# CORPORATE SOCIAL RESPONSIBILITY AND DIVERSITY INITIATIVES OF MULTI-NATIONAL COMPANIES

# A CASE STUDY OF COCA-COLAUGANDA

**BY**

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## DECLARATION

I, **KATO FRED**, declare that this research work under the topic,***“corporate social responsibility and diversity initiatives of Multi-National Companies: A case study of Coca-Cola Uganda”*** is my original work and has never been presented for any degree in any institution of higher learning here or elsewhere.

Signature : …………………………

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Date : ………………………….

#

## APPROVAL

This dissertation has been approved for the award of A Masters of Arts in International Relations and Diplomacy of Nkumba University.

Signature: ………………………

**MR. SEBUYA ROBERT**

(Supervisor)

Date: ……………………………

## DEDICATION

I dedicate my dissertation work to my family and many friends. A special feeling of gratitude to my loving mother Ms. Bashabe Beatrele whose words of encouragement and push for tenacity ring in my ears. My sibling has never left my side and is very special. I also dedicate this dissertation to my friends who have supported me throughout the process.

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## ACRONYMS/ABBREVIATIONS

ASC : Aspen Skiing Company

BFPOs : Bribery of Foreign Public Officials

CBE : Changes in Business environment

CBL : Crown Beverages Limited

CCCS : Cone Corporate Citizenship Study

CGW : Citizenship, Governance and Workplace

CRM : Corporate Responsibility Magazine

# CSD : Carbonated Soft Drink

CSR : Corporate social responsibility

DJSWI : Dow Jones Sustainability World Indexes

EU : European Union

GBT : Global Business Transaction

GpNRDC : Greenpeace and the Natural Resources Defense Council

GPWI : Great Place to Work Institute

HSP : Health and Safety Program

IDE : Intel’s Design for Environment

ILO : International Labor Organization

# LVBCL : Lake Victoria Bottling Co. Ltd

MNCs : Multinational Corporations

NGO : Non-governmental organization

OCTIM : Operate Closer to Target International Markets

OECD : Organisation for Economic Co-operation and Development

PCU : Coca-ColaUganda

R&D : Research and development

UAC : United African Company

UNIDO : United Nations International Development organisation

UWC : United Way Campaign

WB : World Bank

WBCSD : World Business Council on Sustainable Development

## OPERATIONAL TERMS USED

**Governance:** According to CSR RepTrak100 (2013), governance is defined as the company’s responsibly for ethical and open and transparent business dealings. Some of the key practices include creating a positive relationship with the community, taking stakeholders’ interest into consideration when making business decisions, conducting fair and transparent business transactions, and other measures.

**Multi-National Corporations:** According to Dingha (2005), multinational corporations are enterprises which have operations in more than one country. They manage production establishments or deliver services in at least two countries. MNCs conduct a significant proportion of their operation in other countries. Therefore, they can have influence on other countries economic entire environment.

**Polycentric:** According to Onodugo (2013), under this model both the management and the supporting staff are usually selected competitively from the local labour market. The only challenge is that in most cases, these local personnel are hardly ever promoted to work outside their local environment either in other countries where the company has subsidiaries or in the headquarters.

## ABSTRACT

The study was about corporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-Cola Uganda. The study was guided by the following study objectives; i) to establish the corporate social responsibility activities carried out by Coca-Cola Uganda, ii) to analyze the ways in which corporate social activities influence the socio-economic position of Coca-Cola Uganda, iii) to examine the challenges facing corporate social responsibility services in Coca-Cola Uganda and iv) to examine the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda.

From 32 respondents, the study discovered that the company supports community development activities for example it employs Ugandans as agents, drivers, accountant, markets, chemists and other jobs which enables the people to earn income, the company is visible in youth games like University league, sponsoring super Division and Amateur League Beach Soccer. These are events which are very popular in Uganda and give the company field, market place, Television, radio and internet visibility and hence fame and richness. The study discovered that the business concentrates on winning the confidence of the public which threatens its cost reduction strategy, and on the international level, it may gain reputation while domestically, the increment in the cost of production threatens its very existence. Corporate Social Responsibility distorts the market by distracting business from its primary role of profit making because part of the profits is ploughed back into community activities. The company gives back to the community, supports local activities aimed at wealth development as well as wellness and entertainment; this lowers the company’s profitability and reserve funds. The study noted that the Ugandans or consumers are more loyal to the company and as such consume its products.

The study recommended that the company ought to continue supporting community activities and developments such as sports which make everybody know them and their products, and this will in turn boost sales for them and the company’s popularity has become highly recognized, there should be enhancement of contact with the community in order to widen the local market for the Coca cola products and thus control the local market for beverages in order to boost production and company reputation, there should be recognition of the flaws of the company’s corporate social responsibility services in order to find the best way to improve the company’s image in the public and thus boost the sales, sales revenue and tax base and the company should follow the laws governing corporate social responsibilities in Uganda in order to conform to the existing business norms and values and avoid conflicts with any social and national interests.

## CHAPTER ONE

## BACKGROUND TO THE STUDY

## 1.0 Introduction

# The current study was about corporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-Cola Uganda. The study is important because corporate social responsibilities (CSR) are becoming increasingly important in today’s business world. Companies should care about their stakeholders’ interests but at the same time, they should place more emphasis on other areas apart from solely profits making.

## 1.1 Background to the study

## Most people used to think that businesses are taking advantages from consumers. Nonetheless, nowadays stakeholders are not only concern about profits; they are more interested in company regarding various economic, environmental, ethical, governance, and social aspects, since these factors significantly affect the fate of the company in long term. Research has proven that there is a competitive advantage for corporations that have a higher reputation and are more socially responsible in their CSR program. Many multinational companies such as Starbucks, the Body Shop, and Microsoft, establish well-developed code of conduct; they also strive to achieve some social missions in order to do businesses ethically, minimize negative environmental impacts, raise public attention on certain issues, raise funds and donations, increase employees’ job satisfaction, and more.

According to Root (1994), an MNC is a parent company that engages in foreign production through its affiliates located in several countries, exercises direct control over the policies of its affiliates, and implements business strategies in production, marketing, finance and staffing that transcend national boundaries. Also according to Dingha (2005), multinational corporations (MNCs) are enterprises which have operations in more than one country. They manage production establishments or deliver services in at least two countries. MNCs conduct a significant proportion of their operation in other countries. Therefore, they can have influence on other countries economic entire environment.

Krugman and Obstfeld (2003) write that multinational corporations do not come into being from thin air; there must be a form, an organization, and a goal for them to be brought into existence. Many studies that have been carried out in Europe and the rest of developing nations have concentrated on the benefits of Multinational corporations but literature still remains very little when Africa and the rest of the developing nations are touched.

According to Graham (2009), the economic role of multinational corporations (MNCs) is simply to channel physical and financial capital to countries with capital shortages. As a consequence, wealth is created, which yields new jobs directly and through “crowding-in” effects. In addition, new tax revenues arise from MNC generated income, allowing developing countries to improve their infrastructures and to strengthen their human capital. By improving the efficiency of capital flows, MNCs reduce world poverty levels and provide a positive externality that is consistent with the United Nations’ (UN) mission countries are encouraged to cooperate and to seek peaceful solutions to external and internal conflicts.

Consequently, today, Multinational Corporations like the United African Company (UAC), Toyota motors, Coca-Cola, Lever brothers, Mobil oil; Shell BP etc. dominate the landscape of Nigerian economy. These corporations are very rich in all ramifications because of the profit they make in Nigeria. For instance, Nigeria is one of the largest producers of oil in the world which accounts for over 80% of her income. Since this sector of the economy is effectively controlled by multinational corporations who make enormous profit from the industry, one expects that they should spearhead the developmental process of Nigeria but unfortunately the reverse is the case. Most of these corporations have been fingered on several occasions playing active roles in the under development of Nigeria. These corporations are distinguished on the basis of their orientation into "ethnocentric" (home-country oriented), "polycentric" (host-country oriented) or "geocentric" (world-oriented) (Bernadine, 2003).

Many people question the value of practicing corporate social responsibility. Some people may not notice its long-term impacts on the company. An economist, Milton Friedman, makes a controversial statement in his book, Capitalism and Freedom, there is one and only one social responsibility of business to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud (Friedman, 1970). Friedman strongly believes that the responsibility of a company is solely about making profits; a company has no obligation to exercise social responsibilities to society at all. However, many research studies have proven that practicing CSR actually benefits companies significantly when they implement it effectively in the long term.

CSR helps boost the company’s reputation and increases brand awareness (Kotler & Lee, 2005. The company becomes more standout compared to others within the same industry even when they share similar price and product quality. This also increases sales as customers will more likely choose the one that deals with issues they care more about. The 2002 Cone Corporate Citizenship Study has also found that over 80 percent of Americans are willing to switch to another company that supports a good cause and has a positive image. Second, it reduces the operating costs. Some companies who are good corporate citizens focus their CSR efforts on environmental issues. These companies help protect the environment by reducing, recycling or reusing. They also educate employees to be more environmental friendly. Most importantly, they decrease operating costs in the long term as the company saves water, energy or other overhead expenses that are not noticeable. Third, these companies become more recognizable in their CSR practice. Eventually they can reduce advertising costs on their CSR programs. Lastly, companies with a high reputation and positive image retain employees and attract more talent to work in a socially responsible company.

Current employees feel more honored to work in a company that has implemented a great CSR program than those who do not. Kotler and Lee (2005) have also found that about 80 percent of people prefer not to work in a company with bad reputation on its CSR practice. Friedman (1970) has argued that companies are not serving the best interests of shareholders, employees, and customers if they choose to invest part of the capital into practicing CSR activities. Instead, companies should act towards their desires only, which is to be as profitable as they can be. Yet, the trend is changing. It is shown that 90 percent of people expect more from companies apart from making money (Kotler & Lee, 2005).

Shareholders seek to invest in a profitable company with a higher reputation on social aspects. Consumers emphasize more on the value, quality and brand image other than the price.Thus, it is significant to consider having a CSR program in today’s business. CSR needs to be implemented in the organization not just as an image building exercise, but can be a source of competitive advantage to ensure sustainable business development (Sharma & Mehta, 2012).

Integrating a socially responsible culture into companies can bring value-added benefits and result in more superior performance; it leads toa more engaged workforce, a more secure license to operate, a more loyal and satisfied customer base, better relationships with stakeholders, greater transparency, a more collaborative community, and a better ability to innovate (Eccles, Ioannou&Serafeim, 2012).

These findings support that being a socially responsible company will potentially become a competitive advantage in the long run. It will also createa win-win situation that is beneficial to the development and reputation of the company while contributing back to the community and protecting the environment. To become a successful company, building reputation and gaining trust from people are very important. Reputation has become one of the priorities for stakeholders and public to determine whether a company istrustworthy and able to meet their expectation (CSR RepTrak100, 2013). Over 60 percent of people believe that companies should focus more on managing their reputation in the coming years. Having a distinguished corporate social responsibility program is one way to enhance companies’ reputation and build a good image. Over 70 percent of people would spread positive words out to others when companies obtain higher than 80 points in their CSR score as determined by the Reputation Institute. The institute is a famous corporate reputation consulting company, which has done extensive studies to rank the top 100 most reputable multinational companies annually; it involves over 55,000 participants in the 15 largest economies across the world.

According to the CSR RepTrak100 in 2013, the institute measures companies’ reputation through seven dimensions including workplace, governance, citizenship, financial performance, leadership, products and services, and innovation. Stakeholders expect successful companies to be the leaders in all seven dimensions. Among these dimensions, citizenship, governance, and workplace are the major components of CSR. Nearly half of the respondents assess companies by looking at their corporate social responsibility practices; thereby it is significant to prioritize these three components in a company’s CSRpracticein order to build its reputation.

Citizenship Under the citizenship aspect, it is considered whether the company is a good corporate citizen it supports good causes and protects the environment (CSR RepTrak100, 2013);businesses engage in issues that are happening in the community, country or even the world and contribute their efforts to create changes. Multinational companies have a bigger role in their corporate citizenship as they need to address issues that have a dramatic impact on the future of the globe, such as climate change, water shortages, infectious diseases, and terrorism. Other challenges include providing access to food, education, and information technology; extreme poverty; transnational crime; corruption; failed states; and disaster response and relief. Each of these problems is global in scope, even if the solutions may be locally focused (Schwab, 2008).

One initiative companiesoften engage in is corporate philanthropy, which is also closely associated with corporate citizenship. It refers to direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services (Kotler & Lee, 2005). Many companies practice their corporate citizenship through philanthropic giving, which ranges from donating money, services, or products to nonprofit organizations, charities and communities, partnering with organizations to raise public awareness on certain issues, granting scholarships to students, offering technical expertise, knowledge, and skills, and more. Tom Monahan, the chairman of the 2012 United Way Campaign in Kentucky established a campaign, which was to blow away the stereotype of greedy companies interested only in the bottom line.

Craig (2013) noted that the campaign encouraged businesses to practice philanthropic social responsibility. The “Partners in Philanthropy” publication encouraged small, medium and large sized corporations to donate money to non-profit organizations in their city; the Gifts in-kind work rewarded companies that donated products and gifts to the community to help low-income families. Businesses also highly encouraged their employees to volunteer at local non-profit organizations, and they would get a double bonus by doing so. The activities brought benefits to the community and drew attention from the public and media; they also aimed to improve the employees’ morale, provide career development, and boost their incentive to engage in more volunteering activities in the future.

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

At Cisco, their goal is to conserve energy. They implement the plan it right campaign that advocates efficient use of energy when designing plants and facilities. They use new energy saving technology to build their headquarters in San Jose, California. They also go much beyond California’s minimum requirement in energy conservation standards. The result is very encouraging and impressive. The energy they save is sufficient to provide power to 5,500 households. With the new plant design and energy saving facilities, they reduce 50 million pounds of carbon dioxide emissions and 14,300 pounds of nitrogen oxide emission per year. Cisco’s energy conservation approach lowers their operating costs, and most importantly, minimizes the environmental impact (Kotler & Lee, 2005).

