



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT**

**EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON SALES
PERFORMANCE: THE CASE OF ARKI NATURAL MINERAL
WATER BOTTLING FACTORY**

BY: Woinshet Girma

**A Thesis Submitted to School of Graduate Studies of Addis Ababa University
School of Commerce in Partial Fulfilment of the Requirements for the Award
of Masters Degree in Marketing Management**

ADVISOR: Saleamlak Mola (PhD)

**June, 2021
Addis Ababa, Ethiopia**

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I do hereby declare that this thesis entitled “Effects of corporate social responsibility on sales performance in case of Arki natural mineral water bottling factory” has been carried out by me under the guidance and supervision of Saleamlak M. (PhD).

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

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CERTIFICATE

This is to certify that the thesis entitles “Effects of corporate social responsibility on sales performance in case of Arki natural mineral water bottling factory”, a thesis submitted to Addis Ababa University School of Commerce Department of Marketing Management in Partial Fulfillment of the Requirements for Master of Science in Marketing Management and the research work carried out by Woinshet Girma, under the guidance and supervision of Saleamlak M. (PhD). Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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Table of Contents

List of Tables	iv
List of Figures.....	iv
Acronyms & Abbreviations	v
Abstract.....	vi
CHAPTER ONE.....	1
INTRODUCTION	1
1.1. Background of the study	1
1.2. Statement of the Problem.....	3
1.3. Research Questions.....	5
1.4. Research Objective	5
1.4.1. General Objective	5
1.4.2. Specific Objectives	5
1.5. Significance of the Study	6
1.6. Scope of the Study	6
1.7. Limitation of the Study	7
1.8. Definition key term	7
1.9. Organization of the Study	8
CHAPTER TWO.....	9
REVIEW OF RELATED LITERATURE	9
INTRODUCTION	9
2.1. Theoretical Lens.....	9
2.1.1 Concept and Definition of CSR.....	9
2.1.2 Theories of Corporate Social Responsibility	11
2.2 Empirical literature Review	21
2.2.1 Corporate Social Responsibility and Financial Performance.....	21
2.2.2 CSR, Corporate Reputation and customer satisfaction	22
2.2.3 Corporate Social Responsibility and profitability.....	24
2.2.4 Corporate Social Responsibility and profitability.....	24
2.2.5 Corporate Social Responsibility and Sales Performance.....	24
2.3. Conceptual Propositions	25

2.3.1	Donations and Sales performance	26
2.3.2	Community Work and Sales Performance.....	26
2.3.3	Environmental Responsibility and Sales Performance	27
2.3.4	Customer Oriented Responsibility and Sales Performance.....	27
2.4.	Conceptual Framework	28
2.5.	<i>Research Hypotheses</i>	28
CHAPTER THREE		29
RESEARCH METHODOLOGY		29
3.1.	Description of the Study Area.....	29
3.2	Research Approach	30
3.3.	Research Design.....	30
3.4.	Types of Data and Method of Data Collection.....	31
3.4.1.	Sources of Data and Data Type	31
3.4.2.	Method of Data Collection	31
3.4.3.	Data Analysis	31
3.3.	Population and survey Size	33
3.3.1.	Target Population	33
3.3.2	The census survey size	33
3.4	Validity and Reliability	33
3.5.	Ethical Considerations	34
CHAPTER FOUR		35
RESULT AND DISCUSSION		35
INTRODUCTION		35
4.1	Descriptive Analysis	35
4.1.1	Demographic Information of Respondents.....	35
4.1.2	Descriptive Analysis Corporate social responsibility in sales performance.....	37
4.2	Assumptions of multiple Regression Model	42
4.2.1	Correlation Analysis.....	46
4.2.2	Regression analysis	47
4.3	Hypothesis Testing.....	50
4.4	Summary of findings.....	51
CHAPTER FIVE		53

CONCLUSION AND RECOMMENDATIONS	53
5.1 Conclusion	53
5.2 Recommendation	54
5.3 Recommendation for further studies	55
REFERENCE	56
Appendix I: Survey Questionnaire	61
Appendix II:.....	65

List of Tables

Table 3.1: Cronbach's Alpha of variables	34
Table 4.1: Demographic Profile of Respondents	36
Table 4.2: Mean of community oriented responsibility	38
Table 4.3: Mean of customer oriented responsibility	39
Table 4.4: Mean of donation	40
Table 4.5: Mean of environment oriented responsibility	41
Table 4.6: Mean of sales performance	42
Table 4.7: Correlation Matrix	43
Table 4.8: Collinearity Statistic	44
Table 4.9: Summary of skewness and kurtosis statistic	45
Table 4.10: Correlation analysis between explanatory and explained variables	46
Table 4.11: Model Summary	48
Table 4.12: ANOVA- Analysis of Variance	48
Table 4.13: Coefficients Result	49

List of Figures

Figure 1.1: Stakeholders Map	13
Figure 1.2: Carlos CSR pyramid	16
Figure 1.3: CSR pyramid for developing countries (Visser, 2008)	17

Acronyms & Abbreviations

ANOVA	Analysis of Variance
CSR	corporate social responsibility
CSA	Central Statistics Agency
MLR	Multiple Linear Regression
SPSS	Statistical Package for the Social Sciences
WBCSD	World Business Council for Sustainable Development

Abstract

The main purpose of this study was to investigate effects of corporate social responsibility on sales performance in Arki natural mineral water bottling factory. Based on literature five CSR dimensions; community oriented responsibility, environment oriented responsibility, customer oriented responsibility and donation was selected as predictors of sales performance in Arki natural mineral water bottling factory and in order to achieve the objective of this study and answer the research questions, the researcher used descriptive and explanatory research designs. The researcher used data from primary and secondary source. The primary data was gathered through questioner from 162 employees of Arki natural mineral water bottling factory, Census technique was used for data collection. The secondary data was collected from web, books and published journals. The data was gathered through 5-point Likert scale and analyzed with the help of Statistical Package for Social Science (SPSS) version 20. The study adopted descriptive statistics. Further multiple regression analysis was conducted to test the relationship between dependent variable (sales performance) and independent variable (community oriented responsibility, environment oriented responsibility, customer oriented responsibility and donation). The finding of the study reveals all the stated CSR dimensions have a positive significant effect on sales performance and donation is the dominant CSR dimension which affects sales performance of Arki natural mineral water bottling factory. Thus, in order to sustain sales performance of Arki natural mineral water bottling factory management should work and adopt a different approach to CSR implementation through establishing CSR department and combining CSR activities with other strategies such as advertisement, sales promotion and public relations. Thus coordinated marketing will be important for successful outcomes in business operations, to attainment of goal and objective of company and for society at large.

Key word: Corporate social responsibility; sales performance; community oriented responsibility; environment oriented responsibility; customer oriented responsibility; donation

CHAPTER ONE

INTRODUCTION

This chapter consists of background of the study, statement of the problem, research questions, research objectives, significance of the study, scope of the study, limitations of the study, definitions of terms, and organization of the study.

1.1. Background of the study

Corporate Social Responsibility (CSR) is not new concept, which has been a growing topic in both economics and business research. Thus, CSR officially emerged in the 1950s with published book of Howard R. Bowen's entitled "Social Responsibilities of the Businessman" in 1953 discussion about it began and has since continued to grow in importance and significance. There are many reasons for the emergence and development of this concept as well as its practice especially in Europe and the United States.

In the late nineteenth century, firms raised questions about their workers' health and their overall effect on society. With the rise of the labour movement and the spread of slums created by the industrial revolution, corporations began to provide minimal social welfare, including the building of hospitals and bathrooms and the distribution of food coupons (Carroll A.,2008)

The concept and definition of CSR has evolved overtime and the alternative interpretations and approaches have been emerged. CSR has been defined in several, but very much related ways by various scholars, institutions and international organizations, but there is no general consensus on the term (Hopkins, 2003). The reason for lack of an agreed definition is the ever changing and dynamic nature of the concept of CSR and its interchangeable and overlapping character with other related terms are usually mentioned (Nasrullah & Rahim, 2014).

Bowen defined CSR asit refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society(Bowen, 2013).

According to World Business Council for Sustainable Development (WBCSD), “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”(Chung et al., 2015).

Carroll identified four dimensions for CSR. The CSR concept has encompassed economic, legal, ethical and philanthropic (discretionary) activities of business performance at a given point in time. This approach encompasses a whole range of responsibilities of a firm(Carroll A. , 1979).

As the review of related literature show, Africa does not have a positive score in the development of literature and other scholarly articles in CSR(Visser, 2008). Ethiopia is among the undeveloped nations in terms of the development of literature in the area.

There is increasing trend in the number of bottled water manufacturing companies in Ethiopia engaged in the production and sale of potable water in the form of packaged/bottled water for safe drinking by branding water as a commercial product (Ensermu, 2014).According to Central Statistics Agency annual report of Ethiopia (2016) , the number of manufacturing bottled water companies in Ethiopia increased dramatically and has contributed much to the growth and development of Ethiopian economy (CSA, 2016). It has also offered emerging employment opportunities and participating in social responsibilities. There are more than 67 water bottling companies in Ethiopia of which the majority are located in Oromia Region close to Addis Ababa where they can access the biggest number of consumers in the country. All together the water bottling factories produce close to 3.5 billion bottles of water per year serving only 5% of Ethiopia’s population (New business Ethiopia, 2018).

Arki mineral water factory CSR contain activities like giving like blankets, rice, school kits, provides clean water, construct roads and electrical power supply for the residences of Sululta community, roundabout construction, sponsorship, etc. In doing so, the company builds its reputation and plays its part on the welfare of the society which has tangible effects on reputation and has vital impacts on the positive attitude of consumers on their products. These consequently have effect on the company’s sales performance.

The CSR activities are treated as an investment not as a cost or expense where it shows the relationship between corporation and the stakeholders such as the customers, investors, employees and society as a whole. The business's purpose is not only to earn profit but also the welfare of the society as well. Some studies have shown the positive correlation between the CSR and financial performance while other studies show the negative relationship between them. Each company performs differently for the implementation of CSR depending on different factors like the culture of the organization, size or the stakeholder demand (Spicer, 1978).

Ethiopia is a developing country with problems such as low literacy rates, electricity power crises, lack of infrastructure, etc. Under these conditions, the government's welfare role is unrevealing. Therefore, organizations have an opportunity to increase their welfare role for the society in exchange of better reputation and growth in business which ultimately leads to strong financial performance and high profitability. The society in general faces many problems in developing countries. So CSR should contribute to addressing these issues and challenges. This research examines the impact of CSR on sales performance at Arki natural Mineral Water Bottling Factory.

1.2. Statement of the Problem

Nowadays businesses understand that, in order to stay profitable in a rapidly changing environment, they would have to become socially responsible. Hence, there is an increasing demand and expectation from different stakeholders who expect business to go beyond their profit agenda and be socially responsible. CSR aim is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, communities, shareholders and other members of the public sphere. Also CSR is aimed at giving back to the community as a result of a company providing a product or service, it is on this note that the public will increase the consumption of that product or service while others are attracted to consume.

Organizations that are usually devoted to their employees, customers, and well-being of society can create a better image, reputation, customer satisfaction, and improve trust outside the company (i.e. with consumers, suppliers, business partners, etc.); which consequently leads to the improvement of firm's sales and economic benefits (Sen and Bhattacharya, 2001).

However, despite contribution of CSR for sales performance as well as for society, in Ethiopia only limited local as well as international or multinational organizations have been practicing CSR in a fragmented ways (Sintayehu, 2019).in addition to this, limited studies on CSR are available in Ethiopia. Therefore, more studies are still required to understand the effects of CSR on sales performance.

In Ethiopia Scholars like(Ezana Messele, 2014) studied on stakeholder's perception of CSR in Meta Abo Brewery S.C.(SintayehuTilaye,2019) examined the general practice of CSR in Ethiopian, (Alemu, 2017) studied that The Impact of CSR Practices on Financial Performance of Banking Sector in Ethiopia and (Helen Arega, 2019)contribution of CSR on brand equity in bank of Abyssinia.Some other researches were also conducted on CSR but those studies are focused on the general situation of CSR and restricted to multinational Corporations and banking sectors. Therefore this study will be conducted to investigate effects of CSR on sales performance the case of bottled water factory.

The bottled water industry consists of producers, suppliers, distributors, wholesalers, and related companies such as hotels, restaurants, bars and advertisers. Over the past few years, private water production and markets have undergone significant changes. This sudden increase in the water market and the increase in production could lead to the development of other sectors with future economic integration. Hence, this in turn would have an impact on social and environmental aspect of the country. Therefore, firms need to pay close attention to the demand of various stakeholders who affected by their operations. It is imperative to note that, firms should integrate CSR into their business strategy in order to be competitive and profitable.

