Influence of Economic Social Responsibility on the Sustainable Growth of Large Supermarkets in Kenya

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Abstract

Growth of business is increase in market share and geographical presence over time. Sustainable growth is the continued ability to sustain acquired growth into the future. Economic social responsibility requires that business give value for money to all stakeholders. The study conceptualized that economic social responsibility may influence sustainable growth of large supermarkets in Kenya. Parameters used are value of investment, employee compensation, and product variety. The study used descriptive research design. Targeted population was 25 branches of the three large supermarkets. Semi-structured questionnaire was used for data collection. Respondents were branch managers and staff in-charge of CSR. Findings reveal that values of investment, employee compensation, product variety and sustainable growth have a strong positive and significant correlation. Economic responsibility explains variation of 0.669 as indicated by R^2. The study recommends adoption of the economic responsibility as one way of enhances sustainable growth in large supermarkets in Kenya. Further studies can use different set of economic factors.

Key words; Economic social responsibility, Sustainable growth, Large supermarkets, Kenya

1. Introduction

The roots of economic social responsibility can be traced back to four elements of Carroll's model (Archie, 2016) on approaches to corporate social responsibility (CSR), which is casted inform of CSR pyramid. At the base of the pyramid, the economic responsibility was placed because it is a foundational requirement in business. Just as foundation of the building must be strong to support the entire structure, likewise economic responsibility is the baseline requirement to support society's other expectations of business (Archie, 2016). The instrumental theory by Friedman (1970) underpinned economic responsibility where business is seen as the only instrument of wealth creation and company's social activity is to achieve its economic results.

Organizations and companies have an array of shareholders who demand a reasonable return on their investments, they have employees who want safe and fairly paid jobs, and they have customers who demand variety of good quality products at price that offer value for their money. Therefore, as a core requirement of existence, businesses have an economic responsibility to the society that they depend on as well as serve for sustenance. The organizations are expected to produce variety of quality goods and services that society wants and to sell them at fair prices. Prices should be such that society thinks represents the true value of the goods and services delivered which provides business with profits adequate to ensure its continuation, sustainable growth and reward investors and employees (Salifu, 2020).

1.1 Statement of the Problem

Retail industry where large supermarkets belong, offers the service of bringing commodities near the customer and they all endeavor to offer a great shopping experience. Though they all offer similar or relatively similar products, their sustainable growth greatly differs with some doing very well over a long time and others not lasting for long in operations (Kenya Retail Report, 2021). Supermarkets in Kenya are faced with challenges of sustainable growth by expanding in the first five to ten years of their operations, then unfortunately facing eminent closure (Mboya, 2020) raising the question on what are some of the strategies they could employ to change this trend. Among the many strategies that supermarket can adopt to enhance sustainable growth, this study conceptualizes economic responsibility in the value of investment, wages and salaries, and product quality variety as one such avenue.

1.2 Research objective and Hypothesis

To assess the influence of economic responsibility on sustainable growth of Large Supermarkets in Kenya
Ho_1 Economic Responsibility does not have a significant influence on sustainable growth of Large Supermarkets in Kenya.

2. Literature Review

In the Instrumental theory, Friedman (1970) argues that in a free economy the core business for an organization is to engage in activities that are designed and which use its resources to increase its profits so long as it operates within the legal frame work, engages in an open and free competition, and does so without fraud.
According to Garriga and Mele, (2004) the corporation is seen as an instrument for wealth creation and its social activities are only means to maximize shareholders value and achieve economic outcome.

Large supermarkets are an instrument for wealth creation for their investors and give value for money to customers. Only the economic aspect of the interactions between business and society was considered in the Instrumental theory, therefore, CSR is understood as a means to scale up value of investment, salary and wages and product quality variety. Accordingly, any social activity is accepted if, it is consistent with economic progression of the organization.