The CSR performance of a company is measured by the triple bottom line, which consists of three areas: social, financial and environmental. The social bottom line mainly measures the company’s performance with respect to employees, suppliers, and society. The financial aspect assesses the company’s profitability by examining their financial statements. The environmental area looks at the company’s sustainability in their operations by measuring their carbon emissions, water and power usage, product recycling and so forth (Creel, 2010).

Governance is defined as company is a responsibly-run company it behaves ethically and is open and transparent in its business dealings (CSR RepTrak100, 2013). Some of the key practices include creating a positive relationship with the community, taking stakeholders’ interest into consideration when making business decisions, conducting fair and transparent business transactions, and other measures(Crane, McWilliams, Matten, Moon, & Siegel, 2008). Nonetheless, an ethical company not only does business ethically in front of the public; it also requires an ethical corporate climate and consistent actions behind the scenes. Each company has a unique organizational culture where it brings huge influences to subordinates’ behaviors, the decisions they make, and the goals they strive to achieve.

Crane et al., (2008) explain that, culture holds the key to charting a socially responsible path for the firm. Having an ethical corporate climate requires a company to integrate these principles inside the company as well. They can incorporate the principles and rules explicitly into their code of ethics and mission statements. They also provide ethics workshops for employees, channels for reporting internal unethical behaviors, and rewards for being an ethical employee in the company. These help foster a positive organizational culture inside the company, so employees have a stronger sense of what behaviors and actions are considered appropriate, right, and ethical.

Aspen Skiing Company (ASC) would be an example of a company demonstrating their ethical behaviors to the public. ASC is the “Go Green” initiators in the skiing industry in sustaining the environment. The company believes that it is part of their corporate principles and important values to be socially responsible to society. ASC participated in a boycott with Greenpeace and the Natural Resources Defense Council against Kimberly Clark tissue products, which was a supplier to ASC and was engaged in environmental malpractice. It is unusual to see a company willing to take action to boycott their own supplier and report what the other company has done wrong. Although it was risky for ASC, the company believed that it is farmore important to follow ethical standards when doing business. This also creates a positive role model for other companies to follow (Michelson, 2010).

Workplace, in the context of CSR, refers to an appealing place to work it treats its employees well (CSR RepTrak100, 2013). It is especially important not to omit employees in the CSR program as employees are an important stakeholder in carrying out the company’s CSR program(McElhaney, 2008). Companies that care about their employees help increase employees’ satisfaction and morale, lower turnover rate, attract more talent, ensure workplace safety, and establish excellent work relations with employees (Kotler & Lee, 2005).

According to the study done by the Great Place to Work Institute, employees are more willing to take risks and bring more creative and innovative ideas to the companies (McElhaney, 2008). The study discovers that companies that pay more attention to their employees and their well-being enjoy higher levels of customer satisfaction and customer loyalty. Establishing employees loyalty to the company is as important as building customers loyalty because employees are representing the company and the brand. Employees also have more interactions with customers, so they often have higher chances to listen to the customers and know their tastes better. Therefore, companies should not only focus on the external side of CSR such as supply chain, environment, human rights, philanthropy, and so on. They also need to include internal CSR, which refers to diversity, employee’s privacy, health and wellness, job satisfaction, and more.

Intel ranks the top on employee relations in the world according to the 100 Best Corporate Citizens List done by the Corporate Responsibility Magazine (CR’s 100 Best Corporate Citizens, 2013). Apart from building good relationship with employees, Intel also places high emphasis on workplace safety; one of their goals is to create an injury-free workplace. Through continuous process changes, promotions, employee and manager commitment, their active involvement, and partnering with suppliers, Intel’s Design for Environment, Health, and Safety program has established the world standard. They also increase employees’ safety practices and keep up with the zero-injury record. Intel’s managers are committed to achieving the goal together with their teams as well. As a result, Intel is renowned for having the safest workplace and environment for their employees (Kotler & Lee, 2005).

# Mbabazi (2013) states that 20 years after the ownership of the former government-owned Lake Victoria Bottling Company was transferred to Crown Beverages Limited- a company owned by 3 local shareholders, there is cause to celebrate, thanks to years of investments and stable management that has seen the company grow and is on course to become an industry leader in the heavily competitive Carbonated Soft Drink (CSD) industry.

# Lake Victoria Bottling Co. Ltd started production in 1951 as the franchisee bottler for CocaCo, but was in 1993 privatized to a consortium of local investors, who renamed it Crown Bottlers Ltd. In 1997, International Coca-Cola Bottler Investments, a South African firm acquired a 51 percent stake in the company and renamed it Crown Beverages Ltd. In 2001, the 3 local shareholders, Amos Nzeyi, Chris Kayoboke and Dr Margaret Kigozi re-acquired 100 percent control of the company. Following decades of investment that has seen 4 new glass bottling lines and 1 plastic packaging line added to the Nakawa-based plant and several new products introduced, the company today has witnessed unprecedented growth and is today one of the leading employers and tax payers in the country.

# Over the last 20 years, we have made significant investments into new products, bottling lines thereby creating more demand and loyalty for our brands. The market has rewarded us with more loyalty, allowing us to grow our sales volumes from by 900% from 2milllion raw cases (2.4m 8 oz cases of soda) in 1993 to 20m raw cases (25m 8 oz cases) in 2013 6 (AmozNzeyi, 2013). Nzeyi, who was speaking at stakeholder dinner to mark the 20th anniversary, held at Kampala Serena Hotel, said that following 20 years of solid and profitable performance, the company, had set a foundation for a more robust growth. The last 20 years have been such a great experience. We believe, we have set a more solid foundation on which we shall build an even greater company over the next 20 years so as to leverage growth opportunities within Uganda. I have no doubt that with the support from CocaCola, a dedicated local team as well as the huge love from our consumers; the next 20 years, will be even greater.

# Lugoloobi (2013) attributed the growth of the company to consistent investments into the right product mix that has offered consumers more choice as well as the brands’ unswerving engagement with their consumers, which has increased loyalty and created stronger relationships. One of our major success stories in the past 20 years has been our ability to not only grow the strength of our existing brands but the ability to bring new brands to life and oversee their successful growth into key brands,” he said, adding: A case in point is Mountain Dew that was launched in the market 4 years ago but has grown to become one of Uganda’s most loved Soda brands appealing to consumers all over the country. This plus the staying power of Coca and Mirinda have helped catapult us to a position where our brands are some of the most highly rated in the market.

# Lugoloobi, stated the company’s brand portfolio includes: Coca-Cola, the flagship brand, Mountain Dew Mirinda (Fruity, Orange, Pineapple and the recently launched Mirinda Green Apple), 7UP and Evervess. These are available in 300ml returnable glass bottle, 500ml, 1 litre and 2 litre recyclable plastic bottles. Nzeyi (2013) noted that the company also bottles mineral water under the Peak brand. Saad Abdul-Latif, reiterated CocaCola’s growing interest in Africa and said that the global foods and drinks giant, is committed to consolidating its recent gains in Uganda and elsewhere on the continent, as the next drivers of growth. Africa is the next Asia. The continent is the developing world’s next great success story and at CocaCola we want to be right at the centre of that success story, working with local teams to leverage our years of best practices and the world’s best brands so we can together match to a great future. The Crown Beverages story is one of those inspiring stories that should be shared with many of our entrepreneurs and owners of start-ups who are still struggling. They need to understand that success is not an overnight affair and nor is it a smooth road- but rather a result of hard work, resilience and personal sacrifices, all towards a common vision.

## 1.2 Statement of the problem

# Crown Bottling Company or better known as Coca-Cola Uganda Limited has been involved in Corporate Social Responsibility activities heavily in the last two decades supporting games and sports, and other social events, but as Katamba et al., (2012), the current lack of awareness of responsible practices and opposition and conflict between companies and local communities are cited as impediments to companies' involvement in Corporate Social Responsibility activities. In light of this study, Coca-Cola Uganda Limited (Lugoloobi Mark, 2013) faces challenges in her attempt to prevail in the Corporate Social Responsibility but she is often frustrated and outwitted by other powerful competitors, which has largely made it hard for her to ably influence the social, economic and cultural issues of the Ugandan society which is the reason why she is not very competent in the Corporate world.

# Despite the fact that the company is competent in sports, social and cultural aspects, she continues to have a weak Corporate Social Responsibility face in the public of Uganda, thus the current study will Managers are not motivated towards Corporate Social Responsibility in either external factors such as attracting and retaining customers, enhancing reputation and operational efficiencies to achieve competitive advantage or internal factors such as Corporate Social Responsibility policies, employee welfare and Corporate Social Responsibility reporting. Katamba et al., (2012, Sampio et al., 2012), another significant finding is that the responsibility to initiate, administer, and monitor Corporate Social Responsibility activities is largely vested in middle‐level managers. These factors pose many challenges to Corporate Social Responsibility implementation in the organization. The current study examinedthe corporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-Cola Uganda.

## 1.3 Purpose of the study

The study examined corporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-Cola Uganda.

## 1.4 Study objectives

1. To examine the corporate social responsibility activities carried out by Coca-Cola Uganda.
2. To analyse the ways in which corporate social activities influence the socio-economic position of Coca-Cola Uganda.
3. To examine the challenges facing corporate social responsibility services in Coca-Cola Uganda
4. To examine the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda.

## 1.5 Research questions

1. What are the corporate social responsibility activities carried out by Coca-Cola Uganda?
2. What are the ways in which corporate social activities influence the socio-economic position of Coca-Cola Uganda?
3. What are the challenges facing corporate social responsibility services in Coca-Cola Uganda?
4. What are the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda?

## 1.6 Scope of the study

The study scope comprises the geographical scope, content scope and time scope as shown below;

## 1.6.1 Geographical scope

The company is known as Coca-Cola Beverages Africa (CCBA) in Uganda bottles some of the world's iconic non-alcoholic ready-to-drink beverages. It’s located on, Plot 964 Kyaggwe, Namanve Industrial Area, Jinja Road

## 1.6.2 Content scope

This study focuses on corporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-Cola Uganda. The study usedCoca Cola as the case study where data was obtained regarding the corporate social responsibility activities, the ways in which corporate social activities influence the socio-economic position, the challenges facing corporate social responsibility services and the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda.

## 1.6.3 Time scope

The study covereda period of five years from 2016 to 2021. This particular period was considered because various reports and field work will reveal the extent of the phenomenon with closer and more vivid memories of events, and the written information was fresh for consideration, hence the period was crucial.

## 1.7 Significance of the study

The findings of the study may be of utmost importance to various stakeholders in the following ways:

1. The findings of the study will help the management of government and the ministry in charge of disaster management particular and other areas implement refugee support issues in Uganda.
2. The study will act as a basis for the Ministry to revise its policy on refugee services.
3. The study findings strengthen the body of knowledge on the theory about refugee management.
4. The findings of the study can be used as a basis for further research in the fields of disaster management wherever it can be implemented.
5. When accomplished, the researcher will be able to obtain the academic award of the degree of bachelor of public administration and management of Nkumba University.

#

## 1.8 Conceptual framework

**Independent variable Dependent variable**

**Diversity initiatives of multi-national companies**

* Supporting social mobilization initiatives
* Supporting learning events
* Provided support for local sporting events

**Corporate social responsibility services**

* Donating money, products or services to social causes
* Ethical labor practices
* Volunteering

**Moderating variables**

The CSR policy

The national legal system

The role of competitors

***Source: Sen, Kunal and Dirk Willem teVelde (2009), and modified by the researcher, 2021***

From the conceptual framework which attempts to focus the study on examining corporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-Cola Uganda, two variables (Independent and Dependent variables) aided by the moderating variables are shown in the diagram and their relationship depicted. The independent variable which is corporate social responsibility services comprises donating money, products or services to social causes, ethical labor practices and volunteering whereas the dependent variable which is diversity initiatives of multi-national companies comprises supporting social mobilization initiatives, supporting learning events and provided support for local sporting events. These are moderated by The CSR policy, the national legal system and the role of competitors.

## 1.9 Justification of the study

Simultaneously, because of the vast readings about CSR and the limited scope of the assignment, the analysis is restricted to characterize the most important factors of MNC's and their main approaches to CSR. It is a superficial characterization and critical discussion to utilize for further academic research, which, only aims at exploring different points of view about MNC's and their CSR strategies to enhance their performance (Drucker, 1997), reinforcing this term, Meier and Schier (2001), cited in Steinbockova (2007), state that a MNC is considered a company, in which, at least one production unit is operating in a foreign country. A coherent CSR strategy includes an active participation of corporations in the local markets. Indeed, it is argued that MNC’s compete with nation-states in power and it is common to note MNC's that manage more financial resources and power that some nation-states. In fact, in the globalised world, the financial powers present no barriers producing an enormous mass of world money (Drucker, 1997) and this mass of world money can be more than nation-states, in which, a MNC subsidiary is, creating the compromise to assist local community in some way. This is one of the characteristics of the global economy, and MNC's, observe the globe as a profitable market as essential economic resolutions are made by the global economy, not from the nation-states (Drucker, 1997) and it provides responsibilities to MNC's.

According to Coombs and Holladay (2011), currently, the validation is done through CSR and their motivations are not that important if CSR initiatives have a positive impact on the environment and society. Banerjee (2007) the unique social responsibility of a corporation is to use the resources it manages to increase its profits without fraud, lies or illegal actions. As shown above, this position only considers the ethical in business issues as a sufficient element of CSR. It is a limited perspective, but it is recognized that there are ethical rules for being a profitable MNC. The study examined the corporate social responsibility and diversity initiatives of multi-national companies under the subthemes that is the corporate social responsibility activities, the ways in which corporate social activities influence the socio-economic position of Coca-Cola Uganda, the challenges facing corporate social responsibility services and the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda.

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## CHAPTER TWO

## LITERATURE REVIEW

## 2.0 Introduction

This chapter focuses on the review of literature about corporate social responsibility and diversity initiatives of multi-national companies. The review comprises the review of key concepts/ variables, the corporate social responsibility activities carried out by multi-national companies, the ways in which corporate social activities influence the socio-economic position of multi-national companies, the challenges facing corporate social responsibility services in multi-national companies and the strategies for enhancing corporate social responsibility services and socio-political and economic performance of multi-national companies.