Arki natural mineral water bottling factory embraces its responsibilities and has undertaken social investment initiatives in education, sports, clean water and electric power supply for factory surrounding, Road construction, Bottled water sponsorship, Monetary and material aid to those in need, St. George roundabout construction at Piassa etc. (Arki water, 2020).However, according to different literature show it is not yet clear which dimension of CSR activities can improve sales performance and also there is no agreed consensus of the exact relationship between CSR and sales performance among researchers. So, this study looks at what relationship exist between CSR and sales performance in Arki natural mineral water bottling factory and also looks at which CSR activities is important in attaining the sales performance of Arki naturalMineral Water factory by measuring CSR activities and their effect on sales performance.

1.3. Research Questions

This study is tried to answer the following specific research questions:

- What is the effect of community oriented responsibility on sales Performance of Arki natural Mineral Water bottling factory?
- What are the effects of donation on sales performance of Arki natural Mineral Water bottling factory?
- To what extent customer oriented responsibilities effect on sales performance of Arki natural Mineral Water bottling factory?
- To what extent the environmental responsibility associated sales performance of Arki natural Mineral Water bottling factory?

1.4. Research Objective

1.4.1. General Objective

The major objective of this study is to investigate the effect of corporate social responsibility on sales performance of Arki natural mineral water bottling factory.

1.4.2. Specific Objectives

Based on the general objective of this research, the following specific objectives of the study are listed:

1. To examine the effects of community oriented responsibility on sales performance of the Arki natural Mineral Water bottling factory.
2. To investigate the effects of donation on sales performance of Arki natural Mineral Water bottling factory.
3. To investigate the effect of customer oriented responsibilities on sales performance of Arki natural Mineral Water bottling factory.
4. To examine extent of environmental responsibility associated with sales performance of Arki natural Mineral Water bottling factory.

1.5. Significance of the Study

It is believed that the outcome of this research have a potential value to Arki natural Mineral Water bottling factory. The major contribution of this study is to identify the effects of CSR on company sales performance that is how CSR activity affects or support the sales performance of company. So, it helps for management to determine how to allocate their resource so as to maximize sales and thereafter change their assessment of companies' performance. Additionally the study helps for the employees of company to gain knowledge and awareness about the effect of corporate social responsibility activities on sales performance.

Even though CSR related research has been reported from a number of countries, less number of studies has been conducted in Ethiopia. Therefore, the planned work has a great significance. Furthermore, this study used as source of information for further studies in the areas of Corporate Social Responsibility in relation to sales performance.

1.6. Scope of the Study

The study was conducted at Arki mineral water bottle factory in Sululta, 25 km north of Addis Ababa, Oromia region Ethiopia. The study mainly looked at effects of CSR on sales performance in Arki natural mineral water factory from employees' perspective.

The Conceptual scope of the study was limited to the effects of CSR on sales performance in the case Arki natural Mineral Water Bottling Factory. In this research CSR was measured by donation, community based activity, customer oriented activity and environmental responsibility.

The study focuses on bottled water factories which are fast growing industry in Ethiopia and have a great contribution for economic development of the county and also have impact on society. Arki natural Mineral Water Bottling Factory was selected because it has CSR practice. Concerning the research design, this study used a questionnaire as instrument of data collection.

1.7. Limitation of the Study

There more than sixty seven bottled water factories exist in Ethiopia. The research is limited to investigate the effects of CSR on sales performance on a single bottled water factory that is Arki natural mineral water bottling factory. Companies are implementing different interrelated strategies that have effect on their sales performance and also sales performance also affected by other factors like Economic, Technology, Political and legal factors. Whereas, this research will only focus to investigate the effects of CSR dimension that is donation, community based activity, customer oriented activity and environmental oriented responsibility on sales performance.

As far as the awareness of the researcher is concerned, in the local context, CSR activities as a practice as well as reporting firms' CSR activities are not well established. Consequently, it is difficult to undertake a comparative study, at least within the industry. In addition, not much literature has been developed in the Ethiopian context, which again restricts the attempt of the researcher to frame the study in the local theoretical framework.

1.8. Definition key term

CSR - Corporate Social Responsibility

CSR is the commitment of business to contribute to sustainable economic development working with employees, their families, the local community, and society to improve their quality of life, in ways that are both good for business and good for development (Chung et al., 2015).

Sales performance

Sales performance is the sales team's productivity in sales operations, both individually and as a whole; the ability to achieve sales objectives (Mugisha, 2014).

Stakeholder

A stakeholder is a party that has an interest in a company and can either affect or be affected by the business that includes Consumers, employees and community(Freeman, 1984).

1.9. Organization of the Study

The study contains five chapters. The first chapter contains the introduction part which contains the back ground of the study, statement of the problem, research question, objective, significance, scope, limitation and organization of the studies.

The second chapter contain all theoretical perspectives review literature, empirical literature review and conceptual frame work was presented. The explanation and detail discussion of the research methodology are presents in chapter three. It contain a discussion of the research design, population of the study, sampling techniques, sample size, data collection instruments, the data collection procedures and ends with data analysis approach. Chapter four discusses about the findings of the study with data analysis, presentation and interpretation and finally the fifth chapter include summary of the research findings, conclusions and the recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

INTRODUCTION

In this chapter, both relevant theoretical and empirical literatures are reviewed in terms of the subject of the study. Accordingly, concept and definition of CSR, theories of CSR and also sales and sales performance are discussed under the review theoretical part. Moreover, in empirical and practical literatures different studies that have been conducted on CSR will be discussed finally, a conceptual framework is developed based on the review of relevant literatures.

2.1. Theoretical Lens

2.1.1 Concept and Definition of CSR

The issue of corporate social responsibility (CSR) has been debated considering the fact that the 1950s. Latest analyses via (Secchi, 2007) and (Lee, 2008) pronounced that the definition of CSR has been changing in that means and practice. The classical view of CSR was once narrowly limited to philanthropy and then shifted to the emphasis on business-society members of the family specially referring to the contribution that an organization or firm provided for solving social problems(Maimunah, 2009). In the early twentieth century, social performance was tied up with market performance. The pioneer of this view, Oliver Sheldon (1923, mentioned in Bichta, 2003), however, encouraged management to take the initiative in elevating each moral requirements and justice in society over the ethic of economizing, i.e. save money the use of assets beneath the title of efficient useful resource mobilization and usage. By doing so, commercial enterprise creates wealth in society and gives better standards of living.

As many authors have contributed to this field of study, there are many and varied definitions for the term "corporate social responsibility" that have been given, but it is hardly possible to come up with definitions that have been generally agreed upon. For the lack of concepts that enjoyed universal consensus, a lot of reasons were provided. For example (Nasrullah & Rahim, 2014), forwarded the interchangeable and overlapping character that CSR shares with other

terminologies like ‘corporate citizenship’, ‘the ethical corporation’, ‘corporate governance’, ‘corporate sustainability’, ‘social responsible investment’, and ‘corporate accountability’.

As said by(Nasrullah & Rahim, 2014) CSR could be a structure of three approaches, all having a diverse viewpoint in terms of definition and boundary of obligation. They are the shareholder approach, the partner approach, and the societal approach. The shareholder approach is respected as the classical see on CSR and for numerous reasons Milton Friedman is considered the major defender of this see. In like manner, Friedman characterizes CSR as implies of increasing or maximizing the benefits of the company where the shareholders are the central focuses. Concurring to Friedman, social duty exercises are not the most concern for companies. The moment approach, a partner approach was propounded to begin with by Freeman in 1984(Freeman, 1984). According to Freeman, the business organizations are not only responsible and accountable to their shareholders, but also take into attention the legitimate interests of the stakeholders that can touch or is affected by the operational activities, as well as the achievement of organizational Objectives. The societal approach is a broader view of the stakeholder approach and advises that companies as an integral part of society should accept responsibilities to the society as a whole. They should constructively serve the needs of the society to the satisfaction of public consent.

Another well-known author called Archie Carroll provide CSR as a framework which includes economic, legal, ethical and discretionary expectations that are expected to be accrued from the organization at a given point.

According to (Maimunah, 2009), CSR (also referred to as company responsibility, corporate citizenship, responsible business and company social opportunity) is an idea whereby business companies think about the interest of society with the aid of taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. This responsibility shows that the businesses have to comply with law and voluntarily take initiatives to improve the well-being of their personnel and their families as properly as for the nearby community and society at large.

Present-day the concept of CSR, it is similarly important (also called corporate responsibility, corporate citizenship, responsible business and corporate social responsibility) is a concept

whereby companies consider the interest of society by taking responsibility for the effect of their activities on several stakeholders i.e. communities as well as their environment. The obligation shows that the companies have to comply with legislation and voluntarily take advantages to improve the well-being of the employees and their families as well as for the community and society at large (Ahmed, S, & Ahmed, 2017).

2.1.2 Theories of Corporate Social Responsibility

The role of Participating in CRS as an important and crucial requirement for the success of an Organization is a concept that has got a wider acceptance. Many firms has taken CSR practices as critical success factor and enlisted it as a major duty of organizations. The development of CSR theories truly exhibited how CSR has become important from time to time. theories of CSR include Instrumental Theory, Political Theory, Integrative Theory , Ethical Theory (Garriga&Mele', 2004) are the theories that got wider consideration and they are applied by the organizations to develop image of a socially oriented firm.

In Instrumental theory CSR are considered as means of attaining economic objectives of wealth maximization. Consequently,maximization of shareholders value, strategies for attainingcompetitive advantage and marketing related to cause are the three approaches encouraged by this theory in order to fulfil the firm's wealth creation ends. Among the proponents of this view,Friedman is constantly mentioned here. He stronglysupports theidea that the only one responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country (Friedman, 1970). Many scholars agree on the issue and one among them (McWilliams and Siegel, 2001) agrees that an adequate level of investment in philanthropy and social activities is also acceptable for the sake of profits.

Integrative theory states that the main aim of organizations should be focused on the satisfaction of requirements of society. This theory further elaborates that firms should focus on the detection and scanning of and response to the social demands that achieve social legitimacy, greater social acceptance and prestige.

Ethical theory of CSR states that corporations should focus over the right paths to create a good

Society.theory, considers duties toward all stakeholders of the firmsuppliers, customers, employees, stockholders, universal rights and states that company should consider universal rights, based on human rights, labour rights, and respect for the environment. To evaluate its own sustainability, the business should adopt a "triple bottom line", which would include not only economic, but also social and environmental aspects of performance.

CSR definitions, theories and models were investigated by many scholars. Among the main Milton Friedman and Archie Carroll, some of them that discussed in this paper.

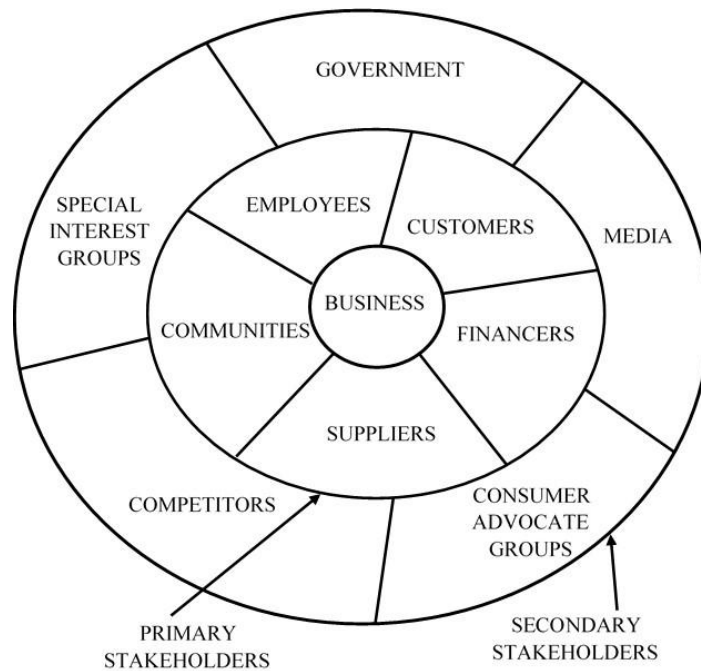
i. Stakeholder Theory

The stakeholder theory is the most common theory, with the most important argument that there are wider groups of stakeholders in a corporation than merely shareholders and investors. The basic premise is that an organization needs to manage its relationship with many stakeholder groups that affect or are affected by its business decisions(Freeman, 1984).Freeman mentioned in his famous article “Strategic Management, A Stakeholder Approach” that a corporation has stakeholders, that is, groups and individuals who benefit connected with the corporation actions. According to(Clarkson, 1995), the word stakeholder includes persons or groups of persons that have, or claim ownership, rights, or interests in a corporation and its activities, past present or future.