Adeyanju (2012) conducted a research on an assessment of the impact of corporate social responsibility in Nigerian society. The objective of the study was to investigate for possible resolution, using the banking and communication industries as a case study. The researcher argued that, for an organization to achieve its set of objectives, it must fulfill its economic responsibilities to the stakeholders. Therefore, banks have the duty of ensuring effective performance by utilizing the capital invested in the bank to maximize profit and to pay good dividends to shareholders if they are to guarantee continuous investment of their shareholders. The research approach was both analytical and descriptive. Data collected for the study were from both secondary and primary sources. Analysis were conducted using both correlation and regression analysis. The regression result revealed a strong and significant relationship between CSR and economic growth. It was concluded that CSR plays a key role in Societal Progressiveness in terms of economic growth. The research focused on banking and communication industries, it was a case study and used analytical approach.

Rongoei and Muturi (2018) carried out a research on Effect of economic corporate social responsibility on Organizational performance: a case of Sony and Chemelil sugar factories in Kenya. The main objective of the study was to investigate the effect of corporate social responsibility on organizational performance. The study adopted descriptive statistics and stratified random sampling technique. Data was analyzed through descriptive statistics, further multiple regression analysis was conducted to establish the effect of CSR activities on organizational performance. Based on economic activities, researchers found most of the respondents supported that an economic activity has a role on organization performance in Sony and Chemelil Sugar Company. It was also found out that majority of respondents had strongly agree that the fundamental requirement of existence, businesses have an economic responsibility to the society.

Miyogoh, Arasa, and Ngui. (2021). Carried out a case study about the influence of corporate social responsibility on market share in the telecommunication industry in Kenya. The study applied descriptive survey design. Structured questionnaire was used to collect data and analyzed using descriptive statistics, correlation and regression analyses by use of SPSS Version 25.0 software. Pearson correlation analysis indicated that community social support, environmental responsibility, economic expectations had positive correlation with market share of the telecommunication industry in Kenya. Economic expectations and consumer protection had positive influence on market share of the telecommunication industry. The study summaries that community social support was a way to get back to the community by supporting the development of social amenities, environmental responsibility is at the core of consumer protection, environmental sustenance, and CSR economic expectations are important areas driving telecommunication firms‟ market share.

Conceptual Framework

Independent variable **Dependent variable**

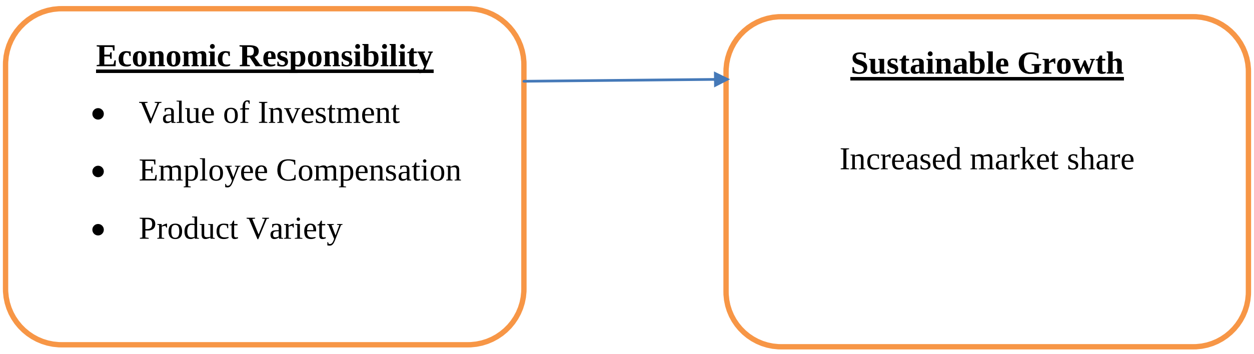

Figure 1: Conceptual Framework

3. Research Methodology

The study used descriptive design approach. The target population was twenty five branches of the three Large Supermarkets in Kenya (Carrrefour, Naivas and Quickmart). A census survey was conducted and each branch formed a unit of analysis. The respondents from each branch were branch managers or assistant managers together with the person in charge of the economic social responsibility at the branch with the responses from each branch being consolidated into one for further analysis. Semi-structured questionnaire was used as a tool for data collection.