## 2.1 Review of literature on the key concepts: corporate social responsibility and multi-national companies

The following section focuses on the review of literature on the independent variable and dependent variables as key concepts;

## 2.1.1 Corporate social responsibility

Corporate social responsibility also called corporate sustainability, sustainable business, corporate conscience, corporate citizenship, conscious capitalism, or responsible business is a type of international private business self-regulation. While once it was possible to describe CSR as an internal organisational policy or a corporate ethic strategy,(Wood Donna, 1991; Mackey, John and Sisodia, Rajendra, 2013; Lin, Tom , 2018; Sheehy, Benedict, 2015; Malhotra Dann; 2009 and Sheehy, Benedict, 2012) that time has passed as various international laws have been developed and various organisations have used their authority to push it beyond individual or even industry-wide initiatives. While it has been considered a form of corporate self-regulation for some time, over the last decade or so it has moved considerably from voluntary decisions at the level of individual organisations, to mandatory schemes at regional, national and even transnational levels.

The concept of CSR can be traced back to the 18th century when organizations became to recognize the crucial role of having an efficient workforce .Insufficiencies in food, housing and healthcare had serious negative impacts on the workforce’s productivity and keeping these impacts in considerations, companies moved to invest in medical facilities, housing and subsidized food for their own employees. From the organizations’ point of view this philanthropic was really coming from an enlightened self-interest (Brown, 2005).

The modern CSR concept started to be commonly used between the 50’s and 60’s of the last century as a result two main principles. The first principle can be understood in charity suggestion which is that those who are well should give to those less fortunate. The second one is the stewardship principle which claimed that companies have an obligation to serve the public’s interest as a return of the power and wealth that companies enjoy from the society they work within and they should therefore serve the society’s needs. From other perspective, serving the society changed how companies were perceived by governments, press and other groups which led to the birth of new more socially responsible laws. (Sims, 2003)

## 2.1.2 Multi-national companies

A multinational corporation is usually a large corporation incorporated in one country which produces or sells goods or services in various countries. The two main characteristics of multinational corporations are their large size and the fact that their worldwide activities are centrally controlled by the parent companies (Doob, Christopher, 2014). The multinational corporations are engaged in importing and exporting goods and services, making significant investments in a foreign country, buying and selling licenses in foreign markets, engaging in contract manufacturing that is permitting a local manufacturer in a foreign country to produce their products and opening manufacturing facilities or assembly operations in foreign countries.

Multinational corporations may gain from their global presence in a variety of ways. First of all, Multinational corporations can benefit from the economy of scale by spreading R&D expenditures and advertising costs over their global sales, pooling global purchasing power over suppliers, and utilizing their technological and managerial know-how globally with minimal additional costs. Furthermore, Multinational corporations can use their global presence to take advantage of underpriced labor services available in certain developing countries, and gain access to special R&D capabilities residing in advanced foreign countries (Eun, Cheol S.; Resnick, Bruce, 2014).

## 2.2 The corporate social responsibility activities carried out by multi-national companies

According to Edexcel (2018), there are many reasons why a business may wish to become an MNC and these factors have also fuelled the rapid growth of MNCs in recent decades. These reasons include to Operate Closer to Target International Markets that is producing closer to target markets has several potential advantages, including reduced transport costs (which will be important for bulky goods) and improved market information and intelligence, gaining access to lower costs of production that is many MNCs have taken advantage of lower production costs from operating in developing economies. In some cases this can be achieved by outsourcing and off shoring production to suppliers based in those economies. However, for other businesses, it is more beneficial to set up their own operations in order to service domestic demand as well as supply demand in the host and nearby countries. Many MNCs now have highly complex supply chains integrating their operations in many economies.

Eduqas (2018) added that by producing in a host country, an MNC may be able to avoid restrictions on imports such as tariffs and import quotas. The global economy has witnessed the rapid growth of MNCs for a variety of reasons, including global brands seeking to drive revenue and profit growth in emerging economies in particularly seeking rising demand from increasingly affluent consumers, the search for economies of scale, whereby MNCs can reduce unit costs by supplying global demand by concentrating production in a few key international locations and the perceived need to supplement relatively weak demand in existing, developed economies.

Kotler & Lee (2005) stated that apart from building good relationship with employees, Intel also places high emphasis on workplace safety; one of their goals is to create an injury-free workplace. Through continuous process changes, promotions, employee and manager commitment, their active involvement, and partnering with suppliers, Intel’s Design for Environment, Health, and Safety program has established the world standard. They also increase employees’ safety practices and keep up with the zero-injury record. Intel’s managers are committed to achieving the goal together with their teams as well. As a result, Intel is renowned for having the safest workplace and environment for their employees.

According to Corporate Responsibility Magazine (2014), multi-national Companies rank their activities on individual aspects of CSR including environment, climate change, human rights, and employee relations, corporate governance, philanthropy and finance. Microsoft ranks within the top 10 in most areas except climate change, and employee relations. It gets the top in both corporate governance and philanthropy while ranking second on the list for human rights.Based on the Microsoft citizenship report in 2012reported in theMarketing Week, Microsoft gave more than $900m in cash and software to nonprofits worldwide last year, reduced its carbon emissions by 30 per cent per unit of revenue, and made the company's biggest ever investment in overall employee compensation (O’Reilly, 2013).

According to the Reputation Institute’s CSR RepTrak 100 study, this is the second year that Microsoft has been chosen to be the top company with a well-implemented corporate social responsibility program that is renowned in the world. The institute concludes that the top four companies including, Microsoft, the Walt Disney Company, Google, and BMW all have a strong perception when it comes to Citizenship, Governance, and Workplace (CSR RepTrak100, 2013). Microsoft is committed to running their business equally, ethically, and openly. For instance, the environmental sustainability director Josh Henretig mentions that the company voluntarily discloses information through the Carbon Disclosure Project (Lajoux&Soltis Martel, 2013). The company has always scored highly in the CSR ranking. It also receives top rankings on reputation in three regions, including North America, Latin America, and Asia Pacific (Smith, 2013).Microsoft exemplifies a socially responsible company that is consistent and complies with its CSR commitment. Apple. On the other hand, Microsoft’s rival inthe IT industry, Apple, is recognized as the most innovative company in the 2014 Global RepTrak 100 study (Reputation Institute, 2014)

Nevertheless,other than their high-tech products that capture worldwide attention, Appleisnot famous for their CSR practices. It is not found on the list of the 100 Best Corporate Citizens for2013. Apple also ranks ninth in the 2013 CSR RepTrak 100 study, which ranks lower than Microsoft (CSR RepTrak100, 2013). Apple establishes a suppliers’ responsibilities report each year. However, the credibility of their report is much lower since the media constantly reveals news regarding problems found in their supply chain and workforce overseas (“Examining Apple's Core, 2012). Apple refuses to disclose their carbon emissions and participate in it at all; it is the biggest global IT corporation that is not willing to join the Carbon Disclosure Project, which is an international, non-profit organization that measures and discloses companies’ environmental information(Blanchard, 2012). They also ignored their suppliers ‘working conditions and standards. It is revealed that over half of the workers in Apple’s supply chain work over 60 hours per week and many suppliers do not follow safety standards. They have a bad reputation on regulating or monitoring their supply chain apart from the environmental issues.

Misbehavior (SACOM) group protested that “profit maximization is the ultimate corporate principle, under which workers’ dignity and well-being are of no concern “after a four-month underground investigation in the FoxconnFactory, the largest supplier of Apple’s products. They also mentioned that the working condition there is life without dignity. Many young workers could not stand the horrible environment and committed suicide (Lucas, 2013). These issues have raised public awareness, and they have questioned

Corporate responsibility describes positive ways through which multinational companies may affect the society in which they operate. The World Bank and the World Business Council on Sustainable Development (WBCSD) define CSR as the commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development (SIDA, 2005). Additionally, even though the term has been subject to many different meanings, CSR includes ensuring that the private sector does not contribute to violations of human rights and promotes the respect of these rights the respect of core labor standards ensuring that local communities benefit from large companies’ operations in developing countries responsible management of environmental impacts of a company’s operations, including emissions, waste and use of sustainable resources avoidance of corruption and the increase in transparency in business practice incorporation of social and environmental criteria in procurement decisions.

According to Sen. and Bhattacharya (2004), there a lot of corporate social responsibilities initiatives and these can be categorized into six categories of activities within CSR. Those activities are more in depth descriptions of different ways of companies to engage within CSR. Companies can get involved in one or more of those activities. The chosen criterions are based on what CSR activities that customers consider important and therefore the company has to invest money, time and goods. The six different types of activities are:

1. Community support: the company can provides and support several programs in their community such as arts, health, education, and housing initiatives for those who are poor but also generous and innovative giving accurse.
2. Diversity: the company works for and supports the diversity of sex, race, family, sexuality, and disability.
3. Employee support: the company supports questions regarding safety, job security, profit sharing, union relations, and employee involvement.
4. The environment: the company uses environmental friendly products such as ozone depleting chemicals etc. They have a well-developed dangerous waste management and pollution control and recycling system. They also avoid testing methods involving animals.
5. Non- domestic operations: the company ensures that operations in counties with human rights violations and labor practice such as sweatshops are prevented.
6. Product: the company produces safe products and developed new innovations.

The significance of corporate responsibility has become increasingly important because of (UNIDO, 2002). Globalization and the growth in competition increased size and influence of companies retrenchment or repositioning of government and its roles war for talent; companies competing for expertise growth of global civil society activism increased importance of intangible assets.CSR has mainly been a response to pressure from consumers, civil society, large enterprises and governments which have forced companies to become more environmentally and socially responsible due to environmental pollution, human rights abuses and exploitation of labor in supply chains. In the meantime, multinational companies have realized strategic importance of being further responsible (UNIDO, 2002). A major problem is that the corporate responsibility debates have been mainly focused on the large MNCs behavior and their impact on developing countries and emerging markets.

## 2.2.1 CSR Stakeholders

Johnson, Scholes and Whittington’s (2005) definition the concept Corporate Social Responsibly includes the phrase “obligations to stakeholders”, which shows the importance of stakeholders in such tasks. Stakeholders are those individuals or groups who depend on the organization to fulfill their own goals and on whom, in turn, the organization depends”. Interfering interest from several stakeholders are common and usual, compromises throughout different stakeholder’s expectations are achieved, because all expectations cannot be accomplished all in once.

While implementing corporate and social responsibility it is crucial to identify stakeholder groups targeted by the organization as well as prioritize between different stakeholder groups. For example a company highly vulnerable to criticisms usually prioritizes media and non-governmental organizations to a further extent than a company not as vulnerable to criticisms (Lohman&Steinholtz, 2003)

Kotler and Lee (2005) mention that they have identified six major initiatives in the era of Corporate and social responsibility, and the most of corporation’s CSR activities falls into one of these six initiatives. These initiatives have different potential benefits and possible concerns. Table 2.2 briefly describes the six CSR initiatives called cause promotions ,cause related marketing ,corporate social marketing, corporate philanthropy ,community volunteering ,and socially responsible business practices and also potential benefits and concerns.

## 2.2.3 Factors influencing corporate social responsibility

This section will be discussing the major factors that have great influence on the corporate social responsibility as well as the global factors that firms have to consider while going from domestic market to foreign markets will be discussed. Due to the globalization and the evolving of international businesses, people have to interact with others from different countries and cultures to become successful. Even though the foundation of the CSR is equally worldwide, there are differences in the context between countries. These differences regarding the responsibility of Social Corporation are reflections of four main factors which are culture, regulation and laws, NGOs and global standards. Since these factors differs from country to country, there are different values that will influence the society‘s expectations about the company (Burton, Farh, Hegarty, 2002) When establishing CSR in the home country the company evaluates the options in that country. However the CSR that is based on the factors in the home country will not necessarily will be appropriate for the global CSR. An organization has to identify the differences among these factors both home and foreign country in order to choose an effective approach to the CSR.(Galbreath,2006).The literatures used were selected because of their relevance and that they are often referred to in other previous studies with a global CSR.

Culture factors, observing the culture factor are crucial to look at Hofstede’s cultural dimensions .Hofstede studied IBM employees from 70 countries and based on this he analyzed countries regarding different culture behaviors. His dimensions give an insight into other countries’ culture to be more effective when doing business internationally (Greet-hofstede.com).

Individualism and collectivism, in (Phataket al.2005) Hofstede referred to individualism as “a social pattern that consists of loosely linked individual who view themselves as independent of groups and who are motivated by their own preferences, needs, rights, and contracts”. They also define collectivism as a social pattern that consists of closely linked individual who view themselves as belonging to one or more groups and who are motivated by norms, duties, and obligations identified by these groups. These definitions indicate that firms which operate in individualistic societies are expected to care less about the company’s impact on society .However, Ringov and Zollo (2007) state that this dimension has no significant influence on the social and environmental performance based on their research.

Power distance, and according to In Phatak et al. (2005) power distance is described as “the extent to which extent less powerful members of institutions and organizations within a country expects and accept that powerful is disturbed unequally”. Ringov and Zollo (2007) claim that companies that operate on countries with low power distance discuss social and environmental aspects openly and therefore perform better in this area than those with a high power distance. They further claim that countries with high power distance consider more business practices as ethical compared to low power distance countries. They conclude that this dimension effect the social and environmental performance.

Uncertainty avoidance, the extent to which a member of a culture feels threatened by uncertain or unknown situations” is the meaning of Uncertainty avoidance provided by Hofstede in Phatak et al. (2005). Ringov and Zollo (2007) state that organizations that operate in a country with high level of uncertainty avoidance will have harder socially adaption as well as complicated environmental demands and therefore will take less initiatives regarding those issues. However, their research does not support this theory and has no obvious impact on both social and environmental performance.

Masculinity and femininity, going back to Hofstede, it defines masculinity as “pertains to societies in which social gender roles are clearly distinct “and femininity as” pertains to societies in which social gender roles overlap”. Companies that work in higher level of masculinity countries are anticipated to prioritize material success and progress than cooperation which is known to be a sign of weakness. Ringov and Zollo (2007) research supports the theory that claims that dimension has an impact on the social and environmental status.