The theory explores and explains the firms’ responsibilities, structures and operations. It also investigates the stakeholders’ responsibilities in having better firm performance and better society (Clarkson, 1995); (Russo and Perrini, 2010;(Arenas, Lozano, & Albareda, 2009); Mohamed et al., 2013). The theory paid attention to “secondary stakeholders “who are the people or groups who do not directly participate in the production or consumption processes such as community activists, advocacy groups, civil society organizations and social movements (Russo and Perrini, 2010). There are arguments about this type of stakeholders as they do not have any legal authority over the firms so they should not be considered as stakeholders (Clarkson, 1995; (Arenas, Lozano, & Albareda, 2009); Russo and Perrini, 2010).

As(Freeman, 1984) mentioned in his landmark book, ‘Stakeholder Management’ Stakeholders are mainly divided into two fundamental groups, i.e. internal stakeholders and external stakeholders. Internal stakeholders refer to the people who are part of the organization, while,

external stakeholders refer to the people who are outside the organization. Internal stakeholders contain: financiers, suppliers, customers, communities and employees, whereas, external stakeholders contain: government, media, competitors, special interest groups, and customer advocate group. It is imperative for a business organization to deal effectively with its stakeholders for long term profitability and sustainability.



Source: Freeman, Harrison, & Wicks, (2008).

Figure 1.1: Stakeholders Map

ii. Carroll's Pyramid Theory.

Carroll made a specific theory for the way that corporation interact with its surrounding community and the whole world, this theory is known nowadays as Carroll's Pyramid of CSR. Carroll's theory is composed of four obligations that create a foundation or infrastructure for the business's responsibilities toward society (Brin & Nehme, 2019).

A. Economic responsibility. It's the obligation of a business organization to make money. Carroll placed the economic obligation in the base of the CSR Pyramid because it's vital for business survival. Any corporation or organization, even if it's a non-profitable organization, as charities association needs assets in order to succeed and sustain. According to Carroll, the first step in implementing CSR is to enrol in business operations and to make profits. Carroll added that profits are necessary to reward investors and owners. Moreover, profits must be reinvested back to maintain business growth. Economic responsibility is represented by a corporation through investments, marketing strategies, business operations, and long-term financial strategies with different stakeholders. For example, when a corporation registers into business operations, it must hire a number of employees and it will deal with different stakeholders as vendors, sellers, marketing consultants, stockholders, investors, insurance companies, banks, and financial institutes. Different stakeholders will be affected positively if corporation achieves profits, this what economic scholars named as Win-Win theory. As a result, stakeholders will make profits, money circulation process will improve and a corporation will successfully achieve its CSR economic responsibility (Brin & Nehme, 2019). Carroll mentioned that Economic responsibility of CSR dimension is measured in terms of shareholders wealth maximization; generate profit, being competitive (high quality and low cost), operational efficiency, and continuous profitability. Recently product quality, price fairness, jobs, and products required by customers were also used to determine the extent that organization practices economic CSR Galbreath (2010).

B. Legal responsibility. Corporations must respect laws and regulations. According to Carroll's Pyramid theory, Legal Responsibility placed in the second level of the CSR Pyramid. A responsible corporation is a corporation that accepts rules of a fair business game. A responsible corporation adheres to law because it believes that fair business reflects positively on the whole economy and society. If a corporation makes tax evasion process, or deals with money

laundering activities, or even produces a toxic product, it is illogical to consider it is sharing in CSR values(Brin & Nehme, 2019).

C. Ethical responsibility. Corporations must behave as a good citizen in its society. Such responsibility allows corporations to make what is good for society even if the law didn't require it. Carroll mentioned that corporations must be responsive to the spirit of the law, not just to the letter of law. In other words, ethical responsibilities embrace fair activities done by a corporation and expected by society. For example, fishing companies are allowed to hunt unlimited amounts of fish in the Middle East seabed, but it is immoral to hunt larger quantities than the quantity required by the market. Civil societies and associations play an important role in determining the ethical controls of companies until these controls become official laws(Brin & Nehme, 2019).

D. Philanthropic responsibility. It is a voluntary activity guided by the business's desire to participate in social activities that are not mandated, not required by law, and not generally accepted in business as ethical sense. So philanthropic responsibility is a pure giving for society, it's an activity or project created by a corporation and purely dedicated to community expectation. At the philanthropic level, the business corporations could satisfy what is desired by their society. To fulfil in philanthropic responsibility, corporations engage in various giving forms, as sponsoring sports activities like an annual marathon or volunteering employees in donation campaigns, etc. The value behind philanthropic activities is to reveal a good citizenship image of the company and increase its reputation(Brin & Nehme, 2019).

As mentioned by (Brin & Nehme, 2019), the main idea of Carroll Pyramid is to apply CSR projects in the order form. Companies should apply social responsibility by achieving economic objectives at the first level through maintaining sustainability and profitability. Only then it can move to the next stage which is the commitment to recognize regionally and internationally laws and obligations. Only after that third level come which is the commitment to ethical standards. Finally achieving the last level, where companies contribute to the philanthropic responsibilities required by society and environment. The pyramid of corporate social responsibility is presented in the figure below:



Figure 1.2: Carllos CSR pyramid

When Carroll developed his original four-part construct of CSR (1979) and then his pyramidal depiction of CSR (1991), it was clearly done with American type capitalistic societies in mind. But in 2007 Crane and Matten observed that all the levels of CSR depicted in Carroll's pyramid play a role in Europe and interlink in some manner(Crane, McWilliams, Matten, Moon, & Siegel, 2008).

i. Corporate Social Responsibility in Developing Countries

The focus of CSR In developing countries is more on social problem than ethical issues (Visser, 2008)). Companies in developing countries reporting their CSR activities. But still, lack of CSR initiatives in the business strategies (Baskins, 2007). According to (Visser, 2008), he identified ten major drivers for CSR in developing countries, dividing into Internal and externa drivers. Internal driver refer to pressures from within the country that consist socio economic problem, cultural tradition, political reform, crisis response, governance gap and market access while external drivers tend to have international standardization, supply chain, stakeholder activism, and investment incentives are the key drivers of CSR in developing countries.

As mentioned by (Visser, 2008), some of the key CSR initiatives in developing countries emerged from the implementation of the vision of the Millennium Development Goals, including reducing poverty, hunger and disease, reducing the mortality rate of mothers and babies, better educated children, equal opportunities for women and a healthier environment and how to pay

tribute to their success (UN, 2006).The priorities range from reducing poverty and spreading HIV/AIDS to improving access to education in developing countries. Unfortunately, these global objectives remain far from being met in many developing countries today (Visser, 2008).

ii. Corporate Social Responsibility Pyramid Developing Countries

In considering the most popular model (Carroll A. , The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders., 1991) CSR Pyramid, comprising economic legal, ethical, and philanthropic responsibilities this is almost entirely based on research American context (Visser, 2008). But, Carroll modified the CSR pyramid in the context of developing countries.



Figure 1.3: CSR pyramid for developing countries (Visser, 2008)

A modified CSR pyramid, originally explained by Carroll, can be used when describing CSR in developing countries in which, economic responsibilities still get the most emphasis. However, philanthropy given the second highest priority, then legal and ethical responsibilities these give a fair view for the CSR (Visser, 2008).

Developing countries, suffer from a shortage of foreign direct investment, as well as high unemployment and widespread poverty, in this case economic responsibilities concern job creation and establishment of local businesses besides just being profitable. The philanthropic

responsibilities are expected to a larger extent in these areas due to severe social and environmental problems. In developing countries it is strong indigenous tradition philanthropy to help people in need. Other important reasons include the socio economic needs; improve the prospects of the communities, reliant on foreign aid or donor assistance and also early stage of maturity in CSR and; they are sometimes equating CSR and philanthropy. However, many developing countries are depending on foreign aid in these matters. Concerning legal responsibilities, there is usually a smaller focus on legal issues in developing countries. This is mainly due to the poor legal infrastructure development, and often lacks independence, resources, and administrative efficiency for full functioning of legal framework. Finally, the ethical responsibilities are given little attention in many developing countries (Visser, 2008).

iii. Responsibility to Stakeholders

The managers of companies can best promote the long-term viability of an enterprise by balancing the needs of its stakeholders with the financial requirements of sustaining and growing a business (UNCTAD, 2008). Shareholders are the investors of one company and are t core factors for its development. Carroll (1991) also suggested a company should perform in a manner consistent with maximizing earnings per share

- **Responsibility to Local Communities:** Issues related to economic developments are often the primary area of interest for companies' surround community. Equally among a community's primary interests are issues related to the control of local health, safety and education projects and security risks and information on community complaints about corporate activities and handling. In some contexts, the local community may also have concerns about the impact of companies' operations on culture. Such impacts can result from the development of new products or services from generation of domestic migration (UNCTAD, 2008). Good companies are expected to build good relationships with local communities. When making plans and activities the organizations should take into account its impacts on communities. There is a gram of support for community projects and activities that is appropriate to the organization and the needs of the community.

- **Responsibility to the Environment:** Many organizations are currently becoming more environmentally friendly in their operations. Many companies prepare limited, qualitative, nonfinancial information mostly through an annual report, but some large companies, particularly those operating in environmentally sensitive industrial sector started disclosing significant quantitative and qualitative information on the issue.
- **Responsibility to Customers:** CSR initiatives can also contribute much to strengthening a firm's competitive advantage through enhancing its relationships with its customers (Okpara & Wynn, 2012). According to Pelozo and Shang (2011) customer value can increase by CSR activities, or it may develop new sources of customer value, organizations can gain a competitive advantage.

iv. Sales and sales performance

According to Gillian and Granthern (1976), Sales are a result of marketing communication in consultation with other variables. It is the performance of completing the commercial activity. As stated by Rubalskas (2006), sales volume as the quantity an organization is able to exchange for money. A sale is accomplished by the seller who is the owner of the goods. It starts with the agreement to an acquisition followed by the passing of title to the buyer.

Performance of sale given product refers to the volume or the level of product sales in a given period of time. It is commonly measured by key performance indicators; such as, the number of promotional relations and sales of a given product (Balunywa 1998).

For any company, sales refers to the total amount of money received by the company for goods sold or services provided during a certain time or period. The basic principle is that a sale can only be accepted when the transaction is already recognized or can easily be realized. which means the company should have received payment or the chances of receiving payment are high (Kakuru, 2000). Sales can be gross or net. Gross sales are the total invoice value of sales, before deductions for customer discounts, allowances or returns. Whereas Net sales refer to the gross sales revenue after deducting returns, allowances, discounts and all other selling expenses.

v. Sales performance indicators

As literature indicates there are several perspectives on evaluating sales performance but the performance measures taken at different times are not highly related and the relationships between different performance measures are not strong (Roberts, P.W., & Dowling, 2002). As mentioned by (Campbell, 1990) there are 10 performance indicators which are sales volume and ability to reach quotas, customer relations and management of expense accounts, customer knowledge and company knowledge, competitor knowledge and product knowledge and time management and planning that are significant for sales performance. From a different angle, Campbell's checklist can be effectively reduced to four main objective performance criteria such as annual sales volume, gross profit per sale, annual sales volume and profit growth customer relations.

According to Reilly (1997), Sales performance is usually measured by key sales performance indicators such as revenue, sales turnover and the level of replenished stock, brand popularity as well as a continuous productive system.

Kolter (2003) defined a number of key performance indicators. According to him key sales performance indicators of a product is produce fast moving consumer products is high sales revenue. Sales revenue refers to the total amount of money that has been realized after delivery of goods or services. Sales revenue can only be realized after stock is out of stores.

In some companies, continued production of goods is an indicator of good sales whereas a reduction in production indicates declining sales. Additionally the popularity of the product or brand shows high sales of the product. In general, consumers prefer to use those brands which are familiar to them.

vi. Sales performance management

Organizations face many obstacles to success in maximizing sales effectiveness and overall revenue performance, to overcome the obstacle organization need to have Sales performance Management.

Sales performance Management is an integrated frame work that enables organizations to plan and model sales strategies and ensure timely accomplishment of sales initiatives (Dunne,

2005).sales performance management helps organization by better targeting through a better understanding of market trends and better targeting of sales across territories; increased sales turnover and improved productivity by allocating sales opportunities more fairly; more timely and realistic, quota selling with reduced risk attainment shortfalls or un-forecasted sales incentive exposure; timely and measureable sales incentive plans that successfully influence behavior; better management of sales resources, to ensure higher revenue generating activities cost effectively; more sales satisfaction through confidence in their pay for performance; and improved agility in understanding market drivers and the ability to make course connections.

2.2 Empirical literature Review

2.2.1 Corporate Social Responsibility and Financial Performance

There are numbers of research studies available in the relevant literature on the relationship between corporate social responsibility and financial performance that shows positive, negative and neutral relationship between CSR and financial performance. According to(Flammer, Corporate social responsibility and shareholder reaction: The environmental awareness of investors, 2013),USstock market reactions to the publicly traded firms' environmental activities between 1980and 2009 reviewing 273 articles published in the Wall Street Journal's Through regression analysis and the result show that stock market reacted positively to the notices of eco-friendly activities. Likewise,(Gatsi & Ameyibor, 2016) stakeholder theory , the theory that prompts managers to act responsibly towards stakeholders' assets they control, and used descriptive statistics, correlation metrics and regression analysis to find positive links between CSR disclosures and working capital of selected 43 UK companies between 2005 and 2012.Others have adopted the shareholder value theory, which focuses on maximising the interests of companies' investors, to examine the link between CSR and financial performance(Mujahid & Abdullah, 2014)(Shukla & Agarwal, 2017)(Ahmed, S, & Ahmed, 2017).