The data was analyzed using the Statistical Package for Social Sciences (SPSS) program, version 26, where descriptive statistics included frequencies, mean, mode, standard deviation as well as percentiles. Furthermore, inferential statistics were conducted to test for presence of relationships and strength of relationship. Correlation tested presence of relationship. Multiple linear regression analysis shows the relationship between the dependent and independent variable. Analysis of variance (ANOVA) tests the significance of the regression model develop. The coefficient represents the amount by which the dependent variable changes when the independent variable is changed by one unit. The equation below shows the regression model which was used;

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Where:

Y = Dependent Variable (Sustainable Growth)

β_0 = Constant term

β_1 = Coefficient for the first independent variable (Value of Investment)

β_2 = Coefficient for the second independent variable (Employee Compensation)

β_3 = Coefficient for the third independent variable (Product Variety)

X_1 = First independent variable (Value of Investment)

X_2 =Second independent variable (Employee Compensation)

X_3 =Third independent variable (Product Variety)

ε = Error term

4. Findings

The results from the data are analyzed into descriptive and inferential statistics

Descriptive Statistics for Economic Responsibility

	Mean	Mode	Std. Deviation	Percentiles		
				25	50	75
Growth in profits	3.92	4	0.883	3.00	3.00	4.00
Image Building	3.10	3	1.015	3.00	3.00	4.00
Customer Loyalty	3.88	4	1.111	3.00	4.00	4.00
Product range Expansion	4.34	4	0.895	3.00	3.00	4.00
Competitive Advantage over other retailers	3.38	4	1.048	3.00	3.00	4.00
Customer base Overtime	3.90	4	0.707	3.00	3.00	4.00
Increase sales	3.42	3	1.032	3.00	3.00	4.00
Attracting and retaining good workers	3.26	3	1.965	2.00	3.00	4.00
Attracting new customers	3.78	3	1.991	3.00	3.00	4.00

From Table above, the aspects of economic responsibility with the highest means and highest modes were product range expansion, customer base and loyalty and growth in profits (Mean of 4.34, 3.90, 3.88 and 3.92 respectively). The aspects with least mean were corporate image and attracting and retaining good workers (Mean of 3.10 and 3.26 respectively). The aspects with the greatest variations across different branches were attracting and retaining good workers, attracting new customers and customer loyalty (Standard deviation of 1.968, 1.991 and 1.111 respectively)

Correlation Analysis

A correlation analysis was analyzed using SPSS software version 26 and the results were presented in table below.

Table 2: Bivariate Correlational Analysis

Correlations					
		Value of Investment	Employee Compensation	Product Variety	Sustainable growth
Value of Investment	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	25			
Employee Compensation	Pearson Correlation	.770**	1		
	Sig. (2-tailed)	.000			
	N	25	25		
Product Variety	Pearson Correlation	.683**	.710**	1	
	Sig. (2-tailed)	.000	.000		
	N	25	25	25	
Sustainable growth	Pearson Correlation	.693**	.625**	.599**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	25	25	25	25
**. Correlation is significant at the 0.05 level (2-tailed).					

From Table above, revealed that Value of Investment and Sustainable Growth have a strong positive correlation and statistically significant $(\rho = .693, p < .05)$. Employee compensation and Sustainable growth have a strong positive correlation and statistically significantly $(\rho = .625, p < .05)$. Finally, Product Variety and Sustainable Growth have a positive correlation and statistically significant $(\rho = .599, p < .05)$.

Hypothesis Testing

The study hypothesis was tested using a regression analysis. The regression analysis was conducted to establish the degree of influence of economic responsibility on sustainable growth, linear relationship between the independent and dependent variables for accuracy of estimation, is depicted by the standardized coefficients.

The regression model is as follows:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Sustainable growth = Constant + β_1 (Value of Investment) + β_2 (Employee Compensation) + β_3 (Product Variety) + Error term.

Regression analysis produced the coefficient of determination and analysis of variance (ANOVA). Analysis of variance was done to show whether there is a significant mean difference between dependent and independent variables.