Burton et al.(2000) indicate that understanding of the culture of the country that a company wants to establish in is crucial to understand. Phatak et al. (2005) mentioned that the child labor is a common Childs’ rights violation in developing countries and few companies have avoided it in their all productions lines. It is not unusual that children are working 12 hours a day for extremely low wages. In many cultures it is considered not only unethical but also against labor laws to workers while in other cultures this is about surviving and keeping the children out of the streets and doing crimes.

Andriof and McIntosh (2002) explain that cross-culture factors are becoming important when doing international business. That there will not be a successful business if there is no understanding for the other party’s culture beliefs, religion, and values. This should also be taken into consideration in the home country since there are different people with different background, religion, and cultures integrated in the modern societies. These aspects are becoming more important in business’s CSR today. Another way to look at the culture besides Hofstede’s cultural dimensions is by viewing it through what (Kampf,2007) refers to as a cultural system.

## 2.2.4 Cultural systems and corporate social responsibility

According to (Genest, 2005) international corporate social responsibilities are more complicated than they seem, nevertheless given cultural standards among universal practice, all categories of corporate philanthropy procedures are required to be aligned with the culture values regarding specific countries and suit multicultural stakeholder’s that MNCs have in the global market currently.

From another point of view, Kampf (2007) states that generally the most holistic way to overlook at CSR through different cultures is by cultural system perspective (figure 2.2).The main reason for using culture system model is that the model tries to illustrate both stakeholders and their interference with the company, this by presenting the company as a part of the cultural system (one part of institutional consequences) instead of the hob of the system.

According to Kampf (2007) “The cultural systems approach is to understand corporate responsibility opens up the opportunity for researches to explore the connection between local culture in which multinational company headquarters are suited and the global influences which are becoming increasingly important and influential business becomes increasingly globalized”. One part of the cultural system that is getting much more interest in the current CSR debate is the nongovernmental organizations.

Galbreatth(2006) argues this dilemma and found out that it is a fundamental issues whether a company should establish their CSR based on the country’s or the foreign country’s cultural standards. Companies might choose to not operate in the countries where they have major differences than the expected from their CSR. In some cases they might use an adapted CSR to the foreign country which is different from the one used in the home country. Galbreath (2006) stated Sony as an example; Sony has standardized and implemented a global CSR worldwide. Using a universal CSR globally can be preferable in some regions but it is important to differentiate cultures in order to acknowledge when and where adoptions are necessary. (Burton et al.2000) supports the theory that different culture will react differently to a company’s CSR.

## 2.2.5 Non-governmental organization

Princeton University‘s WorldNet defines non-governmental organization NGO as an organization that is not part of the local or state or federal government. (John,2001) states that NGOs usually are either ideas based or identify-based or both. Ideas-based NGOs focus on human rights, education, equality, environmental sustainability, and others, while identify based NGOs focus on indigenous, female, homosexual, and others. Many NGOs have causes that are crossing and combing these two bases. (Galbreath, 2006) classifies the NGOs into three different groups that are based on what they do. There are operational, advisory, and advocacy .Operational NGOs offer their services to the society in areas such as education, health, disaster relief. Advisory NGOs offers different advice and information and works as consultant. Advocacy involve in lobbying activities with governments and other organizations in order to influence their decisions concerning policies for business. The question whether to customize the CSR to the host country due to the impact of NGOs in that country needs to be discussed by company when going abroad. The decision whether to customize or might not vary and is based on the company’s policy and goals.

Freeman (2006) emphasizes that “the power and impact of NGOs cannot be overstated, emerging from almost nowhere to challenge multinational corporations”. He exemplifies this with Nike and Gap who were accused by NGO’s that there were using sweetshops .After this a lot of companies in different sectors have been confronted by NGO’s regarding different issues. This showed up in this business have gained a lot of respect for NGOs ability to solve out these types issues. Furthermore he claims that the NGO’s are institutions that influence business to engage in CSR more than most of others. NGOs expect companies’ willingness to admit when they have major problems or less performance as the most important aspects due to transparency. Two multinational companies that had been earlier accused by NGO solved the problem by setting a new standard for transparency .Nike and Gap chose to show the public all their suppliers and what problems they had with violations with their own CSR. Freeman (2006) concludes that “NGO relations are becoming almost important as investor relation especially from a corporate reputation and communication perspective”.

John (2001) said that the developing CSR trend and its unstoppable popularity have arisen as a result of the pressure that the NGOs have on companies. NGOs lead companies to be “good citizens”, which means supporting the NGOs objectives. NGOs often apply pressure on companies not behaving ethically correct but they are also involved in applying pressure in companies not behaving legally correct.

## 2.2.6 Laws and Regulations

Legal responsibility is a crucial component of global CSR according to Carroll (2004).Companies have to follow the law in each country since it sets the norms of what acceptable and unacceptable. If laws and regulations are not obeyed it can damage the country’s reputation and image on the market. All countries have suctioned legal systems which vary in each country. This implies that the expectations on the company will also vary. Significant differences have to identified before going to the business in foreign country.Galbreath (2006) says that laws are generally imposed by government when the companies and the market have failed to “ensure fair competition, safe products, air and equitable working conditions and a clean healthy environment “.Laws are also developed by respect to different social responsibility aspects, usually demanded from agencies or organizations within that area.

From what mentioned earlier, it has to be said that there are also laws that are more global, Phatak et al. (2005, p.129-131) reported OECD convention on combating Bribery of Foreign Public Officials in global Business Transaction. It was adopted in 1997; nowadays 35 nations have approved this convention. They further stated that the international legal environment consists of three levels of laws that is the law in home country, the law in foreign country and the international law. The biggest difference between countries’ laws and the international law is that is an agreement between countries and not a decision taken by central authority.

According to one of OECD’s reports compliance with law is the dominate factor that influences the companies’ codes of conduct. They also state that almost of all the commitments in the 246 codes that they have analyzed are applied both in the home and foreign country. Besides these legal compliances all companies have commitments extent those regulated by law. A research made by (Kuskusu and Zarkada Fraser ,2004) on differences between Australian and Turkish companies showed that laws regarding product, contracts and industrial relations are equally important in both countries, However it also shows that there were some differences in how the environmental and anti-discrimination laws are considered important in each country. The Turkish companies care less about these laws then the Australians and this can be due to the lack of regulations in these areas in Turkey.

Galbreath (2006) adds that the regulatory environment in the country that the company will operate in when going abroad is an important factor that needs to be considered in CSR. Companies face the decision whether to regard the home and/or the host country’s’ laws in the CSR .He clarifies this by giving example “if a firm adopts a reciprocal strategy with respect to CSR in the home country and implements environmental production standards that go beyond those required by law as a part of that strategy, should the same policy be adopted in a host country of operation where environmental laws’ don’t even exist? “Issues such as this one have paved the way for more discretionary guidelines due to the legal inconsistencies worldwide.

## 2.3 The ways in which corporate social activities influence the socio-economic position of multi-national companies

Carroll (2004) writes that the concept CSR has evoked lots of debate among scholars. It is sometimes referred to as business virtue or social responsibilities. It means different things to different people. To some, it means the idea of legal responsibility or obligation and to others it means social responsible behavior which is sometimes seen as a charitable contribution to the society.

According to Friedman (2000), any organisation that adopt CSR initiative will always have to answer the question ‘to whom are we responsible?’ the answer to this question is usually to ‘the stakeholder’. Stakeholders here include the employees, customers, shareholders, staff in the supply chain and the community living in vicinity where the company is located.

Using the political theory, Davis states that here the social power of corporation is specifically emphasized in its relationship with the society and its duty in the political environment. Davis (1960) introduced business power in the CSR debate. Davis proposed that business is a social institution that must use its power responsibly. In his own words ‘whoever does not use his social power responsibly will lose its position in the society. In addition to the above with integrative theories, it is considered that business ought to integrate social demand. Social demand implies the way in which society relates with business through certain legitimacy and prestige. This goes further to explain that business depends on society for its continuity and existence.

Needs of employees, current and future knowledge and skills ,review of training ,budget, personal development ,quality assurance of training process, ,evaluation of training process. Attention within development and training and communication for ethical subjects and aspects in relation to work and the business; involvement of employees in developing codes of behavior, values, ethical codes, and the way employees are addressed to those aspects ; simulation of abroad ethical discussions with all parties ((Kok et al,2001).It can be used as a part of the CSR planning process both strategically and operationally to show and evaluate current internal and external practices. It can be considered as a way to identify the strategic and practical CSR points of strengths and weaknesses. It simplifies the development of CSR improvement plan and provides basic data for the measurement of the CSR implementation in the organization. It also identifies the ones able to contribute to the CSR work and makes the participants.

Kok et al. (2001) continue to state that companies have one out of different policy levels in connection with each of the following 14 aspects .Improvement in the company’s CSR can be accomplished by moving towards the next policy level.

1. The first policy level, the ad hoc policy, is in reality no policy The only times social issues are given any attention are when the cost are neglecting them are two high and potentially when legal action is made against the company.
2. The second policy level, standard policy, is that policy strictly follows the law. Only when legal requirements exist will the company integrate in the business practices.
3. The third policy level, planned policy, is when the law is followed and also when other parties that have a direct relation to the business performance is taken onto consideration.
4. The fourth policy level, reviewed policy, is when the company believes it has legal and moral obligations to society. All parties are involved in the companies’ decision making and ethics awareness is a key work of organization.

Closely related to the company’s policy is the company’s code of conduct which is defined by international labor organization (ILO, No Date) as:” companies’ policy statement that defined ethical standard for their conduct”. They further state claims that there is a clear variation in the content of companies’ codes of conduct. Leipziger (2003) agrees with ILO’s definition and continuously claimed that one characteristic of codes of conducts is that they are either internal or specific and different from what is usually called standard that are boarder in scope and can be applied wider geographically and industrially as well.

The institute of business ethics also refers to the code of conduct as code of ethics or ethical policy and statement of business practice, and set of business principle which clarified that companies view the code of code differently .Lohman&Steinholtz (2003) state the key issues can effects what a company code of conduct contains is that the industry that company works within and which activities the company is involved with. They continue to say that a code of conduct can contain areas such as: labor rights, human rights, bribery and corruption, environmental concerns and more.

According to Leipziger (2003) an effective code of conduct can serve to: “Raise awareness of corporate responsibility within the company, help companies to set strategies and objectives, assist companies with implementation and control of values, help companies avoid risk foster dialogue and partnerships between companies and stakeholders, enhance unity and identify among divergent companies”. The code of conduct ‘s importance, when trying to foster dialogue and partnerships between companies and stakeholders is receiving much space within literature today and therefore the area of CSR and company’s stakeholders are discussed further below.

According to the Ethical theory, firm ought to accept social responsibility as an ethical obligation above any other consideration. Donaldson and Dunfee (1999) proposed the integrated social contract theory. This theory was meant to guide managers to make decision in an ethical way in other words, to get involved with the society.

To cynics, CSR is antithetical to sound business practice and serves to weaken its focus on wealth creation (Clement-Jones, 2005; Murray, 2005). Advocates however characterizes CSR as necessary for successful business operations and as a gateway for business to look beyond wealth creation and also take into consideration the social welfare of the society in which they operate (Jackson & Nelson, 2004; Rudolph 2005). In other words, businesses that are socially responsible can help to solve crucial environmental and social problems. Some studies consider CSR to involve ethical responsibility while philanthropic responsibility is seen as an add on (Longo et al 2005).

According to Svensson and Wood (2003) business ethics depend on two main factors, culture and time. The business environment‘s culture will define what is accepted and unaccepted and it is influenced by traditions, values and religion as well as individuals. Different cultures have different opinions in this question and if there is no adaption it will affect the company’s success. The business time dimension will also affect what is accepted and unaccepted. What is considered ethical today might not turn out to be ethical tomorrow. Companies should not only use business ethics as a corporate code. It should instead be integrated in business as a corporate philosophy.

Johnson et al., (2005)state that there are three levels of business ethics where societal expectations have a great impact on companies and organizations .The first level is the macro level that concede red with the ethical stance of the organization or in other words to which extent organizations exceed its legal requirements in connection with their stakeholders .the second level is the corporate social responsibility level that is within the macro level and concerned with how organizations exceed the minimum requirements to live up to ethical stance of the organization .the third and final level is the individual level or manager level that is concerned with individual’s behaviors and actions such as behaving with integrity and whistle blowing.

Corporate social responsibility is generally understood as a private firm policy. As such, it must align with and be integrated into a business model to be successful. With some models, a firm's implementation of Corporate social responsibility goes beyond compliance with regulatory requirements and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law (McWilliams, Abagail; Siegel, Donald (2001). The choices of 'complying' with the law, failing to comply, and 'going beyond' are three distinct strategic organisational choices. While in many areas such as environmental or labor regulations, employers may choose to comply with the law, or go beyond the law, other organisations may choose to flout the law. These organisations are taking on clear legal risks. The nature of the legal risk, however, changes when attention is paid to soft law.

Overall, businesses may engage in Corporate social responsibility for strategic or ethical purposes. From a strategic perspective, the aim is to increase long-term profits and shareholder trust through positive public relations and high ethical standards to reduce business and legal risk by taking responsibility for corporate actions. Corporate social responsibility strategies encourage the company to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others (Klarsfeld, Delpuech, 2008), from an ethical perspective, some businesses will adopt Corporate social responsibility policies and practices because of ethical beliefs of senior management. For example, a CEO may believe that harming the environment is ethically objectionable.