(Mujahid & Abdullah, 2014)analysed the return on equity, return on assets, and earning per share data from the 2011 annual reports of ten firms with high CSR disclosures and ten firms with no CSR in Pakistan, and concluded a positive relationship between the firms' CSRand financial performance. This is consistent with Shukla and Agarwal's investigation on the positive links

between foreign institutional investment and CSR of Indian firms operating in the energy sector from 2010 to 2015 where CSR expenditure and disclosures were measured against profit after tax, return on assets, return on equity and market capitalisation of the firms(Shukla & Agarwal, 2017).

According to(Boafo & Kokuma, 2015)findings of the study shows that CSR has a substantial and positive impact on financial performance of organization.in this research 55% of the 160 studies examined identified a positive relationship between CSR and financial performance, 22% reported no relationship, 18% found a mixed relationship and 4% a negative relationship.

(Muturi and Gladys, 2018) investigate that four CSR dimension have positive and significant effect on organisational performance. According the findings of the study effects of economic activities on organizational performance established the fundamental condition or requirement of existence, businesses have an economic responsibility to the society that permitted them to be created and sustained. Whereas effects of legal activities revealed that it has constructive effects on organizational performance because there is established minimal ground rules under which businesses are expected to operate and function. Ethical activities on organization performance strongly agreed that it has positive effects on organization performance because organizations establish a dependent relationship with the society where they belong to; their image toward their stakeholders can be seen as an imperative matter. A philanthropic activity like donations and sponsorships has positive effect on organizational performance. The study concludes that CSR activities in firms cannot operate in isolation from other elements of the business, and firms to be competitive and profitable, companies have to strive to achieve greater coordination and collaboration of corporate social responsibility approaches required in its management.

2.2.2 CSR, Corporate Reputation and customer satisfaction

According to (Brown & Logsdon, 1999)reputation is defined as “outsiders’ assessments about what the organization is, how well it meets its commitments and conforms to stakeholders’ expectations, and how effectively its overall performance fits with its socio-political environment.” Largely, reputation is a general attribute of firms and reflects the extent to which “stakeholders see firms as ‘good’ or ‘not bad’.” (Roberts, P.W., & Dowling, 2002). Thus, a positive reputation indicates that a firm is highly esteemed or well regarded (Weiss et al. 1999).

Existing research provides evidence to suggest that corporate reputation is a crucial intangible resource that contributes to a firm's competitive advantage (Roberts, P.W., & Dowling, 2002). "precisely because the development of a good reputation takes considerable time and depends on a firm making stable and consistent investments overtime" (Roberts, P.W., & Dowling, 2002). Corporate reputation is enhanced or destroyed by firms' decisions to engage or disengage in CSR activities. Bhattacharya and Sen (2003) pointed out that CSR "builds a reservoir of goodwill that firms can draw upon in times of crisis". Similarly, (McWilliams & Siegel, 2001) reported that CSR "creates a reputation that a firm is reliable and honest". The link between CSR and corporate reputation in emerging economies is not straight forward. Contrary to employee commitment where employees are able to observe their firms' CSR activities, the impact of CSR on corporate reputation, in the eyes of different but mostly external stakeholders, is shaped by how the firm communicates its CSR activities and how its activities are reported in the national media and other communication media. Branco and Rodrigues noted that when firms are able to demonstrate, by communicating effectively with a wide range of stakeholders, that they operate in accordance with social and ethical criteria, they can build a positive reputation, whereas failing to do so can be a source of risk to their reputation (Branco & Rodrigues, 2006).

Sridhar and Ganesan (2016) studies the relationship between CSR and corporate reputation. The obtained result suggests that CSR is a key determinant of corporate reputation. The result further highlights that reputation of the firm leads to customer satisfaction.

Major drives for gaining corporate reputation, among which social responsibility plays a vital role. That is service or product offered from a reputed firm result in customer satisfaction. The study concluded that the combined effect of CSR and corporate reputation has a significant effect on customer performance.

Additionally the study identifies that the relationship between CSR and satisfaction is explained by the construct corporate reputation. That is corporate reputation mediated the relationship between CSR activities and customer satisfaction. Customers expect reputed firms to involve themselves in CSR activities like free education to performers, rural development, environmental care and economic development of the society which Continuous performance of these activities further attains the satisfaction level of both employees and customer which result in positive

word of mouth about that institution Thus, they tend to communicate about the service or product offered to their relatives and friend.

2.2.3 Corporate Social Responsibility and profitability

(Kolstad, 2007)Has shown in his article that the relationship between CSR and profit is a major concern.(Porter & Kramer, 2002)Added that companies can consider CSR as a limitation or an extra expense, but it may be an incentive for them to innovate and achieve a competitive advantage. (Kolstad, 2007)Claimed that CSR should be used as a method of reaching the ultimate objective of a company that raises shareholder returns but cannot be considered a goal in itself.

Companies should balance the scarification of any financial gains and, at least in the short term, the satisfaction of their stakeholders.(Kolstad, 2007)Added that managers used to care only about the profits and the benefits of the shareholders, while nowadays companies may have to expand their goals to include the CSR.

2.2.4 Corporate Social Responsibility and profitability

Personal responses from customers to CSR efforts can lead to increased sales of high-value products and services(Heslin & Ochoa, 2008). One of the most important stakeholders in any business is the consumer(Rugimbana, Quazi, & Keating, 2008). According to a Webster report in 1975, a consumer-conscious consumer takes into account public outcomes. Customers are the basic stakeholders of any business. Consumers have a high level of trust in a socially responsible and selective company(Pivato, N., & A., 2008). This will ultimately increase the market share.

2.2.5 Corporate Social Responsibility and Sales Performance

Corporate social responsibility (CSR) is one of the marketing strategies that are widely used in the industrial field for the purposes of creating customer awareness, enhancing product penetration into the market and boosting firm's profitability (McWilliams & Siegel, 2001) a number of studies have reported a positive effect of CSR on company performance(Boafo & Kokuma, 2015).A significant proportion of the benefits identified may be considered marketing related (Bhattacharya & Sen, Maximizing business returns to corporate social responsibility

(CSR): The role of CSR communication., 2010) (Maignan, Ferrell, and Ferrell, 2005). Researchers have suggested, for example, that engaging in CSR activities creates a reputation for the company's honest and reliable and that customers consider the products and services of such companies as more reliable and of better quality (McWilliams & Siegel, 2001). Engaging in CSR activities also enhances the purchase intention of potential customers (Fagerstrøm, Stratton, & Foxall, 2015).

In other words, CSR can be seen as similar to a marketing tool (Fagerstrøm, Stratton, & Foxall, 2015), (Boafo & Kokuma, 2015) and successful employment of this tool might help companies to build a competitive advantage, leading to the enhancement of their marketing performance (Morgan, Vorhies, & Mason, 2009). (Lai, Chiu, Yang, & Pai, 2010) studies have shown that CSR initiatives definitely can create marketing advantages for companies, which can lead to improved financial performance. Studies have demonstrated that CSR activities can have a positive effect on brand equity, as well as on brand sales performance (Lai, Chiu, Yang, & Pai, 2010). As cited by (Bhattacharya & Sen, Doing better at doing good: When, why, and how consumers respond to corporate social initiatives, 2004), Marketplace survey shows that customers tend to have a better perception of companies that engage in CSR activities. The study reported that 79 percent of Americans take corporate citizenship into account when deciding whether to buy a particular company's product, even if price and quality of product are similar. Customers even may be willing to pay a higher price for products and services of companies that engage more in CSR activities (Servaes & Tamayo, 2013).

2.3. Conceptual Propositions

Following a deductive approach (Saunders, Lewis, & Thornhill, 2012), from the literature can create and formulate propositions that illustrate the links between CSR and sales performance. Under the ethical reasons for approval CSR principles, there is a strong argument that firms use CSR activities to increase business image, appeal to customers and improve financial performance. However, the variables for measuring firms' social responsibilities are varied and different from one organisation to another (Galant & Cadez, 2017), but most research has consistently used donations (Maasand Liket, 2011), community work and environment-friendly schemes (Flammer, Corporate social responsibility and shareholder reaction: The environmental

awareness of investors, 2013) and customer oriented responsibility(Carly, 2002) as the main dimensions of CSR that can increase firms' reputation for customers and financial performance. From the literature, the researcher propose that company's donations, community work, consumer oriented responsibility and environmental responsibility activities can lead to sales performance.

2.3.1 Donations and Sales performance

The economic gains of corporate philanthropy have already been witnessed as the payoff implications of CSR in some studies (Maas and Liket, 2011).These ratify the findings that, donations could improve corporate image and firms' competitiveness(Porter & Kramer, 2002). These also support the claim that, donations have been a traditional CSR strategy that relates to financial performance measures (Tian, Wang, & Yang, 2011)and improves customer loyalty and sales performance(Ameer & Othman, 2012).Therefore, the researchers propose that if there is Arki's philanthropic activities have positive relationships with their sales performance.

2.3.2 Community Work and Sales Performance

Community work has already seen its positive relations with firms' financial performance as companies become an integral part of communities and base their corporate strategies on community welfare such as sponsoring the local sport teams, engaging staff in raising funds for charities, initiating health awareness and promoting educational programmes for the local communities (Ameer & Othman, 2012). As mentioned by (Perry & Towers, 2009), company are strong to disclose their CSR reports to customers and show their commitment to fair trade, community and consumer concerns in order to improve sales. Depending on the above studies the researcher propose that if there is Arki's involvement in community work has positive relationships with their sales performance.

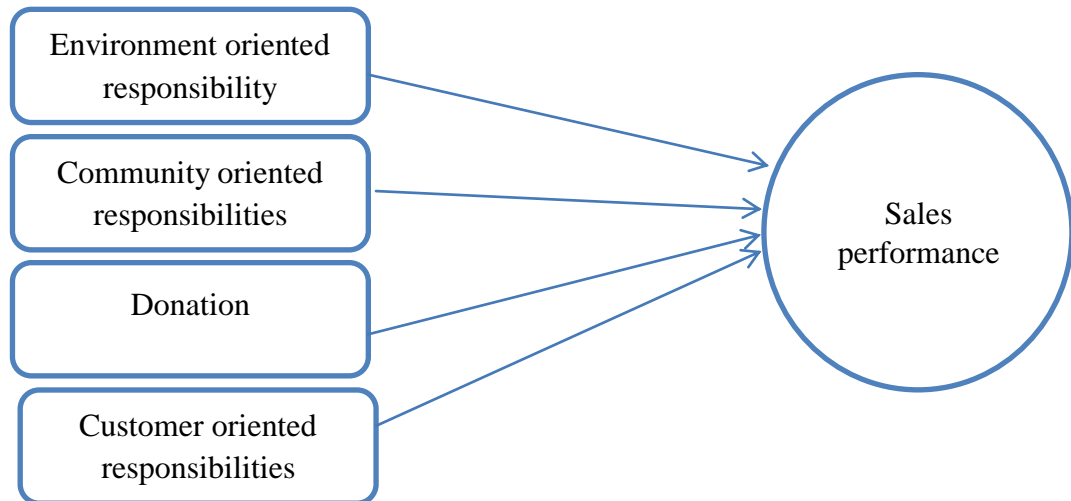
2.3.3 Environmental Responsibility and Sales Performance

Many studies suggest that company's environmental responsibility correlates with their financial Performance (Flammer, Does corporate social responsibility lead to superior financial performance? A regression discontinuity approach, 2015) though some researchers argue that corporate environmental sustainability programmes can earn more costs than benefits (Hirigoyen & Poulain-Rehm, 2015). Many have observed that low carbon emission strategies can result in good economic performance (Siegel, 2009) depending to the above studies the researcher proposes that if Arki's environmental responsibilities has positive relationships with their sales performance.

2.3.4 Customer Oriented Responsibility and Sales Performance

A company has obligation to act responsibly towards its customers or otherwise it might ultimately lose business. This could be through providing goods and services by integrity, quality and care. Customer rights like rights to safe products, rights to all relevant information about the product, Ethical advertising should also be put into consideration which is increase customer perception, buying behaviour and sales performance (Tian, Wang, & Yang, 2011). Therefore the researcher proposes that if there is Arki's customer oriented responsibilities has positive relationships with their sales performance.

2.4. Conceptual Framework



Source: Own Design, 2021

There were four hypothesis of the study that tested if there is a positive relationship between CSR dimensions (the environment oriented responsibilities, community oriented responsibilities, customer oriented responsibilities, community oriented responsibilities and donation) with sales performance in Arki natural mineral bottling factory.

