5 years.
- 6 - 10 years.
- 11 - 15 years.
- Above 16 years.
7. What is your current job status?

☐ - General Manager

☐ - Branch Manager

☐ - Office messenger

☐ - Others specify---------

☐ - Head of Department.

☐ - Supervisor

☐ - Others specify---------

SECTION: B: C.S.R ACTIVITIES:

1. Do you have objectives of C.S.R within the organization?

☐ - Yes.

☐ - No.

2. If yes, what are the objectives?

☐ - To improve marketability.

☐ - For public relations.
- Act according to rules.
- Others specify------------------------

3. Which parties do you target with such activities?

- Shareholders  - Society
- Customers  - Others specify------------------------

4. Does your management consult when setting C.S.R objectives?

- Yes  - No
- Others specify------------------------

5. What role do you play in identifying C.S.R activities?

- Supervisor  - Management
- Developer  - Initiator.
- Others specify------------------------
6. Which methods are in place to help identify C.S.R objectives?

- MBO  
  (Management by objective)
- MBWA  
  (Management by walking around)

- Needs assessment  
- Others specify------------

7. Does the organization have a consultative committee that reviews the methods used in identifying C.S.R activities?

- Yes.  
- No

8. If yes, how often does it meet?

- Every 6 months  
- After 2 years

- Annually  
- Others specify---------

9. Which of the following methods do you use in choosing which departments to be involved in C.S.R activities?

- Selection  
- Nomination

- Election  
- Others specify---------
10. How does the firm identify areas to be covered by being Socially responsible?

☐ From Supervisors. ☐ Societal needs.

☐ Department heads ☐ Others

specify----------------

11. In which way is the firm involved in C.S.R to assist the society.

☐ Equal employment development.

☐ Sustainable development.

☐ Product safety.

☐ Others specify------------------------------------

12. Does the firm implement C.S.R activities according to Government objectives?

☐ Yes.

☐ No.

13. If No how, Specify---------------------------------------------------------------
14. Are there obstacles that the firm face while implementing C.S.R activities.

☐ Yes

☐ No.

15. If Yes, specify-----------------------------------------------

16. How does the firm deal with such obstacles?

☐ Following laid down procedures.

☐ Government regulations.

☐ Local authority Act.

☐ Others specify-----------------------------------------------
Appendix 4: Estimated Research Financial Budget

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## Appendix 5: Research Proposal Time Frame

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