For example, Unilever is a multinational corporation, in the food and beverage sector, with a comprehensive CSR strategy. The company has been ranked ‘Food Industry leader’ in the Dow Jones Sustainability World Indexes for the 11 consecutive years and ranked 7th in the ‘Global 100 Most Sustainable Corporations in the World’ One of the major and unique initiatives is the ‘sustainable tea’ programme. On a partnership-based model with the Rainforest Alliance (an NGO), Unilever aims to source all of its Lipton and PG Tips tea bags from Rainforest Alliance Certifiedfarms by 2015. The Rainforest Alliance Certification offers farms a way to differentiate their products as being socially, economically and environmentally sustainable

## 2.4 The challenges facing corporate social responsibility services in multi-national companies

Studies have made discrepancy between CSR as simple legal compliance and CSR as carrying out business operations with high regards to morality (Juholin, 2004). Henderson (2001), attempt to show that CSR distorts the market by distracting business from its primary role of wealth creation. These different views by scholars have led to confusion as to what CSR practices really entail. Based on the fact that little has been discussed on how CSR practice fit or does not fit with CSR theories, my main project will involve critical analysis of CSR theory and how it relates to its practices by Shell in Nigeria.

Phataket el. (2005) state that there are several ethical dilemmas where international business have to take a stand. When companies engage in international business they face a lot of different laws, norms, and regulations and acceptance differ form from country to country. More and more international companies have ethic programs that discuss these issues and are implemented in their organization.

According to Andriof and McIntosh (2001) CSR is neither philanthropy nor a study of a business ethics, it is more of a version that business leaders have besides making money. Those responsibilities have impact on almost everything that company does and will affect both insides and outsides the company. in order to make more manageable this can be divided into four distinct areas\ that is the environment, the workplace, the community and the marketplace. These four are the most aspects companies focus on, work with, and develop special programs within. These aspects will also have an impact such as monitoring and changing the way they conduct business within the organization.

Companies those are engaging with the corporate social responsibility start to lose their traditional way of conducting businesses rather than focusing on making profit and in through this pay more attention to employees, environment, and communities. Those who practice CSR believe that employees are significantly productive when they get fair wages and work under good conditions. Not only that, they also believe that any company will be successful in long run if the community has a low crime rate and well developed infrastructure include education, healthcare. Companies which took environmental issues in mind while processing their all operations in the sake of earning a high degree of loyalty from customers and other companies in return. nowadays companies’ reputation is almost as important as price when a decision of purchasing the product is taken which explains related state from (Andriof and McIntosh‘s 2001) areas of CSR (Sen and Bhattacharya,2004) provide below a number of CSR activities that companies can engage in.

According to Gerschewski (2013), there tends to be negative intra-industry relationship due to the crowding out of local companies that are not able to compete against the MNEs. A positive inter-industry linkage between MNE subsidiary and local suppliers can also result from MNEs transferring technologies/knowledge to their local suppliers. Kok and Ersoy (2009) argue that MNEs and their FDI inflows are very important since they serve as catalyst for accelerated socio-economic development of third world countries. They indicated that, FDIs serve as vehicles for fast and efficient transfer and adoption of best management practices to domestic firms. The modern and efficient management practices can lead to knowledge transfer to host countries and boost the increased productivity in the local economy (Kampik and Dasch, 2010). However, this will also have argued largely to depend on the absorptive capacity of the recipient country (Rehman, 2016).

Spero and Hart (2003) stated that it is alleged that multinational corporations invest their capital and locate their manufacturing units on their own or in collaboration with local firms in order to sell their products and capture the domestic markets of the countries where they invest and operate. With their vast resources and competitive strength, they can weed out their competitive firms. For example, in India if corporate multinational firms are allowed to sell or produce the products presently produced by small and medium enterprises, the latter would not be able to compete and therefore would be thrown out of business. This will lead to reduction in employment opportunities in the country.

It has been seen that increasing capital intensity in modern manufacturing sector is responsible for slow growth of employment opportunities in India’s industrial sector. These capital-intensive techniques may be imported by large domestic firms but presently they are being increasingly used by multinational corporations which bring their technology when they invest in India. Emphasizing this factor (Thirlwall, 2014), in this case the technology may be inappropriate not because there is not a spectrum of technology or inappropriate selection is made but because the technology available is circumscribed by the global profit maximizing motives of multinational companies investing in the less-developed country concerned.

The introduction of famous brands into developing countries by MNCs has provided an irresistible lure to criminal organizations to branch out into this lucrative area of crime. In East Asia - the hotbed of counterfeiting-criminal organizations involved in gambling, prostitution, smuggling, narcotics, and human trafficking have now migrated to counterfeiting because of its highly lucrative rewards and the low-risk nature of the crime. Penalties for trafficking in narcotics are notoriously severe in Asia. Long prison sentences and capital punishment are common for narcotics violations (Chow, 2011). Organized crime is a serious global problem. It existed long before counterfeiting at its current levels emerged. But the emergence of the global trade in counterfeit goods has provided organized crime in developing countries a new and highly lucrative means to earn profits.

Another type of secondary consequences suffered by developing countries is health and safety hazards caused by the proliferation of substandard counterfeit medicines. According to some recent media accounts, 10% of the world’s drugs are counterfeit; fake baby infant formula, cough syrup, and other medicines have led to serious illness or death. However, almost all of these harms to human health and safety occur in developing countries, which have weak border control systems that allow counterfeits that are mostly manufactured in China to pass through undetected (Chow, 2011). Almost no serious health or safety incidents have occurred in advanced industrialized countries, such as the United States and many European countries.

## 2.5 The strategies for enhancing corporate social responsibility services and socio-political and economic performance of multi-national companies

Nowadays CSR has been the topic of ongoing debates as media interests increased. It has become a trend among companies to actively involve themselves in the public issues. As usual with trend many companies go with the flow while other discuss why and how they can engage in these activities efficiently (Andersson,2006).Consumer start to be more loyal to those companies who take social responsibility and therefore it is considered a growing strategic issues for companies(CSR wire).

Successful corporations such as ,McDonald’s, General Electric and Ford together with approximately 1,200 other CSR practitioners and experts made sure to attend the annual conference for social responsibility in New York 2006 .The main topic was to discuss the growing interests of CSR among companies. It became popular that sometimes the companies’ CSR reports exceed their annual reports. It has become a rich field and lots of businessmen, marketers, corporations leaders want to get into it. The participants of this conference spoke about their own corporate social responsibility and how companies can make the world a better place (Nocera, 2006).

Social responsibility reflects the cultural values and traditions and it also takes different forms in different societies .What may be the accepted custom in the United States, Japan, and South Korea does not necessarily mean it will be accepted in Germany, Brazil, Indonesia, or Ukraine. Drawing the lines as to what is socially acceptable from a global view is often a difficult process.

For example, Japanese organizations have less experience in stakeholder protests as firms in the United States. Victims of environmental disasters have been treated as outcasts when seeking compensation for harm caused by Japanese business activities. Employers’ practice may prefer certain groups have been generally adopted as a social practice in Japan. Ever since, Japanese firms have become more opened with the international community, corporate social responsibility has begun to emerge. The corporation’s aim of seeking profitability has been faced with stakeholder’s demand which forced firms to act as both economic and social entities. Japanese business has responded by attempting to establish a positive working relationship with society.

On the other hand, corporate social responsibility acts in different manners in European countries due to the governments which provide many social services often received as benefits from private employers in the EU countries. For example, debate by governments their representatives over social responsibility issues resulted in the adoption of a social policy for the European Union (EU) countries, named the social Charter. Rather than relying upon private corporate initiatives, governments represented in the EU drafted a public policy which provided incentives and rewards for corporate social actions within the EU.

According to Stephenson (2009), corporate social responsibility programs can effectively build and enhance firms’ reputations. Through the development of a solid reputation, the organization can expand its business, attract new customers, improve shareholder value, and improve outcomes for the community. Additionally, the organization can achieve a competitive advantage because of its positive image. The development of reputation through corporate social responsibility has worked well for organizations such as Ben & Jerry's, Microsoft, and Starbucks. Because of their commitment to CSR, these organizations have been able to differentiate themselves, creating a true competitive advantage (Stephenson, 2009).

Stephenson (2009) opine that improving organizational efficiency is also a recurrent theme that has emerged in the context of this investigation. When organizations develop corporate social responsibility programs that meet the strategic needs of the community as well as the strategic needs of the organization, value is created for all stakeholders. For the organization, increased efficiency can improve operations and allow the organization to expand both its business and its profits. This can create a financial competitive advantage for the organization that can be used for market dominance or expansion of the market to include new products. This reality is clearly seen by the development of the Prius by Toyota. By increasing the efficiency of operations and meeting an important social need, Toyota was granted a unique financial advantage over all other car manufacturers. Presently, the organization can use its financial position to offer increased benefits to shareholders and to expand its product line and further improve its competitive financial advantage.

Johnson, Scholes and Whittington (2008) discuss the same issues when describing the internal and external aspects of corporate and social responsibility. They present the checklist for what organization should be practically responsible for. These are defined internal and external aspects of what areas the companies’ activities can affect. Internal aspects of the any company activities includes: employee welfare, working conditions, job design and intellectual property. External aspects includes :environmental issues ,products ,markets and marketing, suppliers ,employment ,community activity and human rights .(Kok ,Van Der Wiele ,McCenna and Brown 2001) agree with Sen. and Bhattacharya (2004).and Johnson, Scholes and Whittington (2008) regarding the activities/aspects of CSR but provides a more extensive framework .

## 2.6 Summary of the literature review

One thing that is for certainty is that there is a growing pressure on businesses to play a role in social issues and in the community that they operate; a trend that is emerging both globally and locally (Mallen, 2008). Ideally, this pressure is not likely to stay the same but it is more strongly to increase. The desire of individuals, NGOs, the government and the society at large to get ‘something’ back from operation of companies in their communities is up surging. In the past, companies used to see social responsibility only as a voluntary but with the lapse of time, many companies, especially multinational companies, are making social responsibility as part of their corporate policies. They have embraced the concept saying that “it is simply good for our business” (Source Watch: 2007). Indeed, these companies consider their social responsibility as something important to be inculcated into their business objectives.

Although the concept of CSR is not a new one (Hopkins, 2004), it is not fully embraced by everyone and a lot more people happen not to even understand this concept. The commitment of resources of corporate bodies towards social development issues has been with us for quite some time now but not everybody shared this view or celebrated this concept. Prominent amongst them is one of the world’s greatest economist; Milton Friedman. He did not believe that corporate bodies had should meddle in social affairs; neither should they have any responsibility towards the community. As a strong activist of capitalism and a critic of CSR, Friedman emphasized the need to ensure that corporate bodies’ managers use the monies and resources of businesses in a way that is in the interest of the businesses and nothing else (Friedman, 1970). For instance, he believes that if committing resources to reduce pollution as a ‘social responsibility’ of the firm would reduce the profits of the businesses in such a way that is not beneficial to the business, and then it should not be done. In his book Capitalism and Freedom, Friedman is said to have referred to corporate responsibility as a “fundamentally subversive doctrine”.

It is a wonder that theorists like Friedman and his followers believed that corporate bodies giving something back to the society that they have taken from should be considered subversive. Although Friedman’s argument was strong and captured global attention, the upsurge of CSR has continued. The proponents of CSR arguing on the basis that, over the years the social cost of businesses has increases coupled with the fact that corporate bodies have gained much power and influence. In these contexts of market failures, it has become imperative for businesses to pay heed to social issues due to this increased vulnerability of society to the corporate entity. Again, the growth of governments’ inability to fulfill their basic responsibilities to society and to properly manage business activities and the market structures of a free market society in order to avoid over exploitation, means that the acceptance of social responsibility by the corporate world has become very inevitable and important (Amalric and Hauser, 2005)

Currently, in most developed countries, the debate is no longer whether it is important for corporate bodies to assimilate the concept of CSR or not, but the extent to which “CSR principles can influence corporate decisions and practices and how business can best address its social responsibilities” (Idemuia, 2007). According to the United States Social Investment Forum, over $US1 trillion in assets are under management in the United States in socially and environmentally responsible portfolios (Hopkins, 2004). This shows the increasing commitment of corporations to contribute towards various aspects of social development.

Studies regarding the relationship between CSR and financial performance produce inconclusive result. However, the CSR activities continue to increase. According to (Minor, 2009), when managers are asked why they engage in CSR, they claim it is to secure a better brand and reputation. As (Fombrum et. al 2000), suggests’ the activities that generate CSR do not directly impact the company’s financial performance, but instead affect the bottom line via its stock of ‘reputation capital’ the financial value of its intangible assets”.

Reputation consists of the accumulation of corporate images possessed by the Stakeholders over the relatively long time (Susanto, 2009). In reputation management, corporate images should be managed based on the corporate wish. In order to succeed in managing their reputations, companies should set policies and deliver actions that will support their performance. Subsequently, these policies and actions should be supported by effective communications so that misperceptions can be avoided. Changes in Business environment could affect corporate reputation. Media proliferation and information, increasing demand for transparency, attention to CSR, and recent scandals involving large scale corporations have pressured companies to strengthen their effort in building and maintaining reputation.

## CHAPTER THREE

## METHODOLOGY

## 3.0 Introduction

This chapter covers the research design, the study population, the sample size and selection, sampling techniques, methods of data collection, procedure of data collection, data management and analysis, reliability and validity of the research instruments as well as data processing, analysis and interpretation.

## 3.1 Research design

The study used an exploratory design; and according to Komboet al., (2000), the exploratory research design puts into consideration constraints of cost, created quickly, administered easily and it was used to collect information on wide range of issues that include personal facts, attitudes, past behaviours and opinions. Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research was all about describing people who take part in the study.

## 3.1.1 Research classification/methods

The quantitative and qualitative research approaches were used since they attach numerical values to respondents’ views/ narratives. But the researcher used more the qualitative approach because much of the data were opinions, views and descriptions of the study variables by the respondents. In this study, quantitative and qualitative research approaches were used since they attach numerical values to respondents’ views/ narratives. But the researcher used both approaches in equal measure, and more of the qualitative approach enabled expression of opinions, views and descriptions of the phenomena as it was observed by the respondents when it occurred.

## 3.1.2 Research strategy

# Research strategy is a methodology that helped the researcher to investigate the research issue. According to Saunders (2003), research strategy is a general plan that helps researcher in answering the research questions in a systematic way. The strategy for this research contains the clear objectives on corporate social responsibility and diversity initiatives of Multi-National Companies focusing on Coca-Cola Uganda, research questions, data collection resources and various constraints that affect the research in different ways such as access limitations, time limitations, location and money limitations, ethical issue constraints and so as they are contained in this proposal.