2.5. Research Hypotheses

H1: There is a positive significant relationship between environment oriented responsibilities and sales performance of Arki natural mineral bottling factory

H2: There is a positive significant relationship between Customer oriented responsibilities and sales performance of Arki natural mineral bottling factory

H3: There is a positive significant relationship between community oriented responsibilities and sales performance of Arki natural mineral bottling factory

H4: There is a positive significant relationship between donation and sales performance of Arki natural mineral bottling factory

CHAPTER THREE

RESEARCH METHODOLOGY

INTRODUCTION

This chapter present the research methods, research design, data collection techniques, sampling techniques and methods of data analysis and ethical issues are explained and justified.

3.1. Description of the Study Area

Bottled water in Ethiopia was introduced before about 15 years and during that time it was new idea and people were amazed about this product but nowadays it is becoming common and the industry is growing fast. According to Central Statistics Agency annual report, the number of manufacturing of bottled water companies in Ethiopia increased dramatically and has contributed much to the growth and development of Ethiopian economy(CSA, 2017). It has also offered emerging employment opportunities and participating in social responsibilities.

According to (New business Ethiopia 2018), there are 67 water bottling companies in Ethiopia of which the majority are located in Oromia Region close to Addis Ababa where they can access the biggest number of consumers in the country. All together the water bottling factories produce close to 3.5 billion bottles of water per year serving only 5% of Ethiopia's population. 105 million total populations. Arki natural mineral water bottling factory was selected for this study. These factory are chosen because of it have practice of CSR.

Arki mineral water is a unique product brought to market by SBG Industry PLC; a company established with the commitment to make the highest quality bottled natural mineral water accessible for its customers across Ethiopia and Africa. SBG Industry PLC was established in 2008 in Addis Ababa, Ethiopia with a capital of ETB 40 million and is currently engaged in the production of bottled natural mineral water (Arki Water, 2018).

3.2 Research Approach

In this research, the researcher was used quantitative research approach. According to Creswell (2012) Quantitative research is research approach in which researcher decides what to study; asks specific, narrow questions, collects quantifiable data from participants, analyses these numbers using statistics and conducts the inquiry in an unbiased, objective manner. Accordingly, the researcher was used quantitative approach to respond to the research questions by collecting quantitative data from employees of Arki natural mineral bottling factory. So the researcher was preferred this approach to study the relationship between dependent and independent variables were measured quantitatively.

3.3. Research Design

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of the variables specified in the research problem (Kothari, 2004). This study aimed at understanding the relationship between the dependent and independent variables, which are sales performance and corporate social responsibility respectively.

In this study the researcher was used both descriptive and explanatory research design. The researcher was used explanatory research design because it enables to critically examine the relationship between independent variables that are CSR activity; environment oriented activity, customer oriented activity, community oriented activity and donation and dependent variable that are sales performance. The researcher also was used descriptive research design to explain and describe systematically a situation, a problem, phenomenon, or attitudes towards an issue.

The research design for this study was the Cross-sectional field survey method. In cross-sectional field surveys, independent and dependent variables are measured at the same point in time using a single questionnaire (Anol, 2012)

This study was focused on the various CSR activities accomplished by Arki natural mineral water bottling factory and their effects on sales Performance. To this end a methodology is primarily relays on data collected through questionnaires.

3.4. Types of Data and Method of Data Collection

3.4.1. Sources of Data and Data Type

In order to achieve the objective of the study, the researcher was used both primary and secondary source of data. The primary data was collected from the employees of the company by using the questionnaire. Whereas Secondary source of data was gathered from annual report of the company, various books, research papers (both published and non-published), articles, Journals and websites.

3.4.2. Method of Data Collection

Based on the nature, scope and objectives, the researcher was used questionnaires as an instrument of data collection. The primary data was collected through structured questionnaires and structured questionnaires was develop containing closed ended for respondents of all employees of the Arki natural mineral water bottling factory at different level of the organization to give their opinion relating to the CSR Practices. The questionnaire is preferred to more than other methods of data collection that it provides an opportunity for obtaining reliable and valid information from a greater number of respondents. The questioner incorporating of 27 close-ended questions in which 22 items are divided into 4 components of CSR dimension: community oriented responsibility, environment oriented responsibility, customer oriented responsibility and donation; except customer oriented responsibility which contain 5 questions, 3 dimension of CSR each contain 4 questions. The remaining is used to measure the sales performances which contain 5 questions. The variable is sourced from (Mugisha, 2014); (Sughraand Nyame, 2017), (Ephrem, 2018) measured using Likert scale with five response categories ordinarily. The Likert scale method is preferred to make questions interesting to respondents and thereby enhance their cooperation (Scott and Gerald, 2010).

3.4.3. Data Analysis

Data analysis refers to the computing of certain measures along with searching for pattern groups (Kothari, 2004). After collecting the data through different instruments, the researcher was organized and prepares the various data depending on the sources of information. Moreover, to

ensure logical competence and consistency of responses, data editing was carried out by the researcher. A mistakes ware identified and data gaps are rectified as soon as possible. Once editing was done, data was analysed. To analyse the data, quantitative was used. The researcher was used tables, frequencies and percentages to show the highest number of group responses or the most common opinions from the group responses. For analysis of primary data, both descriptive and inferential statistics analysis techniques were employed.

Descriptive statistics such as frequencies and percentages distribution was used to assess the demographic profile of the respondents and also descriptive statistics such as mean and standard deviation was used to make the analysis more clear, meaningful and understandable. Inferential section, correlation and multiple liner regression were used to investigate the most important questions and objectives of this study and to arrive at the core findings of the study with regards to the hypotheses forwarded.

The correlation analysis report on the magnitude and direction of relationships between variables in the study. These variables are the independent variables (CSR) and the dependent variable (sales performance).

Multiple Linear Regression (MLR) model was employed in order to investigate the effect of the hypothesized factors on sales performance of Arki natural mineral water factory. To ensure that the analysis is as accurate and true as possible, the four assumptions of multiple linear regressions were tested. This includes multicollinearity, homoscedasticity, linearity and normality test.

To achieve a given research objective, the multiple linear regression models was specified as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where Y is the dependent variable (sales performance), (X1) donation, (X2) Environmental oriented activity, (X3) community oriented activity, (X4) customer oriented activity,

α (alpha) is constant β_1 , β_2 , β_3 and β_4 , and refer to the coefficient of their respective independent variables and ϵ is the error term. To validate the model the researcher was used

ANOVA. The collected data was organized in order to remove errors. To do such kinds of analysis the researcher used Statistical Package for Social Science (SPSS) software version 20.

3.3. Population and survey Size

3.3.1. Target Population

According to (Hair, Black, Babin, & Anderson, 2010), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data Structures and information. According to(Mugenda, 2008), target population is the total population that the researcher specifies in his or her research. In order to undertake this study, the researcher was take employees of Arki natural mineral water bottling factory as target population.

3.3.2 The census survey size

In this study the management group at different level, employees in different departments of the company was the population of the study. The researcher adopts census technique that is all employees of the Arki natural mineral water bottling factory involved in the study. The numbers of employees are 168. So the number of respondents in this study is 168.

3.4 Validity and Reliability

The final goal of any research study is to obtain trusted, high-quality, valid and reliable results (Yilmaz, 2013). Therefore, researchers should check that the adopted research methodology meets the defined criteria and standards. Common criteria that are used to achieve these standards in research methodology are validity and reliability.

The term ‘validity’ described as the appropriateness and accuracy of collected data. Reliability is consistency or the degree to which a research instrument measures a given variable consistently every time it is used under the same condition (Yilmaz, 2013).

The researcher believed that the Cronbach’s Alpha is the best method to use for reliability analysis. The alpha statistic ranges between 0 and 1. A reliability coefficient (alpha) higher than

or equal to 0.7 is considered as acceptable. That means the targeted questions raised in the questionnaires would be capable to meet the objective of the study. A pilot sample of 10 respondents was selected to check the reliability of the questionnaire and the result has proved the questioners intended to collect the desired data was reliable.

Table 3.1: Cronbach's Alpha of variables

Variables	Cronbach's Alpha	Number of items
Community oriented responsibility	.940	4
Environment oriented responsibility	.889	4
Customer oriented responsibility	.821	5
donation	.788	4
Sales performance	.776	5

Source: SPSS out put

As indicated in Table 3.1, each dimension of CSR had a coefficient alpha more than 0.776. It indicates that there is greater internal consistency of the items in the scale, and that the research instrument used was very reliable. So the researcher concludes that all variables are acceptable for further analysis.

3.5. Ethical Considerations

The researcher gave top priority for participant's well-being in due course of collecting relevant data for the research. The respondents have been assured that they will not be confused and that their response will remain confidential *and* the information they provided is used for academic purpose only. As far as the questionnaire was concerned, the cover page explained the purpose of the study and informed that the respondents have the right to seek for further explanation on any issues pursuant to the research.

The researcher also makes sure that literature reviewed for this research has been properly acknowledged and other materials used as inputs in the process are properly cited and the respondent responses are properly coded, entered and only based on this information the analysis is made.

CHAPTER FOUR

RESULT AND DISCUSSION

INTRODUCTION

The aim of this study is to investigate the effect of Corporate Social Responsibility on sales performance of Arki natural mineral water bottling factory. The finding provides a better understanding of the practice of Arki natural mineral water bottling factory in relation to CSR and its effect on sales performance. In this chapter the analysis and interpretation of the collected data that include descriptive statistics, correlation analysis, and regression analysis and at the end discussion from the research findings was present.

As it was stated in the research methodology part, questionnaire was used as primary data collection method. It was distributed to the employees of Arki natural mineral water bottling factory that is located in Sululta, Oromia region 25 km far from Addis Ababa. 168 questionnaires were distributed to them and 162 of them were returned correctly filled. This indicates the response rate for the study is 96.4%. The questionnaires were handed personally to respondents and it was prepared in English language. However, since it is a census sampling techniques which means all employees will participate in the survey, thus the questionnaire prepared is translated to Amharic language. The statistical analysis of this study was done by SPSS software version 20.

4.1 Descriptive Analysis

4.1.1 Demographic Information of Respondents

The first section of the questionnaire was demographic profile of the respondents. This aspect of analysis deals with the personal data of the study respondent's; sex, age educational level, work experience and job. The table below shows the details of demographic information of 162 respondents.

Table 4.1: Demographic Profile of Respondents

S/no	Variables	Category	Frequency	Percent	Cumulative Percent
1	Gender	Male	84	51.9	51.9
		Female	78	48.1	100.0
		Total	162		
2	Age	18-29	49	30.2	30.2
		30-39	78	48.1	78.4
		40-49	32	19.8	98.1
		50 or above	3	1.9	100.0
		Total	162		
3	Education level	High School	31	19.1	19.1
		Certificate and diploma	41	25.3	44.4
		Degree	82	50.6	95.1
		Master Degree and Above	8	4.9	100.0
		Total	162		
4	Job	Finance	8	4.9	4.9
		Production	48	29.6	34.6
		Quality control	13	8	42.6
		Sales and marketing	62	38.3	80.9
		Management	15	9.3	90.1
		Other	16	9.9	100.0
		Total	162		
5	Work experience	Less than 3 year	58	35.8	35.8
		3 or more	104	64.2	100.0
		Total	162		

Source: SPSS out put

As indicated in the above table, 48.1% of the respondents are females and the rest 51.9% are males. From this we can say that the proportions of male and female respondents are almost similar. It indicates that the participation of females in organizations is increasing.

Age is one of demographic factor that statistical summary showed in the above table. Majority respondents age is belong to 30-39 years which accounts 38.1%. On the other hand 30.2% of the respondents were found in the age of 18-29, 19.8% found in the age of 40-49 and 1.9% of the respondents are above 50 years old. This shows that the majority of Arki natural mineral water

bottling factory employees is between the age of 30 and 39. The age condition of the participant's shows that majority of the respondents included in the study were at their maturity stage which helps them to understand social responsibility.

As it can be seen in the above table the majority of the respondents 50.6% are first degree holders. On the other hand 25.3% of the respondent education level were Certificate and diploma, 19.1% high school and 4.9% Master degree and above .

Concerning respondent's occupational status, the respondents' analysis shows 4.9% are finance, 29.6% production, 8% quality control, 38.3% sales and marketing, 9.3% of respondents are management and 9.9 are others. This implies that the large numbers of employees in the factory are sales and marketing. Regarding the work experience of the respondent, 35.8% are less than 3 years and 64.2% have more than 3 years' experience.

4.1.2 Descriptive Analysis Corporate social responsibility in sales performance

This section of the questionnaire tested the attitude and views about corporate social responsibility levels of the company employees. A series of four statements were presented to respondents and respondents were asked to rate their level of agreement with each statement.