Ho_1 Economic Responsibility does not have a significant influence on sustainable growth of Large Supermarkets in Kenya.

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.818[a]	.669	.646	.631	2.029
a. Predictors: (Constant), Product Variety, Value of Investment, Employee Compensation					
b. Dependent Variable: Sustainable growth					

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.276	3	5.092	12.797	.000[b]
	Residual	14.324	22	.398		

	Total	29.600	25			
a. Dependent Variable: Sustainable growth						
b. Predictors: (Constant), Product variety, Value of Investment, Employee compensation						

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.914	.431		2.122	.041
	Value of Investment	.614	.173	.556	2.393	.022
	Employee compensation	.656	.218	.642	.718	.010
	Product variety	.759	.147	.686	1.077	.031
Dependent Variable: Sustainable growth						

Economic responsibility operationalized by value of investment, employee compensation and product variety as predictor variables for sustainable growth have a combined effect that explains 0.669 variation in sustainable growth. The regression equation

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Translates to: Sustainable Growth = 0.914 + 0.556Value of investment + 0.642 Employee compensation + 0.686 Product variety.

5. *Discussion*

The bivariate correlation analysis, the results revealed that value of investment and sustainable growth have a positive correlation and statistically significant. Wages and salary and sustainable growth have a strong, positive and significant correlation while product variety and Sustainable growth have a strong positive and significant correlation. This implies that an increase in all indicators of economic responsibility, lead to an increase in sustainable growth for large supermarkets and vice versa. The findings for linear regression analysis; ANOVA shows a significant result which indicates a good fit for data. This further meant that the null hypothesis that economic responsibility does not have a significant influence on sustainable growth by Large Supermarkets was rejected and instead the alternative hypothesis was accepted. Farther, the study found that R-Square had a value of .669 meaning that the combined indicators for economic responsibility influence 66.9% of the total variation in Sustainable Growth for large supermarkets.

This compares to other studies like the study for Rongoei and Muturi (2018) found out that most respondents strongly agreed that the fundamental requirement of existence, businesses have an economic responsibility to the society that permitted them to be created and sustained. From the descriptive statistics findings, a majority said that there was growth in profits to a great extent, a majority agreed that image building existed to a moderate extent, a majority stated that customer loyalty existed to a great extent, a majority said competitive advantage over retailers existed to a great extent, while a majority said that customer based overtime existed only to a moderate extent, while a majority said that Increase in sales overtime, attracting and retaining good workers and Attracting new customers existed to a moderate extent. Adeyanju (2012) whose study result revealed a strong and significant relationship between CSR and Societal Progress such that the relationship between CSR and Societal Progress is statistically significant and concluded that CSR plays a significant role in Societal Progressiveness in terms of economic growth. This study finds that the economic responsibility influences sustainable growth of large supermarkets to a moderate extent. This is similar to the study conducted by Miyogoh, Arasa, and Ngui. (2021) whose results indicated that the CSR economic expectations had positive correlation with market share of the telecommunication industry in Kenya.

6. *Conclusion*

In conclusion, the Pearson Correlation analysis results revealed that parameters for economic responsibility; value of investment, salary and wages, and product quality variety had positive and significant correlation on the sustainable growth of large supermarkets in Kenya while regression analysis indicated a significant relationship and coefficients of above 0.3 which implied that all the indicators; value of investment, salary and wages, and product variety for economic responsibility were possible predictors for sustainable growth.

7. *Recommendation*

The objective of this study was to assess the influence of economic responsibility on sustainable growth of Large Supermarkets in Kenya. Therefore, similar studies can be carried out in other corporate, to establish if the findings hold in other contexts and can be generalized. This study was in a retail markets and from the regression results it revealed that the combined indicators for economic responsibility; value of investment, employee compensation, and product variety have a combined influence that explains 0.669 of variation in sustainable growth therefore, similar studies may be carried out to establish which other factors could contribute to the remaining percentage.

This will help inform managers and investors of large supermarket on where to lay most emphasis as they enhance sustainable growth.

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