## 3.2 The study population

Study population is an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. The population of study comprised the Manager of the Company, Heads of Departments (Selected), staff and consumers from whom a sample for this study shall be chosen.

Table 13.1: Study population

|  |  |
| --- | --- |
| **Category**  | **Number**  |
| Manager of the Company | 01 |
| Heads of Departments (Selected) | 06 |
| Staff of the company (selected)  | 45 |
| Consumers (Selected) | 35 |
| **Total**  | **87** |

#

## 3.3 Sample size

# Sample size is a count the of individual samples or observations in any statistical setting, such as a scientific experiment or a public opinion survey. Though a relatively straightforward concept, choice of sample size is a critical determination for a project. Too small a sample yields unreliable results, while an overly large sample demands a good deal of time and resources.

## 3.3.1 Probability or Representative

A representative sample is a small quantity of something that accurately reflects the larger entity; an example is when a small number of people accurately reflect the members of an entire population. With probability sampling, the researcher determined the chance or probability of an element being included in the sample. This method gave each and every member of the population an equal chance of being selected for the sample. Examples of probability sampling include simple random sampling, stratified sampling and cluster sampling.

## 3.3.2 Non-probability or Non-representative

A non-probability sampling method was adopted which, according to LoBiondo-Wood and Haber (1998:249), is less vigorous and tends to produce less accurate and less representative samples than probability or random samples. Non-probability sampling implies that not every element of the population has an opportunity for being included in the sample, such as convenience (accidental), quota, purposive and network sampling procedures. The non-probability sampling procedure might have limited in generalizing the findings. With non-probability sampling, the researcher determined only those elements he deems important for the study to be included in the sample. This method gave the researcher the mandate to select out only those members that was important for consideration in the sample. Examples of non-probability sampling include; purposive sampling and multi-stage sampling and others.

## 3.4 Sampling Techniques

The study employed the following sampling techniques that are simple random and purposive sampling;

## 3.4.1Purposive Sampling

The researcher applied personal judgment about which respondents to choose, and pick only those who best meet the purpose of the study. In this study, purposive sampling will be used because it is judgmental, allowing the researcher to handpick certain groups or individuals according to their relevance to the issue at hand (Aina and Ajifuruke, 2002). The use of purposive sampling aimed at getting as more relevant and valuable information for the research as possible from the senior level of management that is manager and heads of departments.

## 3.4.2 Simple random sampling

# Simple random sampling was used to select respondents for data collection who are at the same level in the organization/ embassy or association. According to Amin (2005) a simple random sampling is a sample obtained from the population in such a way that samples of the same size had equal chances of being selected. A simple random sampling technique was used to select respondents by choosing at random from among the customers in Kampala and Entebbe.

## 3.5 Sample size determination

This sample size for this study was selected based on the formulae set by Yamane (1967).

n= N

1+N

Where n= the required sample size

N= the study population which is 102

e= the level of significant co-efficient which is 0.052

 n= N

1+ N (0.05)2

Therefore;

n= 87

 1 +87(0.05)2

n= 87

1+0.2

**n= 73**

## 3.6 Data collection methods

The research study applied the following data collection methods;

## 3.6.1 Secondary data sources

The secondary method of research involved seeking for data from existing reports and documents in hard copy and soft copy.

## 3.6.2 Interviewing

Another method that was used by the researcher was the interview method involving face-to face interview which has a distinguished advantage of enabling the researcher to establish rapport with potential participants and therefore gain their cooperation. The interview method was hoped would yield high response rates in survey research since structured interview was used when all the questions are drafted and a respondent was asked to clarify incase an ambiguous answer is given and sought for follow up information hence the researcher will obtain the best information. For this method, the respondent gave the information confidently since there was eye contact between the researcher and the respondents thus yielding more information. The interview method was good to use since the researcher went to the field himself and asked the respondents for more information that was necessary for the research thus yielding more information from the field compared to other methods.

## 3.6.3 Questionnaire / Survey method

A survey is a data gathering method that is utilized to collect, analyze and interpret the views of a group of people from a target population. The survey methodology was guided by principles of statistics from the moment of creating a sample, or a group of people to represent a population, up to the time of the survey results' analysis and interpretation. The following steps were included in the process of conducting a survey, as well as several questions to ask one's self during each step, that is clarifying the purpose, formulating survey goals, verifying the resources, choosing a survey method, performing the sampling, writing the questionnaire, pilot testing and revising or changing the questionnaire, administering the questionnaire, processing and storing data, analyzing and interpreting the survey results, making a conclusion and reporting the survey results.

## 3.6.4 Secondary data collection methods

Secondary data is a type of data that has already been published in books, newspapers, magazines, journals, online portals and so on. There was an abundance of data available in these sources about your research area in business studies, almost regardless of the nature of the research area. Therefore, application of appropriate set of criteria to select secondary data to be used in the study plays an important role in terms of increasing the levels of research validity and reliability. The secondary data was readily available from the other sources and as such, there are no specific collection methods. The researcher can obtain data from the sources both internal and external to the organization. The internal sources of secondary data were sales report, financial statements, and other company information.

## 3.7 Data collection tools/ instruments

According to Onyango, (2002), this was the first hand information from the people concerned. A number of tools were used for data collection and these include; self-administered questionnaires and interview guides.

## 3.7.1 Self-administered questionnaire

The researcher used the questionnaire technique or tool for collecting data that was constructed with open ended and close ended questions. The researcher used both open ended and close ended questions. Open ended questions enabled the researcher to obtain in-depth opinions of respondents while close-ended questions involved questions that required answers limited within a scope that involve strongly disagree, disagree, not sure or uncertain, agree and strongly agree (Five point Likert scale questionnaire). The open ended questionnaires involved questions that require the respondent to give an opinion.The questionnaires were hoped would reach the respondents in time. The respondents’ interpreted questions in the right way since the researcher was present to interpret the questions.

## 3.7.2 Interview guide

The researcher set questions to guide the oral/ mouth to mouth interactions between the researcher and the respondents. The data collected by this method was more correct compared to the other methods that were used for data collection. The interview method was good to use since the researcher went to the field himself and asked the respondents more information that was necessary for the research thus yielding more information from the field compared to other methods.

## 3.8 Secondary data collection tools

The secondary collection tools include documentation, online search portals and retrieval of archival records. The secondary data are readily available from the other sources and as such, there are no specific collection methods. The researcher obtained data from the sources both internal and external to the organization. The secondary sources include reports and documents in different forms which can be accessed physically and online.

## 3.9 Data Quality Control

The following criteria were applied to this qualitative and quantitative study in order to make the research credible that is reliability and validity. Respondents’ checking was undertaken to give credibility to the analysis.

## 3.9.1 Reliability

# Donald and Pamela (2006) defined reliability as the characteristics of measurement concerning precision, accuracy and consistency. For the data to be reliable, it should yield the same results if the data is repeated for a number of times. Usually reliability is ensured through minimizing errors in the research tools.

## 3.9.2 Validity

For the data to be valid, it should measure what it purports to measure and correlate with the other results. It was vital for test to be valid in order for the results to be accurately applied and interpreted. The researcher ensured validity through the use of experts with guidance of the researcher's supervisor to advice on items in the questionnaires before they were employing for the actual study. This advice to the researcher on which items that were relevant to the study and were of no importance to research and the researcher were eliminated from the research tool and those that were relevant to research were included in questionnaires.

## 3.10 Data collection and processing

In order to shift the power of the researcher/participant relationship to the study participants, the research was undertaken in environments that were selected by and comfortable for study respondents. Data editing coding the data and cleaning was done after data had been collected to ensure that all mistakes made by respondents were cleared then entering the data into the computer for analysis and summarizing the data. Also in this process a number of questionnaires were administered to several respondents at Coca-Colamain plant.

## 3.11 Data analysis

Raw data was collected, coded, grouped and presented in tables and graphs. The researcher was prompted to use this method because it enabled to analyse data to draw thorough conclusions. This study was based on two research hypothesizes to find out whether they are true or not, thus prompting the researcher to use this data analyzing tool.

## 3.12 Ethical Considerations

# The researcher introduced himself to the authorities and respondents with an authority letter from the university and when permitted by the corresponding authorities, it enabled him to create reliable rapport with the respondents.

# The researcher assured the respondents that she is seeking data from them for research purposes alone and the data was used for academic purposes alone. In this ways the researcher demanded for their identity, and assured them of how the information they gave was not to be used for any other purposes other than research.

The researcher informed the respondents the purpose of the study, why and how they were selected. The research went ahead to seek for informed consent of each respondent both orally and in writing.

The researcher told the respondents of the long-term and short-term benefits of the study. And in case a respondent refuses to participate in the study, their opinion was respected.

The researcher tried as much as possible to minimize embarrassing questions especially during interview. In order to obtain the best results, the researcher tried as much as possible to avoid perceptual biases during questionnaire administration and interviews.

## 3.13Limitations and delimitations of the study

The time was not enough to fully assess all respondents for interview and questionnaire administration as well as to analyze all the information in journal and other documentary sources/ articles. This problem was solved by conducting inter views fast, administering questionnaires fast and getting a good number of relevant documents such as journals and going through them quickly.

Some respondents did not heed to my call to provide data and this problem was tackled by use of different data collection methods for example documentary review in order to generate more data to come up with good presentation of work.

The outbreak of COVID-19 which slowed the process of research because it was hard to contact respondents as many skipped appointments. But the researcher tried to contact the respondents on mobile telephone, although still they could not be engaged for more than 10 minutes each at a time, but they availed data for the study nevertheless.

## CHAPTER FOUR

## PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

## 4.0 Introduction

This chapter is about presentation, analysis and interpretation of findings oncorporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-ColaUganda. The researcher contacted 73 respondents but 60 availed data for the study representing 82.2%. The researcher focused on the respondents personal data, the corporate social responsibility activities carried out by Coca-Cola Uganda, the ways in which corporate social activities influence the socio-economic position of Coca-Cola Uganda, the challenges facing corporate social responsibility services in Coca-Cola Uganda and the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-ColaUganda.

Table 24.1: Response rate

|  |  |  |
| --- | --- | --- |
| **Number of respondents**  | **Actual responses**  | **Percentage**  |
| 97 | 41 through questionnaire  | 68.3 |
| 19 through interviews  | 31.7 |
| **Total**  | **60** | **100.0** |

**Source: Primary data, 2021**

The study findings on the response rate of respondents, of the 73 respondents targeted for this study, 60 or 82.2% availed data whereby 41 (68.3%) availed data through questionnaire and 19 (31.7%) through interviews. The concerned respondents and the findings they availed helped the researcher to avail a proper discussion of the findings.

## 4.1 Respondents’ personal variables

In research personnel characteristics of respondents have very significant role to play in expressing and giving the responses about the problem, keeping this in mind, in this study a set of personal characteristics namely, the gender, marital status, age groups, level of education and others. The study findings regarding the respondents’ personal variables revealed the responses presented and analyzed below;

# 4.2.1 Gender of the respondents

The study findings on the gender of respondents are presented in table 4.2;

Table 34.2: Gender

|  |  |
| --- | --- |
| **Response**  | **Distribution of responses**  |
| **Frequency**  | **Percentage**  |
| Male | 17 | 53.1 |
| Female | 15 | 46.9 |
| **Total** | **60** | **100.0** |

**Source: Primary data, 2021**

The majority of the respondents were males at 75% of the respondents and 25% were females. The majority of the respondents weremales while targeted by the study, and though, both male and female respondents availed data which has been found valuable for this study.

# 4.2.2 Age Group of the respondents

The study findings on the age group of the respondents are presented in table 4.3;

Table 44.3: Age Group of the respondents

|  |  |
| --- | --- |
| **Response**  | **Distribution of responses**  |
| **Frequency**  | **Percentage**  |
| 18– 29 years | 21 | 35 |
| 30 – 39 years | 17 | 28.3 |
| 40 – 49 years | 18 | 30 |
| 50 years + | 04 | 6.7 |
| **Total** | **60** | **100.0** |

**Source: Primary data, 2021**

Findings in table 4.3 above on the age groups of the respondents, 35% were between 18 to 29 years, 28.3% were between 30 to 39 years, 30% were between 40 to 49 years and 6.7% were aged 50 years and above. Most respondents were aged 18 years to 49 years, and despite the age difference, the study findings reveal that all respondents were mature enough to give viable and accurate information to support this study.

# 4.2.3 Level of education

The study findings on the level of education of respondents are presented in table 4.4;

Table54.4: Level of education

|  |  |
| --- | --- |
| **Response**  | **Distribution of responses**  |
| **Frequency**  | **Percentage**  |
| Below certificate level  | 04 | 6.7 |
| Certificate  | 33 | 55 |
| Diploma  | 14 | 23.3 |
| Graduates/post graduates  | 09 | 15 |
| **Total** | **60** | **100.0** |

**Source: Primary data, 2021**

In relation to the table 4.4 above, it was established that the education level attained by the respondents, and their responses were; 6.7% of the respondents had not attained certificate education, 55% had certificate education which include primary, UCE, UACE and other higher forms of certificates, 23.3% had diploma education and 15% had bachelor degrees, master’s degrees and post graduate qualifications. The study revealed that the respondents from certificate levels understood the questionnaires with no much support from the researcher and her assistant, while even the uneducated provided data when the contents of the questionnaires were interpreted for them in the local dialect Luganda and Kiswahili. So the respondents provided viable data for the study.

# 4.2.4 Period of time worked in the organisation

The study findings on the period of time worked in the organisationare presented in table 4.5;

Table64.5:Period of time worked in the organisation

|  |  |
| --- | --- |
| **Response**  | **Distribution of responses**  |
| **Frequency**  | **Percentage**  |
| 0-1 year | 12 | 20 |
| 2 - 3 years | 17 | 28.3 |
| 4 - 5 years | 15 | 25 |
| 5 years + | 16 | 26.7 |
| **Total** | **60** | **100.0** |

**Source: Primary data, 2021**

Findings in the table 4.5 above reflect the period of time worked in the organisationby the respondents, and as such 20% had lived in the ward for 0-1 year, 28.3% had lived there for 2 to 3 years, 25% had lived there for 4 to 5 years and 26.7% had lived for more than 5 years in the ward. This implies that the majority of respondents knew the population and mortality dynamics of the area, thus being able to give viable data for this study.