In order to compare the different dimension of CSR, mean and standard deviation of the respondents have been computed. The result of the analysis is shown in the table 4.2 below.

Table 4.2: Mean of community oriented responsibility

Community oriented responsibility	N	Mean	Std. Deviation
Your company attempts to identify and measure costs of social responsibility activities	162	4.33	0.566
Is your company strive to be good corporate citizens by contributing to community well being	162	4.42	0.565
Does your company recognize their responsibility to work in partnership with the communities in which they operate	162	4.42	0.554
Community oriented Responsibility will help on sells and market share of the company	162	4.43	0.520
Over all	162	4.4	0.55

Source: SPSS out put

According to (Hailu, 2013) measurement scale intervals or range, mean scores 4.51-5.00 is excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair and 1.00-1.50 is poor. Based on the above assumption the following interpretation was made for each dimension of CSR.

As illustrated on the above Table 4.2 the mean score and standard deviation of respondents for each item ranges between the lowest M = 4.42 with SD = 0.554 and the highest M = 4.43 with SD = 0.520. The average mean score for community oriented responsibility was M = 4.4 with SD = 0.55 which implies good. This indicates the community oriented responsibility is important for sales performance. According to Meenaghan, there should be some kind of linkage between the Community oriented Responsibility and the corporate/product image. If not, it may attract negative attention or may confuse the potential consumer. He inclined that the Market share should have a link at least Community oriented Responsibility.

This means the respondents agreed that work in partnership with the communities; company make effort to be good citizenship will help to get recognition and reputation from community which leads to competitive advantage of company. The finding is consistent with other similar studies(Ephrem, 2018).

Table 4.3: Mean of customer oriented responsibility

Customer oriented responsibility	N	Mean	Std. Deviation
Customer oriented responsibilities have improved over the years	162	4.45	0.511
Is your company providing goods and services hallmarked by integrity, quality and care?	162	4.42	0.565
Customer rights to safe products, rights to all relevant information about the product should be left to prevail and Customer Relationship.	162	4.22	0.696
New products and services have been developed in the last 4 years to satisfy customers	162	4.30	0.803
The more customer satisfied more sales and profit will be gained	162	4.02	1.266
Over all		4.28	0.768

Source: SPSS out put

As illustrated on the above Table 4.3 the mean score and standard deviation of respondents for each item ranges between the lowest $M = 4.02$ with $SD = 1.266$ and the highest $M = 4.45$ with $SD = 0.511$ the average mean score for customer oriented responsibility was $M = 4.28$ with $SD = 0.768$ which implies good level. This indicates that respondents agreed that improving customer oriented responsibility, providing quality product, developing new product and service will lead to customer satisfaction and profit will be gained.

The above result is consistent with the findings of Taranto (1998) states that Customer oriented Responsibility very important even though it is very difficult and very frustrating but ultimately most rewarding in order to succeed with Market Share. The main objective companies have with Customer oriented Responsibility is to create or strengthen the corporate or brand image (Behrer and Larsson 1998).

Table 4.4: Mean of donation

Donation	N	Mean	Std. Deviation
Does your company engaging in social activities by donating money to charity or organize social programs?	162	4.30	0.820
Does your company participate in supporting schools and health programs?	162	4.09	0.897
Do your company's employees participate voluntary activity?	162	4.29	1.032
Does your organization provide aid for local community peoples?	162	4.25	1.005
Over all		4.23	0.938

Source: SPSS out put

According to the above Table 4.4 the mean score and standard deviation of respondents for each item ranges between the highest $M = 4.30$ with $SD = 0.820$ and the lowest $M = 4.25$ with $SD = 1.005$ the average mean score for donation was $M = 4.23$ with $SD = 0.938$ which implies good level. This indicates that respondents were agreed with the company participate charity or organize social programs, supporting schools and health programs, provide aid for local community peoples. The finding shows that most of the respondents do support that Donation activities have a role on sales performance in Arki natural mineral water bottling factory. These findings relate with the findings of (Porter & Kramer, 2002). Donations could enhance corporate image and firms' competitiveness. These also support the claim that, donations have been a traditional CSR strategy that relates to financial performance measures (Tian, Wang, & Yang, 2011) and improves customer loyalty and sales revenue (Ameer & Othman, 2012).

A discretionary responsibility of a firm that involves choosing how it will voluntarily allocate resources to charitable or social service activities in order to reach marketing and other business-related objectives of which there are no clear social expectations as to how the firm should perform (Ricks, 2005).

Table 4.5: Mean of environment oriented responsibility

Environment oriented responsibility	N	Mean	Std. Deviation
Environmental oriented responsibilities attributes have improved in the last 4 years	162	4.28	0.595
Is your company Involving in Pollution prevention through conducting operations in a manner that prevents pollution, conserves resources, and proactively addresses past environmental contamination	162	4.33	0.658
Environmental oriented responsibilities will help the company on sales performance	162	4.32	0.627
Integrating environmental management into business and decision making process, regularly measuring performance, and practicing continual improvement will help the company business process	162	4.31	0.664
Over all		4.31	0.636

Source: SPSS out put

The above Table 4.5 also describes that the mean score and standard deviation of respondents for each item ranges between the lowest $M = 4.31$ with $SD = 0.664$ and the highest $M = 4.33$ with $SD = 0.658$. The average mean score for Environment oriented responsibility was $M = 4.31$ with $SD = 0.636$ which implies good level. This means that respondents were agreed Environmental oriented responsibilities will help the company on sales performance thus result supported by other studies (Siegel, 2009)(Ameer & Othman, 2012)from this studies observed that low carbon emission strategies can results in good economic performance. Environmental management can minimize external effects, enhance financial performance and, increase reputation among communities, customers and stakeholders (Sarmiento et al., 2006).

Table 4.6: Mean of sales performance

Sales performance	N	Mean	Std. Deviation
CSR has an effect on Customer satisfaction	162	3.92	0.834
CSR has an effect on Your Company's sales volume	162	4.34	0.548
CSR has an effect Your company's profitability	162	4.43	0.508
CSR has an effect on Your company's Market Share	162	4.45	0.511
CSR has an effect on attainment of Company objectives/goals	162	4.40	0.561
Over all		4.34	0.592

Source: SPSS out put

As clearly stated on the above Table 4.6 the mean score and standard deviation of respondents for each item ranges between the lowest $M = 3.92$ with $SD = 0.834$ and the highest $M = 4.45$ with $SD = 0.511$ the average mean score of Sales performance was $M = 4.34$ with $SD = 0.592$ which implies good level. This means that respondents were agreed on CSR have effect on sales performance of company.

4.2 Assumptions of multiple Regression Model

A Multiple regression examines the relationship between a single outcome measure and several independent variables or predictor (Jaccard, Guilamo-Ramos, Johansson & Bouris, 2006). Before applying regression analysis, some tests were conducted in order to make sure the appropriateness of data to assumptions. Hence, Assumptions are critical in statistics because if the underlying assumptions are not valid, then the process is unreliable, unpredictable, and out of the researcher control (Stevens, 2009). This could lead the researcher to draw invalid conclusions or scientifically unsupported by the data. So regression analysis assumptions presented as follows:

❖ Multicollinearity test

Multi-collinearity refers to the situation in which the independent/predictor variables are highly correlated. Multicollinearity happens when two or more predictor variables correlate at high

levels with one another, or when one independent variable is a near linear combination of other independent variables (Keith, 2006).

The table below shows that the correlation matrix between independent variables: community oriented responsibility, environment oriented responsibility, and customer oriented responsibility and donation.

Table 4.7: Correlation Matrix

		Sales Performance	Community	Environment	Customer	Donation
Sales Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	162				
Community	Pearson Correlation	.634**	1			
	Sig. (2-tailed)	.000				
	N	162	162			
Environment	Pearson Correlation	.420**	.233**	1		
	Sig. (2-tailed)	.000	.003			
	N	162	162	162		
Customer	Pearson Correlation	.608**	.483**	.579*	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	162	162	162	162	
Donation	Pearson Correlation	.649**	.603**	.176**	.396**	1
	Sig. (2-tailed)	.000	.000	.002	.000	
	N	162	162	162	162	162

Source: SPSS out put

As mentioned by Cooper & Schindler, a correlation coefficient above 0.8 between independent variables should be adjusted because it is a sign for multicollinearity problem (Cooper & Schindler, 2014). Similarly, (Hair, Black, Babin, & Anderson, 2010) supposed that correlation coefficient below 0.9 may not cause serious multicollinearity problem.

As clearly presented in the above correlation matrix table all variables that have the correlation coefficient below 0.8. This states that there is no multicollinearity problem in the independent variable.

Table 4.8: Collinearity Statistic

Model		Collinearity Statistics	
		Tolerance	VIF
	Community	.565	1.771
	Environment	.661	1.513
	Customer	.525	1.905
	Donation	.621	1.611

Source: SPSS out put

Additionally multicollinearity assumption can be assessed by examining tolerance and the variance inflation factor (VIF). VIF values well below 10 and the tolerance statistics well above 0.2 can safely to conclude that there is no collinearity within the data (Field, 2009) from the above table we can conclude that there is no multicollinearity problem.

❖ Normality

It is important assumption in regression is that the dependent variable is normally distributed. Screening when conducting a multiple regression, for normality is an important early step as residuals are normally distributed is assumed (Stevens, 2009),(Tabachnick & Fidell, 2001). Test for normal distribution could be checked by graphical method of tests. The graphic normality test of the data is presented Appendix III, shows the histogram is bell shaped and the disturbance is normally distributed. In addition the residual is close to the curve. These shows the residuals (disturbance) of the data are normally distributed.

Please see appendix III Frequency Distribution of Standardized Residuals.

Moreover skewness and kurtosis are help to determine normality of the study. The standard acceptable levels of skewness are between -1 and +1 and 3kurtosis. Therefore all variables have

skewness of between -1 and 1. Similarly the kurtosis is also not as such far from 3.this implies the data are normally distributed.

Table 4.9: Summary of skewness and kurtosis statistic

Variable	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Sales Performance	-.135	.191	-.731	.379
Community	-.323	.191	.323	.379
Environment	-.343	.191	.343	.379
Customer	.083	.191	.454	.379
Donation	-.163	.191	-.676	.379

Source: SPSS out put

❖ **Linearity Test**

Linearity is performed to determine the linear reportable range for analysis. It aims to determine the relationship between the dependent variable and the independent variable (community oriented responsibility, environment oriented responsibility, customer oriented responsibility and donation) and independent variable (sales performance) is linear or not and is the requirements in the correlation and linear regression analysis. The linearity test of the disturbance has been presented in appendix IV the scatter plot of residuals shows no large difference in the spread of the residuals from left to right .This result advocates the relationship we are trying to predict is linear.

Please see appendix IV Normal Point Plots of Standardized Residuals

❖ **Homoscedasticity**

This assumption states that the variances of error terms are similar across the values of the independent variables. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborne & Waters, 2002). Specifically, statistical software scatter plots of residuals with independent variables are the

method for examining this assumption (Keith, 2006).The scatter plot in Appendix Vindicates the data is homoscedasticity, which is the residual are normally distributed and that the residuals have constant variance.

Please see Appendix VScatter plots of residuals

4.2.1 Correlation Analysis

Correlation analysis is a statistical technique applied to investigate the magnitude and significant of such relationship. In this section the correlation between sales performance and explanatory variables; community oriented responsibility, environment oriented responsibility, customer oriented responsibility and donation has been presented and analysed. The coefficient of correlation indicates the direction and strength of the relation between the variables.

Pearson correlation analysis was used to provide evidence of convergent validity and Pearson correlation coefficients reveal magnitude and direction of relationships either positive or negative and the intensity of relationship. Correlation is perhaps the most basic and most useful measure of association between two or more variables(Marczyk, DeMatteo, & Festinger, 2005).

Table 4.10: Correlation analysis between explanatory and explained variables

Variables	Sales Performance
Community	.634**
Environment	.420**
Customer	.608**
Donation	.649**

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

Source: SPSS out put

The correlation between independent variables and dependent along with the casual effect was analysed using Statistical Package for Social Science (SPSS). The above correlation matrix provides the correlation between variables with Pearson correlation coefficient to show the strength of relationship among the variables (dependent& independent).

The strength of correlations as stated by Cohen (1998), Correlation coefficient (r) $r = -.10$ to $+.29$ (weak) or small effect, $r = -.30$ to $+.49$ (moderate) or medium effect And $r = -.50$ to $+1.0$ (strong) or large effect.

Based on the above Cohen assumption correlation result all variables (community, environment, customer and donation) have a positive relationship with sales performance with the coefficient of 0.634, 0.420, 0.608 and 0.649 at 0.01 level of significant respectively. This result shows that community oriented responsibility, customer oriented responsibility and donation has strong relationship with sales performance of Arki natural mineral water bottling factory. Thus indicate that it is better predictor of sales performance in Arki natural mineral water factory. If performance of community, customer and donation increase sales performance will be increase. Whereas Environmental oriented responsibility has the moderate effect correlation coefficient with sales performance which means it is the least predictor of sales performance in Arki natural mineral water factory among stated variables.

As per the respondent result all independent variables have positive relationship with sales performance. The finding is consistent with other similar studies (Sughra, Nyame-Asiamah, & Crowther, 2019), (Yitbarek Abrha & Hagos, 2015) and (Ali-Hassan, Nevo, & Wade, 2015) which means CSR activities increase sales performance of company also increase.

4.2.2 Regression analysis

A multiple regression model was applied to explain the relationship between corporate social responsibility and sales performance of company. The aim of this analysis is to study the dimensions of CSR that is community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation towards the sales performance and to recognize which dimension of CSR causes the most significant effect toward sales performance in Arki mineral water factory. The overall regression model and its ANOVA are summarized as follows:

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786 ^a	.617	.608	.31937

a. Predictors: (Constant), Donation, Environment, Customer, Community

b. Dependent Variable: Sales Performance

Source: SPSS out put

R-squared is measured which is the proportion of the variance in the dependent variable that is predictable from the independent variable in explaining the variations in sales performance measures of explanatory variables (community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation). As clearly showed in the above table 4.11 R-square values for the regression model was 0.617. This indicates the explanatory variables; community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation in this study explain 61.7% of the variation in the level of sales performance. The remaining 38.3 % of the variation in the level of sales performance of Arki mineral water bottling factory are explained by other variables which are not included in the model. Therefore, a further research should be conducted to investigate the other factors that affect sales performance in Arki mineral water factory. The R value (0.786) indicates that the presence of strong correlation between predictors and dependent variable.

Table 4.12: ANOVA- Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.841	4	6.460	63.338	.000 ^b
	Residual	16.013	157	.102		
	Total	41.854	161			

A. Dependent Variable: Sales Performance

B. Predictors: (Constant), Donation, Environment, Customer, Community

Source: SPSS out put

The ANOVA table shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of P statistics shows a value (.000), which is less than $p < 0.05$, the model is significant, so there is a statistical significant correlation between dependent and independent variable this reveals that the explanatory variables; community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation have impact on sales performance.

Table 4.13: Coefficients Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.628	.248		2.535	.000
Community	.236	.061	.254	3.859	.000
Environment	.138	.056	.149	2.461	.015
Customer	.245	.066	.253	3.711	.000
Donation	.257	.044	.370	5.905	.000

a. Dependent Variable: Sales performance

Source: SPSS out put

From the above table 4.13, looking at the significance levels, the study established that there is a significant relationship between sales performance and CSR in all dimensions namely; community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation at 5% significance level. This means that these all dimensions account for the greatest contributions on the attainment of sales performance of company.

Accordingly the coefficient (beta) of the customer oriented responsibility is about .245. The results showed the presence of a statistically significant positive relationship between the customer oriented responsibility and sales performance. In other word the finding tell us a 100% change in customer oriented responsibility will result in 24.5% change in sales performance.

Similarly table 4.13 above shows donation has a coefficient (beta) of .257 this shown that donation dimension positively affected sales performance, and a 100% increment in this factor would lead to a consequent increment in 25.7% on sales performance.

Accordingly the coefficient (beta) of community oriented responsibility, environmental oriented responsibility .236 and .138 respectively. This indicates positively affect sales performance. In other word the finding tell us a 100% change in community oriented responsibility and environmental oriented responsibility will result in 23.6% and 13.8% change in sales performance respectively.

4.3Hypothesis Testing

Multiple regressions are used to check the research hypothesis. All this was accomplished by using SPSS 20 version software. There were four proposed hypothesis of the study to be verified if there is apposite relationship between CSR dimensions that is community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation with sales performance of Arki mineral water factory.

- **Hypothesis 1:** There is a positive relationship between community oriented responsibilities and sales performance of Arki mineral bottling factory. Community oriented responsibilities affects sales performance positively with beta coefficient 0.236 with 0.000 significant values. This indicates that 1% increase in community oriented responsibilities will lead to increase 23.6% sales performance in Arki mineral water factory. Therefore this hypothesis is failed to reject. This findings similar to (Ameer & Othman, 2012) which Community work has already seen its positive relations with firms' financial performance.
- **Hypothesis 2:** There is a positive relationship between environment oriented responsibilities and sales performance of Arki mineral bottling factory. Environment oriented responsibilities affects sales performance positively with beta coefficient 0.138 with 0.015 significant values. This indicates that 1% change in environment oriented responsibilities will lead to change 13.8% sales performance in Arki mineral water factory. Therefore this hypothesis is failed to reject. The findings consistent with (Siegel, 2009) that low carbon emission strategies can results in good economic performance.
- **Hypothesis 3:** There is a positive relationship between customer oriented responsibilities and sales performance of Arki mineral bottling factory customer oriented responsibilities affects sales performance positively with beta coefficient 0.245 with 0.000 significant values. This

indicates that 1% change in customer oriented responsibilities will lead to change 24.5% sales performance in Arki mineral water factory. Therefore this hypothesis is failed to reject. The result of this studies similar with(Tian, Wang, & Yang, 2011), providing goods and services by integrity, quality and care, Customer rights like rights to safe products, rights to all relevant information about the product, Ethical advertising should also be put into consideration which is increase customer perception, buying behaviour and sales performance.

- **Hypothesis 4:** There is a positive relationship between donation and sales performance of Arki mineral bottling factory. Donation affects sales performance positively with beta coefficient 0.257 with 0.000 significant values. This indicates that 1% increase in donation will lead to increase 25.7% sales performance in Arki mineral water factory. Therefore this hypothesis is failed to reject. These ratify the findings of (Porter & Kramer, 2002) that, donations could improve corporate image and firms' competitiveness.

4.4 Summary of findings

The primary objective of this study was to investigate the effects of corporate social responsibility on sales performance of Arki mineral water bottling factory. In addition, this study has also tried to answer the research questions stated on the introduction part. In order to do this, four dimension of CSR were used. These are community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation. Hence, this study has attempted to identify which determinant has the highest factor on sales performance of Arki mineral water bottling factory.

The result of the background information of respondents indicated that the majority of the respondents are younger which is below 39 years age. These shows the younger strata of that majority of the respondents are educated have awareness of CSR.

Further to measure the sales performance of company the study calculated mean and standard deviation of responses. Accordingly out of the study variables the finding reveals that all variables are good level with mean value of (4.4) community oriented responsibility, (4.31) environmental oriented responsibility, customer oriented responsibility (4.28) and donation (4.23).

In addition the finding from the regression result point out all the stated CSR dimension have a positive significant effect on sales performance and donation is the dominant CSR dimension which affects sales performance of Arki mineral water bottling factory.

As it was described in the report findings R-square values for the regression model was 0.617. This shows the explanatory variables; community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation. This study describes approximately about 62 percent of the variation in the level of sales performance. The remaining 38 percent of the variation in the level of sales performance of Arki are described by other variables which are not included in the model.

Any 100% increase in community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation will lead to an increment in sales performance by 23.6%, 13.8%, 24.5%, and 257% respectively at 5% significances.

Lastly depending on the finding of regression result four proposed hypothesis were tested. All variables (community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation) have a positive significant effect on sales performance of Arki mineral water bottling factory with beta coefficient 0.236, 0.138, 0.245 and 0.257. Respectively at 5% significances therefore all proposed hypothesis were failed to reject.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

INTRODUCTION

The main objective of this study was to find out the effects of corporate social responsibility activities on sales performance in Arki mineral water factory. Based on the results of the study obtained through the questionnaire distributed to 162 employees of Arki mineral water factory, the following conclusion and recommendations are made.

5.1 Conclusion

The main objectives of this research are investigating effects CSR on sales performance of Arki mineral water factory. The finding of the research shows that all independent variables (community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation) affect sales performance of company in this regard most employees are highly agreed.

The study tried to find out which of the CSR dimensions is more important. Thus it determines that all Community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donations play important roles and have positive relationships with sales performance. Especially donation has greater positive impact. Hence this indicates that, as independent variables CSR dimensions increase sales performance of the company also increase.

It is also noted that there is a positive relationship between CSR activities and sales performance of the business organization. Findings of the study revealed that there is a strong relationship between CSR activities and sales performance and this is in line with previous research (Pivato, Misani&Tencati, 2008; Carroll &Shabana, 2010; Fredrick & Thomas, 2012). The findings of this study call for managers of the business organization to communicate their CSR efforts to the customers which can ultimately lead to increased organization performance.in addition to this the finding of the study reveal that the company should give high attention for environment oriented responsibility which have moderate effect on their sales performance.

Furthermore from the findings the researcher identified that the implementation of corporate social responsibility activities is very significant in ensuring continuous sales performance of firms which in turn improves service delivery to the organization, customers and its community. It can be inferred that CSR activities in the company cannot operate in separation from other elements of the business. To be competitive companies have to strive to achieve greater direction and teamwork of corporate social responsibility tactics required in its management.

Measuring CSR dimension can help management provide reliable data that can be used to monitor and maintain improved sales performance. Therefore, Arki mineral water factory must focus on improving these CSR dimensions to better gain sales performance and to improve the overall marketing system with business dimension and as well as for community.

5.2 Recommendation

Based on the above findings and conclusion of the study the researcher list the following recommendations:

- ❖ The study established that firms should ensure continuous improvement of policies and strategies in order to enhance implementation of corporate social responsibility activities. However, the management in most companies are doing less implementation in issues regarding CSR and less research has been undertaken in order to continuously improve methods of its management and control. The study therefore recommends that the management should always ensure continuous and intensive research and development in order to ensure maximum exploitation of activities used for managing and controlling corporate social responsibility in order to enhance organization performance, this will greatly contribute to easy attainment of their goals and objectives.
- ❖ The study also proposes that in order to enhance relationship with communities the management should come up with discussion with their employees, partners and communities about CSR. This will create strong community connection.
- ❖ As CSR dimensions community oriented responsibility, environmental oriented responsibility, customer oriented responsibility and donation has factors that positively

affect sales performance in Arki mineral water factory; so Arki mineral water factory management and employees should give special attention to these CSR dimensions in order to increase their sales performance.

- ❖ The company invest in corporate social responsibility and most especially in donation , environment and communities so the company should informing about its different corporate social investments to publics by different media to create brand and reputation.
- ❖ Furthermore, it is imperative upon each company management to adopt a different approach to CSR implementation through establishing CSR department, instead of combining it with other departments like human resources, public relations and marketing as in the case of many organizations. Doing this will give CSR department autonomy in carrying out the various CSR activities in a more planned, focused and organized way.
- ❖ To company marketing managers: For CSR to work effectively and efficiently as well as get the desired results in an organization, various CSR dimensions should be integrated., Coordination in marketing functions such as sales promotion, brand and product management, personal selling, advertising, direct marketing and public relations should be highly emphasized.

5.3 Recommendation for further studies

- ❖ This research is conducted in selected bottled water factory found in Sululta. The researcher suggestion future researchers would focus on other bottling factory in Ethiopia to better generalize the results.
- ❖ This study investigating effects of CSR on sales performance of Arki mineral water bottling factory But, the variables included in the study were not exhaustive. Future researchers could include other variables which are not included under this study.

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Appendix I: Survey Questionnaire

**Addis Ababa University
School of School of Commerce
Department of Marketing Management
MA Program in Marketing Management**

Dear Respondent

My name is Woinshet Girma. I am a graduate student at Addis Ababa university school of commerce, and currently I am conducting a research on the Topic “**The Effect of Corporate Social Responsibility on sales performance.The case of Arki mineral water bottling factory.**I kindly request you to provide me reliable information. The outcome of study is purely for academic purpose and thus does not affect you in any case. I assure you that your response will be treated with strict confidentiality. Therefore, your genuine and timely response is extremely vital for the quality and successful completion of the study. Therefore, I kindly request you to spend some of your valuable time to complete this questionnaire to the best of your knowledge.

General Instructions

- ✓ There is no need of writing your name
- ✓ In all cases where answer options are available please tick in the appropriate box.

Thank you in advance for your cooperation

Part I General Information

This section of the questionnaire refers to general information about the respondents. The information will allow us to compare groups of respondents. Once again, your cooperation is appreciated.

Respondent Particulars (please tick as appropriate)

1. Please tell us your gender male female

2. Please tell us which range best describes your age:

18-29 30-39 40-49 50 and above

3. Educational level

Elementary School or below

High school

Certificate and diploma

First degree

Masters and above

4. What function you involved with?

Finance

Production

Quality Control

Sales and Marketing

Management

Others (please specify).....