## 4.2 The corporate social responsibility activities carried out by Coca-Cola

The study findings on the various corporate social responsibility activities carried out by Coca Cola are presented, analyzed and interpreted as in table 4.6;

Table 74.6: The corporate social responsibility activities carried out by Coca-Cola

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Agree** | **Not sure** | **Disagree** |
| **Freq** | **Percent**  | **Freq** | **Percent**  | **Freq** | **Percent**  |
| Support for community development | 32 | 53.3 | 17 | 28.3 | 11 | 18.3 |
| Support for vulnerable people | 19 | 31.7 | 11 | 18.3 | 30 | 50 |
| Support for community capacity building | 48 | 80 | 04 | 6.7 | 08 | 13.4 |
| The company is involved in environmental health promotion. | 30 | 50 | 23 | 38.3 | 07 |  |
| The company is involved in games and sports activities.  | 53 | 88.3 | 05 | 8.3 | 02 | 3.3 |
| The company supports NGOs and CBOs | 27 | 45 | 31 | 51.2 | 03 | 05 |

**Source: Primary data, 2021**

The findings of the study on the various corporate social responsibility activities carried out by Coca-Cola revealed that 53.3% agreed that the company supports community development activities for example it employs Ugandans as agents, drivers, accountant, markets, chemists and other jobs which enables the people to earn income, further for 28.3% who were not sure and 18.3% disagreed stating that the most high profile jobs are given to foreigners. But most of the employees of the company are Ugandans.

According to the study, 31.7% of the respondents agreed that the company supports the vulnerable people like children and adults with scholastic items at Uganda institute of special education, babies homes and engaged in games and sports (paralympics) as well as the company, however, invests limited time, effort and money and has not been visible in this case for 18.3% were not sure and 50% disagreed because there is no known vulnerability programme in Uganda being routinely supported by Coca-Cola.

The research discovered that the company was and is involved in community capacity building, for example 80% of the respondents agreed that there are more than 20,000 Uganda who are recruited and trained in business management by the company almost everywhere, while 6.7% were not sure and 13.4% disagreed, but the fact is that the company is associated with many people who have been employed and skilled to become effective business managers.

On whether the company is involved in environmental promotion, findings revealed that 50% of the respondents agreed, that the company has anti-environmental destruction policy in place which helps them to deposit wastes responsibly, not to expose their employees by giving them pollution gear, and ensuring clean air around the area. Also the company is engaged in environmental promotion in Uganda which is sustainable in the country.

And on whether the company is engaged in games and sports, 88.3% of the respondents agreed that the company is visible in youth games like University league, sponsoring super Division and Amateur League Beach Soccer. These are events which are very popular in Uganda and give the company field, market place, Television, radio and internet visibility and hence fame and richness.

The findings of the study on whether the company corporate with Non-Governmental Organizations and Community Based Organizations reveal that 45% of the respondents agreed that the management of the company has before supported Uganda women’s effort to save Orphans, supported others at Branch level like Entebbe Red Cross Branch and others elsewhere which has ensured that the non-state actors are beneficiaries from the corporate social responsibility activities of the company. Red Cross Entebbe benefited with financial and logistical support during disaster response, training their staff in Basic and First Aid Training in Entebbe area.

## 4.3 The ways in which corporate social responsibilities influences the socio-economic position of Coca-Cola Uganda

The study findings on the ways in which corporate social responsibilities influences the socio-economic position of Coca-Cola Uganda are presented, analyzed and interpreted as in table 4.7;

Table 84.7: The ways in which corporate social responsibilities influences the socio-economic position of Coca-Cola Uganda

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Agree** | **Not sure** | **Disagree** |
| **Freq** | **Percent**  | **Freq** | **Percent**  | **Freq** | **Percent**  |
| The company’s employees are encouraged to work harder. | 54 | 90 | 04 | 6.7 | 02 | 3.3 |
| The company’s reputation attracts many customers for its products. | 44 | 73.3 | 12 | 20 | 04 | 6.7 |
| The local people benefit from the company’s supply chain operations.  | 44 | 73.3 | 15 | 25 | 01 | 1.7 |
| The company influences public policy/ legislation on taxation. | 35 | 58.3 | 16 | 26.6 | 09 | 15 |
| The organization culture is cultivated in the market. | 38 | 63.3 | 16 | 26.6 | 06 | 10 |
| The company has partnered with the community for development. | 42 | 70 | 16 | 26.6 | 02 | 3.3 |

**Source: Primary data, 2021**

The findings of the study on the ways in which cooperate social responsibilities influences the social economic position of Coca-Cola Uganda revealed that 90% of the respondents agreed that the company is market driven, and as such with profit maximization to be considered, the employees are encouraged to work hard, meet targets in terms of sales, route chart coverage, delivering to all the necessary destinations, and ensuring proper warehouse management is done to the profitability if the company, for 6.7% were not sure and 3.3% disagreed meaning that the company faces stiff competition in the market which usually makes it come second. But the fact is, the company has a strong brand royalty market and political visibility in Uganda.

Being a reputable company, Coca-Cola Uganda has ensured that is remains a sought after brand, and as such, 73.3% if the respondents agreed, 20% were not sure and 6.7% disagreed. With 73.3% in agreement, it means that Coca-Colais very well known, and as such its products are on high demand in the country. Every day, the company makes huge sums of revenue and profits from the massive sales it requires.

On whether the local people benefit from the company’s supply chain operations, it was discovered that 73.3% of the respondents agreed that the company purchases fruits from the local producers like Arana from Kayunga, Luwero, Mangoes from Eastern Uganda and so on which goes these producers a lot of money and employment in this case, while 25% were not sure and 1.7% disagreed. But the fact is that the company’s supply chain operations have trickled down and benefited local producers as the prime beneficiaries at that level.

The findings of the study on whether the company influences legislation on taxation revealed that 58.3% agreed that the company is a major/large-scale tax payer who therefore need to be subsidized and given tax holiday where necessary, whereas 26.6% were not sure and, 5% disagreed. But the government gives such a preferential tax payer the chance to negotiate for the adjustment and re-adjustment of the profitability levels by subsidizing tax payment for them.

The culture of the company has been cultivated in the market. The findings reveal that 63.3% of the respondents agreed that the soft drinks market is partly dominated by Coca-Cola who impose a price and because of price war, her competitors have often had to follow suit and adjust their output and hence prices in order to obtain a share of the market, for 26.6% were not sure and 10% disagreed, but the fact is that the company has a well-known and admirable market reputation, hence becoming domination in the market.

To further the corporate social responsibility activities, the study discovered that 70% of the respondents agreed that Coca-Cola has partnered with the local people and in the case have been able to develop together. The new Coca-Cola plant which is at Sissa has seen the opening up of the place with new tarmac and murrum roads, power is now close and the local people can access safe water, clay for making bricks and the reputation of the area is growing as the new factory take shape. In the medium and long run the place will develop into an industrial township providing jobs to people and tax revenue to the local government of Kajjansi Town Council and the Central Government.

## 4.4 The challenges facing corporate social responsibility services in Coca-Cola Uganda

The study findings on the challenges facing corporate social responsibility services in Coca-Cola Uganda are presented, analysed and interpreted in this section;

Table94.8: The challenges facing corporate social responsibility services in Coca-Cola Uganda

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Agree** | **Not sure** | **Disagree** |
| **Freq** | **Percent**  | **Freq** | **Percent**  | **Freq** | **Percent**  |
| Corporate Social Responsibility distorts the market by distracting business from cost optimization  | 34 | 56.7 | 24 | 40 | 02 | 3.3 |
| Corporate Social Responsibility distorts the market by distracting business from its primary role of profit making  | 23 | 38.3 | 32 | 53.3 | 05 | 8.3 |
| Corporate Social Responsibility distorts the market by distracting business from wealth creation | 24 | 40 | 25 | 41.6 | 11 | 18.3 |
| Corporate social responsibility faces a lot of different laws, norms, and regulations and acceptance in the country | 15 | 25 | 36 | 60 | 09 | 15 |
| The company threatens to lose its traditional way of conducting businesses through paying more attention to employees’ needs | 18 | 30 | 16 | 26.6 | 26 | 10 |
| The company threatens to lose its traditional way of conducting businesses through paying more attention to the environment and communities | 12 | 20 | 05 | 8.3 | 43 | 71.6 |

**Source: Field data, 2021**

The study findings on the challenges facing corporate social responsibility services in Coca-Cola Uganda show various responses. From the field of study on whether Corporate Social Responsibility distorts the market by distracting business from cost optimization revealed that 56.7% of the respondents agreed, 40% were not sure and 3.3% disagreed. With 56.7% in agreement, it implies that the business concentrates on winning the confidence of the public which threatens its cost reduction strategy, and on the international level, it may gain reputation while domestically, the increment in the cost of production threatens its very existence. In addition to that, 38.3% agreed, 53.3% were not sure and 8.3% disagreed, so with 38.3% in agreement and 53.3% being unsure, it means that Corporate Social Responsibility distorts the market by distracting business from its primary role of profit making because part of the profits is ploughed back into community activities such as games and sports like they sponsor the Ugandan Inter-University League. The reputation of the company is good because her name and image are well portrayed nationally and internationally as an influential sports and politico-business organization. Thus with costs rising and profits at that level, it indicates that as agreed by 40% of the respondents and 41.6% being unsure and 18.3% being in disagreement, Corporate Social Responsibility distorts the market by distracting business from wealth creation. The company gives back to the community, supports local activities aimed at wealth development as well as wellness and entertainment; this lowers the company’s profitability and reserve funds.

The findings show that 25% of the respondents agreed, 60% were not sure and 15% disagreed, thus with 25 % on agreement and 60% being unsure, it indicates that Corporate social responsibility faces a lot of different laws, norms, and regulations and acceptance in the country, and for 15% noted that this multinational corporation is always welcome in Uganda as her reputation is not deterred in anyway. But the existing laws undermine the strategic competitiveness of the organization/business as the political, economic, social, technological, environmental and legal rules and regulations makes it quite hard for the company to perform without incurring high costs in courts of law and tax revenue to cover for pollution in addition to the existing taxation system.

The researcher discovered that the company threatens to lose its traditional way of conducting businesses through paying more attention to employees’ needs which was agreed by 30% of the respondents. With 26.6% being unsure and 16.7% in disagreement also show that the company has traditionally fought had to minimize costs and maximize profits enduing the inputs are low while the sales are very high hence high profits; furthermore, it was revealed that 20% of the respondents agreed, 8.3% were not sure and 71.6% disagreed. Thus with 71.6% in disagreement, it is not correct that indeed conducting businesses through paying more attention to the environment and communities is not the priority of the company. What is vital is that the company focuses on profitability whenever it operates not only in Uganda but globally.

## 4.5 The strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-ColaUganda

The study findings on the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-ColaUganda are presented, analyzed and interpreted in this section;

Table 104.9: The strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-ColaUganda

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Agree** | **Not sure** | **Disagree** |
| **Freq** | **Percent**  | **Freq** | **Percent**  | **Freq** | **Percent**  |
| Consumers are more loyal to the company  | 37 | 61.6 | 20 | 33.3 | 03 | 05 |
| Corporate Social Responsibility reflects the cultural values and traditions of the company  | 33 | 55.0 | 22 | 36.7 | 05 | 8.3 |
| The company has embraced international community/market | 31 | 51.7 | 24 | 40 | 11 | 18.3 |
| The business is attempting to establish a positive working relationship with society | 35 | 58.3 | 16 | 26.7 | 09 | 15 |
| The governments which provide many social services often received as benefits from private employers  | 38 | 63.3 | 16 | 26.7 | 06 | 10 |
| Corporate Social Responsibility effectively builds and enhances firms’ reputations | 32 | 53.3 | 05 | 8.3 | 23 | 38.3 |
| Increased efficiency can improve operations and allow the organization to expand both its business and its profits | 44 | 73.3 | 14 | 23.3 | 02 | 3.3 |
| The organization uses its financial position to offer increased benefits to shareholders and to expand its product line and further improve its competitive financial advantage | 27 | 45 | 19 | 31.7 | 14 | 23.3 |

**Source: Field data, 2021**

The findings of the study on the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda revealed several responses, whereby 61.6% of the respondents agreed, 33.3% were not sure and 05% disagreed, and with 61.6% in agreement, it indicates that the Ugandans or consumers are more loyal to the company and as such consume its products. The products of the company are therefore on sale at both small and large scale on retail and wholesale basis. In the same vein, 55.0% of the respondents agreed that Corporate Social Responsibility reflects the cultural values and traditions of the company because as a multinational corporation, it focuses on expanding the market for its products, whereas 36.7% were not sure and 8.3% disagreed, so the company focuses its efforts on expanding business.

The findings of the study on whether the company has embraced international community/market revealed that 51.7% of the respondents agreed, 40% were not sure and 18.3% disagreed. This implies that with 51.7% in agreement, the company not only sales its products in Uganda, but extends to DR Congo, Rwanda and many others with Kenya (Nairobi) as the regional hub.

The findings of the study on whether the business is attempting to establish a positive working relationship with society revealed that 58.3% of the respondents agreed, 26.7% were not sure and 15% disagreed. With 58.3% in agreement, it means that the company is well suited to work with the people and as such supports sports events, and with 53.3% in agreement, 8.3% being unsure and 38.3% disagreed which means that with 53.35 of the respondents in agreement, it implies that Corporate Social Responsibility effectively builds and enhances firms’ reputation as it has become well known in the public and is a household brand to the people whereas also at the international political, it supports international legal trade regime.

The findings on the whether the increased efficiency can improve operations and allow the organization to expand both its business and its profits revealed that 73.3% of the respondents agreed, 23.3% were not sure and 3.3% disagreed. And with 73.3% in agreement, it means that the company has invested heavily in Information and Communications technology for online product advertisements and promotions as well as crating awareness to the global consumers about its omnipotence and ability.