5. For how many years have you been with your company?

Less than 3

3 or more

Part II: CSR Elements and sales performance

Instructions: -Dear Respondents Depending on your experience, please rate and tick [√] the appropriate box for your answers and rank each statement as follows:

5 = strongly agree (SA)

4= Agree (A)

3 = Neutral/ not sure (N)

2 = Disagree (D)

1= strongly disagree (SD)

No	CSR Elements and sales performance	SA	A	N	D	SD
		5	4	3	2	1
1.	Your company attempts to identify and measure costs of social responsibility activities					
2.	Is your company strive to be good corporate citizens by contributing to community well being					
3.	Does your company recognize their responsibility to work in partnership with the communities in which they operate					
4.	Community oriented Responsibility will help on sells and market performance of the company					
5.	Environmental oriented responsibilities attributes have improved in the last 4 years					
6.	Is your company Involving in Pollution prevention through conducting operations in a manner that prevents pollution, conserves resources, and proactively addresses past environmental contamination					
7.	Environmental oriented responsibilities will help the company on sales performance					
8.	Integrating environmental management into business and decision making process, regularly measuring performance, and practicing continual improvement will help the company business process					
9.	Customer oriented responsibilities have improved over the years					

10	Is your company providing goods and services hallmarked by integrity, quality and care?					
11	Customer rights to safe products, rights to all relevant information about the product should be left to prevail and Customer Relationship.					
12	New products and services have been developed in the last 4 years to satisfy customers					
13	The more customer satisfied more sales and profit will be gained					
14	Does your company engaging in social activities by donating money to charity or organize social programs?					
15	Does your company participate in supporting schools and health programs?					
16	Do your company's employees participate voluntary activity?					
17	Does your organization provide aid for local community peoples?					
18	CSR has an effect on Customer satisfaction					
19	CSR has an effect on Your Company's sales volume					
20	CSR has an effect Your company's profitability					
21	CSR has an effect on Your company's Market Share					
22	CSR has an effect on attainment of Company objectives/goals					

ክፍል I: ጠቅላላ መረጃ መመሪያዎች: እባክዎ በሚጠየቀው ከተወጥሰው ቁጥር በሚኖር ጠቅላይ ጥርጣሬ (✓) ምልክት ያድርጉ ወይም እያንዳንዳቸውን ቁጥር በረዕይ ያሳይዩ ለወሰኑ ፍራላይይዳ ፍ: :

1. እባክዎን የታዎን ይንገሩን ወንድሴት

2. ዕድሜዎን በተሻለ የሚገልጹ የትኛው ክልል እባክዎ ይንገሩን

18-29 30-39 40-49 ከ 50 በላይ

3. የትምህርት ደረጃ

የመጀመሪያ ደረጃ ወይም ሁለተኛ ደረጃ ት/ቤት

የምስክር ወረቀት ወይም ዲፕሎማ

የመጀመሪያ ድግሪ

2ኛ ደግሪ ስኬት በላይ

4. በየትኛው የሥራ ክፍል ውስጥ እየሰሩ ይገኛሉ?

ፋይናንስ

ምርት

የጥራት ቁጥጥር

ሽያጭና ግብይት

አስተዳደር

ሌሎች (እባክዎን ይግለጹ).....

5. ድርጅቱን ምን ዓይነት ሥራ አገልግሎት ይሰጣል?

ከ 3 በታች

3 ወይም ከዚያ በላይ

ክፍል II: መስሪያ ቤቱ የሚሰጠውን የማኅበራዊ ኃላፊነት ትተግባራት እና ሽያጭ ይመለከታል

መመሪያዎች: በሚካሄደው ጥርጣሬ (√) ምልክት ያድርጉ ::

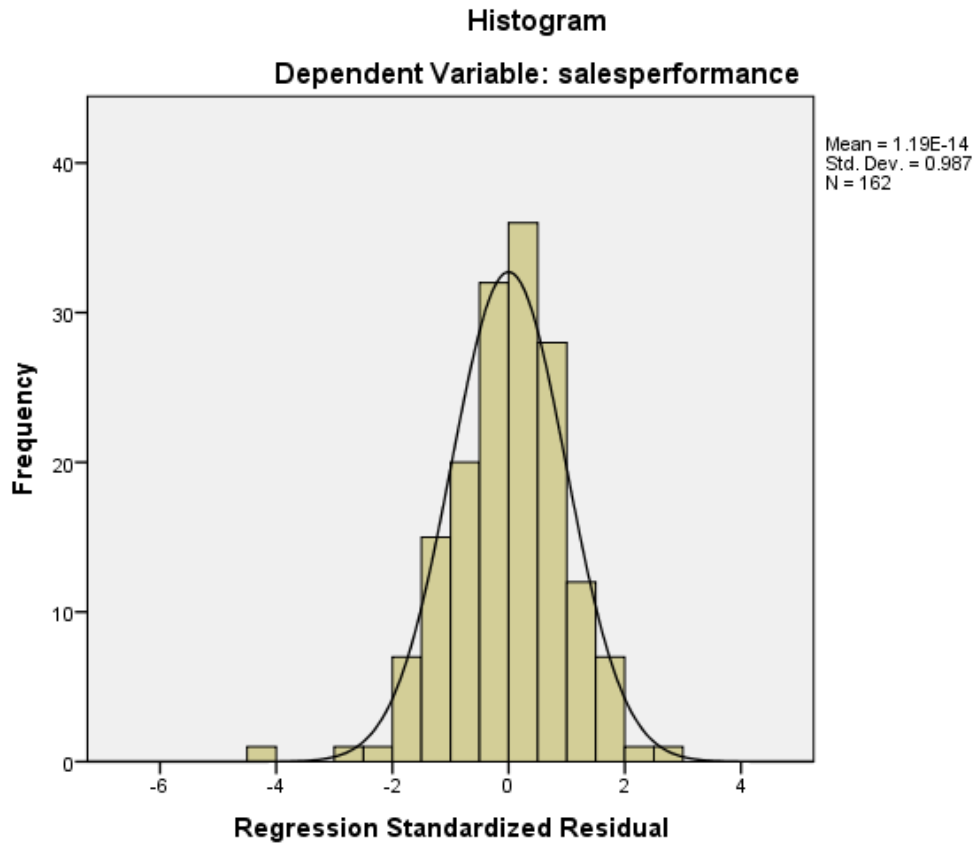
እባክዎን ለእያንዳንዱ ቁጥር ስምዎን ትወይም ለመስማት ደረጃዎን ይግለጹ :: (በጣም አልሰማም=1, አልሰማም=2 ፣ አስተያየት የለኝም=3 ፣ እስማማለሁ=4 ፣ እና በጣም እስማማለሁ=5)

ተ. ቁ	አረፍተ-ነገሮች	በጣም አልሰማም	አልሰማም	አስተያየት የለኝም	እስማማለሁ	በጣም እስማማለሁ
1	የእርስዎ መስሪያ ቤት የማኅበራዊ ኃላፊነት ትተግባራት ወጪዎችን ለመለየት እና ለመለካት ይሞክራል					
2	መስሪያ ቤት ወይም ለሚከተሉት ሰነድ ህንጻ ተኮር ስራዎችን ለመስጠት ስለተዘጋጀ ለማድረግ ጥሩ የኮር ፖሊስ ስራዎችን ያጥራል					
3	ከሚሠሩ ባቸው ማኅበረ ሰቦች ጋር በአጋርነት ስለመስራት መስሪያ ቤት ኃላፊነት ታቸው ይወጣሉን					
4	ማኅበረ ሰብተኮር ሃላፊነት ስለመስሪያ ቤት ወይም ሽያጭ እና የገቢያ አፈፃፀም ይረዳል					
5	ባለፉት 4 ዓመታት የአካባቢ ተኮር የኃላፊነት ባህሪ ይቀይራል					
6	ብክለትን በመከላከል ፣ ሀብትን በማቆጣጠል እና ለፋትን የአካባቢ ብክለቶችን ቃት በሚፈጽሙት ሁኔታዎችን በመከላከል ፣ ደብዳቤ እና ለመስሪያ ቤት ሰነድ ያደርጋል					
7	አካባቢያዊ ተኮር ሀላፊነት ስለመስሪያ ቤት ወይም ሽያጭ ማድረግ ይረዳል					
8	የአካባቢ አስተዳደርን በግድ እና በወሳኔ አሰጣጥ ሂደት ወስን ጥምቅና ጀት ፣ አፈፃፀምን በመደበኛነት መለካት እና ቀጣይነት ያለው መሻሻል ማከናወን ለመስሪያ ቤት ወይም ግድ ለሂደት ያደርጋል					
9	ባለፉት 4 ዓመታት የደንበኞች ተኮር ኃላፊነት ስለመሻሻል					

10	መስሪያ ቤትዎ ስለጥራት እና አገልግሎቶችን የሚያቀርበው ወቅትን ጎን ጎን በጥራት እና በእንክብካቤነት ው					
11	መስሪያ ቤትዎ ስለጥራት ተደራሽነትን የደንበኞች መጠቀሻ አስፈላጊ መረጃ ለሌሎች ደንበኞች ግንኙነት መተወዳለባቸው፡፡					
12	ደንበኞችን ለማርካት ባለፉት 4 ዓመታት አዳዲስ ምርቶችን አገልግሎቶችን ዘጋጅተዋል					
13	የበለጠ ደንበኞች በረከቁ ጥርሽያ ጭንቀትና ትርፍ ያገኛል					
14	መስሪያ ቤትዎ ማህበራዊ ፕሮግራሞችን በማራጀት ፣ ለበጎ አድራጎችን ዘብብ መላገስ በማህበራዊ እንቅስቃሴዎች ወስጥይሳተፋል					
15	መስሪያ ቤትዎ ጥምርት ቤቶችን እና የጠፍ ፕሮግራሞችን በመደገፍ ያይሳተፋል					
16	የድርጅት ወራሪዎች በፈቃደኝነት በጎ አድራጎች እንቅስቃሴዎችን ያይሳተፋሉ					
17	የእርስዎ ድርጅት ለአካባቢው ማህበረሰብ የተለያዩ ድጋፍ ይሰጣል					
18	የማህበራዊ ኃላፊነት ተግባራት በደንበኞች እርካታ ላይ ተጽዕኖ አለው					
19	የማህበራዊ ኃላፊነት ተግባራት የሽያጭ ጠንላይ ተጽዕኖ አለው					
20	የማህበራዊ ኃላፊነት ተግባራት ትርፍ ፋይዳ ትላይተጽዕኖ አለው					
21	የማህበራዊ ኃላፊነት ተግባራት የገቢዎ ድርሻ ላይ ተጽዕኖ አለው					
22	የማህበራዊ ኃላፊነት ተግባራት የመስሪያ ቤትዎ ዓላማዎችን እና ግቦችን በማካት ላይ ተጽዕኖ አለው					

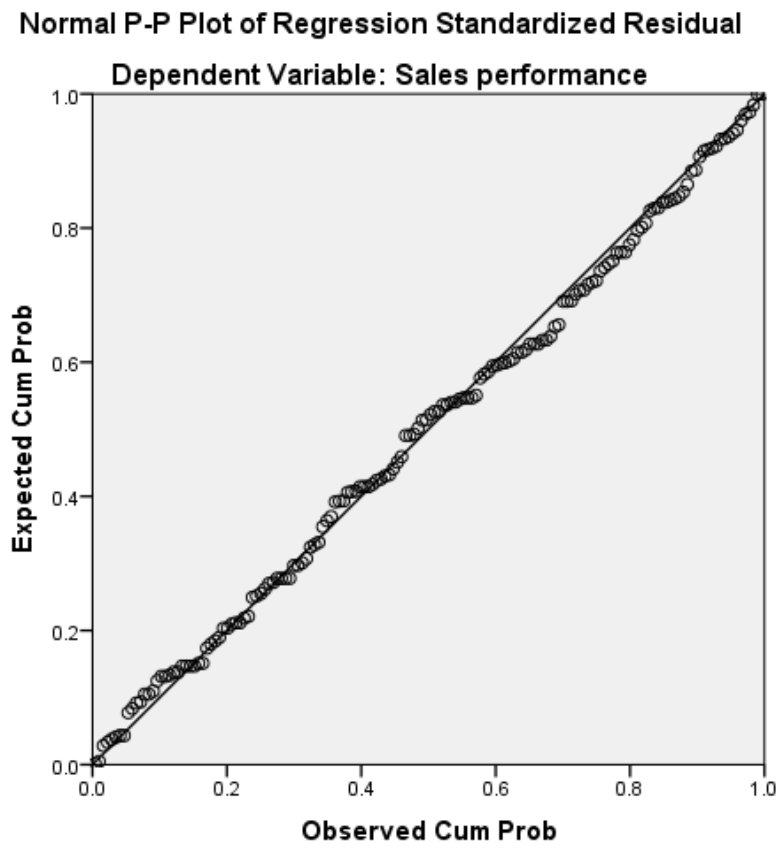
Appendix I

Frequency Distribution of Standardized Residuals



Appendix II

Normal Point Plots of Standardized Residuals



Appendix III

Scatter plots of residuals