The study findings on whether organization uses its financial position to offer increased benefits to shareholders and to expand its product line and further improve its competitive financial advantage revealed that 45% of the respondents agreed, 31.7% were not sure and 23.3% disagreed. With 45% in agreement and 31.7% being unsure, it means that the company strives to boost sales revenue and foreign exchange so that her profit portfolio is high and shareholders reap huge dividends.

## CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.0 Introduction

This chapter is about summary, conclusion and recommendations on corporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-Cola Uganda. They are guided by the following subthemes; the corporate social responsibility activities carried out by Coca-Cola Uganda, the ways in which corporate social activities influence the socio-economic position of Coca-Cola Uganda, the challenges facing corporate social responsibility services in Coca-Cola Uganda and the strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda.

## 5.1 Summary of the findings

## 5.1.1 The corporate social responsibility activities carried out by Coca Cola

The findings of the study show that the company supports community development activities for example it employs Ugandans as agents, drivers, accountant, markets, chemists and other jobs which enables the people to earn income, Also, 80% agreed that there are more than 20,000 Uganda who are recruited and trained in business management by the company almost everywhere. The company is involved in environmental promotion, the company has anti-environmental destruction policy in place which helps them to deposit wastes responsibly, not to expose their employees by giving them pollution gear, and ensuring clean air around the area. The study further noted that the company is engaged in games and sports, 88.3% of the respondents agreed that the company is visible in youth games like University league, sponsoringsuper Division and Armateur League Beach Soccer. These are events which are very popular in Uganda and give the company field, market place, Television, radio and internet visibility and hence fame and richness.

## 5.1.2 The ways in which corporate social responsibilities influences the socio-economic position of Coca-Cola Uganda

The study revealed that 90% of the respondents agreed that the company is market driven, and as such with profit maximization to be considered, the employees are encouraged to work hard, meet targets in terms of sales, route chart coverage, delivering to all the necessary destinations, and ensuring proper warehouse management is done to the profitability if the company. Also, Coca-Cola Uganda has ensured that is remains a sought after brand, so every day, the company makes huge sums of revenue and profits from the massive sales it requires. For 73.3% in agreement means that the company purchases fruits from the local producers like Arana from Kayunya, Luwero, Mangoes from Eastern Uganda and so on which goes these producers a lot of money and employment in this case, so the fact is that the company’s supply chain operations have trickled down and benefited local producers as the prime beneficiaries at that level.

The soft drinks market is partly dominated by Coca-Colawho impose a price and because of price war, her competitors have often had to follow suit and adjust their output and hence prices in order to obtain a share of the market, because the company has a well-known and admirable market reputation, hence becoming domination in the market. So, Coca-Cola has partnered with the local people and in the case have been able to develop together. TheCoca-Cola plant which is at Mbara has seen the opening up of the place with new tarmac and murrum roads, power is now close and the local people can access safe water, clay for making bricks and the reputation of the area is growing as the new factory take shape. In the medium and long run the place will develop into an industrial township providing jobs to people and tax revenue to the local government.

## 5.1.3 The challenges facing corporate social responsibility services in Coca-Cola Uganda

The study revealed that Corporate Social Responsibility distorts the market by distracting business from cost optimization. And the business concentrates on winning the confidence of the public which threatens its cost reduction strategy, and on the international level, it may gain reputation while domestically, the increment in the cost of production threatens its very existence. Corporate Social Responsibility distorts the market by distracting business from its primary role of profit making because part of the profits is ploughed back into community activities such as games and sports like they sponsor the Ugandan Inter-University League. The reputation of the company is good because her name and image are well portrayed nationally and internationally as an influential sports and politico-business organization. The company gives back to the community, supports local activities aimed at wealth development as well as wellness and entertainment; this lowers the company’s profitability and reserve funds.The existing laws undermine the strategic competitiveness of the organization/business as the political, economic, social, technological, environmental and legal rules and regulations makes it quite hard for the company to perform without incurring high costs in courts of law and tax revenue to cover for pollution in addition to the existing taxation system.

## 5.1.4 The strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda

The study revealed that 61.6% in agreement, it indicates that the Ugandans or consumers are more loyal to the company and as such consume its products. The products of the company are therefore on sale at both small and large scale on retail and wholesale basis. In the same vein, 55.0% of the respondents agreed that Corporate Social Responsibility reflects the cultural values and traditions of the company because as a multinational corporation, it focuses on expanding the market for its products. The company not only sales its products in Uganda, but extends to DR Congo, Rwanda and many others with Kenya (Nairobi) as the regional hub.The company is well suited to work with the people and as such supports sports events, Corporate Social Responsibility effectively builds and enhances firms’ reputation as it has become well known in the public and is a household brand to the people whereas also at the international political, it supports international legal trade regime. The company has invested heavily in Information and Communications technology for online product advertisements and promotions as well as crating awareness to the global consumers about its omnipotence and ability. The company strives to boost sales revenue and foreign exchange so that her profit portfolio is high and shareholders reap huge dividends.

## 5.2 Conclusion

## 5.2.1 The corporate social responsibility activities carried out by Coca-Cola

The study concludes that the company supports community development activities for example it employs Ugandans as agents, drivers, accountant, markets, chemists and other jobs which enables the people to earn income, The company is involved in environmental promotion, the company has anti-environmental destruction policy in place which helps them to deposit wastes responsibly, not to expose their employees by giving them pollution gear, and ensuring clean air around the area. The company is visible in youth games like University league, spousing super Division and Armateur League Beach Soccer. These are events which are very popular in Uganda and give the company field, market place, Television, radio and internet visibility and hence fame and richness.

## 5.2.2 The ways in which corporate social responsibilities influences the socio-economic position of Coca-Cola Uganda

The study concludes that the company is market driven, and as such with profit maximization to be considered, the employees are encouraged to work hard, meet targets in terms of sales, route chart coverage, delivering to all the necessary destinations, and ensuring proper warehouse management is done to the profitability if the company. The company purchases fruits from the local producers like Arana from Kayunya, Luwero, Mangoes from Eastern Uganda and so on which goes these producers a lot of money and employment in this case, so the fact is that the company’s supply chain operations have trickled down and benefited local producers as the prime beneficiaries at that level.The soft drinks market is partly dominated by Coca-Cola who impose a price and because of price war, her competitors have often had to follow suit and adjust their output and hence prices in order to obtain a share of the market, because the company has a well-known and admirable market reputation, hence becoming domination in the market, Coca-Cola has partnered with the local people and in the case have been able to develop together.

## 5.2.3 The challenges facing corporate social responsibility services in Coca-Cola Uganda

The study concludes that the business concentrates on winning the confidence of the public which threatens its cost reduction strategy, and on the international level, it may gain reputation while domestically, the increment in the cost of production threatens its very existence. Corporate Social Responsibility distorts the market by distracting business from its primary role of profit making because part of the profits is ploughed back into community activities. The company gives back to the community, supports local activities aimed at wealth development as well as wellness and entertainment; this lowers the company’s profitability and reserve funds.

## 5.2.4 The strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda

The study concludes that the Ugandans or consumers are more loyal to the company and as such consume its products. Corporate Social Responsibility reflects the cultural values and traditions of the company because as a multinational corporation, it focuses on expanding the market for its products. Corporate Social Responsibility effectively builds and enhances firms’ reputation as it has become well known in the public and is a household brand to the people whereas also at the international political, it supports international legal trade regime. The company has invested heavily in Information and Communications technology for online product advertisements and promotions as well as crating awareness to the global consumers about its omnipotence and ability.

## 5.3 Recommendations

The current study has provided a comprehensive research on corporate social responsibility and diversity initiatives of multi-national companies focusing on Coca-Cola Uganda, and therefore recommends that;

1. The company ought to continue supporting community activities and developments such as sports which make everybody know them and their products, and this will in turn boost sales for them and the company’s popularity has become highly recognized;
2. There should be enhancement of contact with the community in order to widen the local market for the Coca cola products and thus control the local market for beverages in order to boost production and company reputation;
3. There should be recognition of the flaws of the company’s corporate social responsibility services in order to find the best way to improve the company’s image in the public and thus boost the sales, sales revenue and tax base;
4. And the company should follow the laws governing corporate social responsibilities in Uganda in order to conform to the existing business norms and values and avoid conflicts with any social and national interests.

## 5.4 Areas for further study

1) The role of mercantile capitalism in the promotion of economic globalization in Uganda

2) The impact of corporate social responsibility in the promotion of organization visibility in Uganda

3) The contribution of corporate social responsibility to organizational performance in Uganda

4) Role of multinational corporations in promoting regional business diplomacy

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## APPENDICES

## APPENDIX 1: QUESTIONNAIRE GUIDE

**July, 2021**

**Dear respondent**

I am **KATO FRED,** student of undertaking a Master’s of Arts in International Relations and Diplomacy research entitled, ***“Corporate Social Responsibility and diversity initiatives of Multi-National Companies: A case study of Coca-Cola Uganda”.***

There is no wrong answer, so kindly provide information/ opinions for the questions I have set in the questionnaire. The information you provide shall be treated with uttermost respect, and will only be engaged in academic use alone.

Thank you

………………………………………

**KATO FRED**

**Researcher**

# Section A: Respondents’ personal variables

|  |  |
| --- | --- |
| **Gender**  | **Tick the appropriate**  |
| Male |  |
| Female |  |
| **Age**  |  |
| 18– 29 years |  |
| 30 – 39 years |  |
| 40 – 49 years |  |
| 50 years + |  |
| **Education level**  |  |
| Below certificate level  |  |
| Certificate  |  |
| Diploma  |  |
| Graduates/post graduates  |  |
| **Period served in the organisation** |  |
| 0-1 year |  |
| 2 - 3 years |  |
| 4 - 5 years |  |
| 5 years + |  |

***For section B, C, D and E, use the scale given: Agree=3, Not sure=2 and Disagree=1***

**Section B: The corporate social responsibility activities carried out by Coca Cola**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Agree**  | **Not sure**  | **Disagree**  |
| Support for community development | 3 | 2 | 1 |
| Support for vulnerable people | 3 | 2 | 1 |
| Support for community capacity building | 3 | 2 | 1 |
| The company is involved in environmental health promotion. | 3 | 2 | 1 |
| The company is involved in games and sports activities.  | 3 | 2 | 1 |
| The company supports NGOs and CBOs | 3 | 2 | 1 |

**Section C: The ways in which corporate social responsibilities influences the socio-economic position of Coca-Cola Uganda**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Agree**  | **Not sure**  | **Disagree**  |
| The company’s employees are encouraged to work harder. | 3 | 2 | 1 |
| The company’s reputation attracts many customers for its products. | 3 | 2 | 1 |
| The local people benefit from the company’s supply chain operations.  | 3 | 2 | 1 |
| The company influences public policy/ legislation on taxation. | 3 | 2 | 1 |
| The organization culture is cultivated in the market. | 3 | 2 | 1 |
| The company has partnered with the community for development. | 3 | 2 | 1 |

**Section D: The challenges facing corporate social responsibility services in Coca-Cola Uganda**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Agree**  | **Not sure**  | **Disagree**  |
| Corporate Social Responsibility distorts the market by distracting business from cost optimization  | 3 | 2 | 1 |
| Corporate Social Responsibility distorts the market by distracting business from its primary role of profit making  | 3 | 2 | 1 |
| Corporate Social Responsibility distorts the market by distracting business from wealth creation | 3 | 2 | 1 |
| Corporate social responsibility faces a lot of different laws, norms, and regulations and acceptance in the country | 3 | 2 | 1 |
| The company threatens to lose its traditional way of conducting businesses through paying more attention to employees’ needs | 3 | 2 | 1 |
| The company threatens to lose its traditional way of conducting businesses through paying more attention to the environment and communities | 3 | 2 | 1 |

**Source: Field data, 2021**

**Section E: The strategies for enhancing corporate social responsibility services and socio-political and economic performance of Coca-Cola Uganda**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Agree**  | **Not sure**  | **Disagree**  |
| Consumers are more loyal to the company  | 3 | 2 | 1 |
| Corporate Social Responsibility reflects the cultural values and traditions of the company  | 3 | 2 | 1 |
| The company has embraced international community/market | 3 | 2 | 1 |
| The business is attempting to establish a positive working relationship with society | 3 | 2 | 1 |
| The governments which provide many social services often received as benefits from private employers  | 3 | 2 | 1 |
| Corporate Social Responsibility effectively builds and enhances firms’ reputations | 3 | 2 | 1 |
| Increased efficiency can improve operations and allow the organization to expand both its business and its profits | 3 | 2 | 1 |
| The organization uses its financial position to offer increased benefits to shareholders and to expand its product line and further improve its competitive financial advantage | 3 | 2 | 1 |

**End**

## APPENDIX 2: INTERVIEW GUIDE

**July, 2021**

**Dear respondent,**

I am **KATO FRED,** student undertaking a Master’s of Arts in International Relations and Diplomacy research entitled, ***“Corporate Social Responsibility and diversity initiatives of Multi-National Companies: A case study of Coca-Cola Uganda”.***

There is no wrong answer, so kindly provide information/ opinions for the questions I have set in the questionnaire. The information you provide shall be treated with uttermost respect, and will only be engaged in academic use alone.

Thank you

………………………………………

**KATO FRED**

**Researcher**

# What are the CSR activities in which Coca-Cola undertakes?

# What CSR infrastructures has Coca-Cola developed in Uganda?

# In what ways does Coca-Cola contribute to the developed of games and sports in Uganda?

# What are the challenges facing Coca-Colain the field of sports in Uganda?

# What are the challenges facing Coca-Colain the general CSR development in Uganda?

# What are the strategies for enhancing Coca-Cola’s CSR operations in Uganda?

1. Any other vital information 

***End***

## APPENDIX 3: DOCUMENTARY REVIEW CHECKLIST

**July 2021**

1. Physical reports on Coca-ColaCSR activities and performance
2. Newspaper articles on Coca-Cola
3. Internet articles on Coca-Cola
4. Printed Coca-Cola adverts at shops and their depots

**End**