Kitonga, T. K., & Kariuki, P.

INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY STRATEGIES ON SUSTAINABLE COMPETITIVENESS OF OIL MARKETING COMPANIES IN KENYA: A CASE OF NATIONAL OIL CORPORATION OF KENYA

Kitonga, T. K., & Kariuki, P.

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 6, Iss. 2, pp 836 - 853, April 29, 2019. www.strategicjournals.com, ©Strategic Journals

INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY STRATEGIES ON SUSTAINABLE COMPETITIVENESS OF OIL MARKETING COMPANIES IN KENYA: A CASE OF NATIONAL OIL CORPORATION OF KENYA

Kitonga, T. K.,[1*] & Kariuki, P[2]

[1*]MBA Scholar, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Kenya
[2]Ph.D, Lecturer, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Kenya

Accepted: April 27, 2019

ABSTRACT

The purpose of the study was to establish the influence of corporate social responsibility strategies on sustainable competitive advantage in oil marketing companies in Kenya.The study sought to achieve the following specific objectives:to establish how supporting innovation, environmental initiatives, community development strategy and supporting entrepreneurship influence sustainable competitive advantage in oil marketing companies in Kenya. A descriptive design was adopted for the study. Census was carried out and questionnaires were used as the main research instrument. The sample population was 164 employees of National Oil Corporation of Kenya. The study used a structured self-administered questionnaire to collect primary data. Secondary data was obtained from published documents. The collected data was analyzed using both quantitative and qualitative data analysis methods. Data from questionnaire was coded, entered and analyzed using Statistical Package for Social Science (SPSS).The study further adopted regression analysis to determine the relationship among the variables at 5% level of significance. The study established that there existed a strong positive relationship between the independent variables and dependent variable. The dependent variable was explained by the four independent variables which was explained by 65.40%. The study recommended that the organization support for product innovation to enhance profits and competitiveness. The oil marketing companies should support process innovation to the entrepreneurs, support market innovations; support for the ICT enhances employee productivity and competitiveness in the market. The organization should team up with its customers annually for the tree planting exercises to enhance company image. The study recommended that the organization should support health programs to improve the company's image in the market. The organization should offer adequate humanitarian support programs to enhance sustainable competitive advantage. The study recommended that there is need to support the upcoming entrepreneurs to enhance company's' image.

Key Words: *Supporting Innovation, Environmental Initiatives, Community Development Strategy, Supporting Entrepreneurship, Sustainable Competitive Advantage*

CITATION: Kitonga, T. K., & Kariuki, P. (2019). Influence of corporate social responsibility strategies on sustainable competitiveness of oil marketing companies in Kenya: A case of National Oil Corporation of Kenya. *The Strategic Journal of Business & Change Management,* 6 (2), 836 –853.

INTRODUCTION

Corporate social responsibility (CSR) has become a fundamental concept in the contemporary business world. Today's business executives are faced with complex strategic resource allocation decisions which are not only based on their financial outcomes, but also have to measure up to a set of societal and emerging stakeholder expectations. Environmental and social concerns are becoming increasingly important influences on corporate strategy (Ebrahimi, 2011).

The main idea behind the call for corporate social responsibility is that companies should become aware to their responsibilities, extend the social, ecological and economic engagement and arrange them according to the processes in the company. This is needful as it helps in giving back to the society in which the company operates. It also definitely helps in the creation of the company name in a manner that allows for the development of a practicable company strategy that enables a company to sustain profitability in a multimarket and competitive business, milieu that the world is today (Nordberg, 2011).

Carroll and Shabana (2010) say that the present-day CSR (also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) covers the relationship between the corporations and the society within which they interact. It is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. In the recent years the concept of Corporate Social Responsibility (CSR) is spreading very rapidly in the whole world and all the sectors including banking. This prevalence is because the fast pace of globalization and social development appeals to all corporations, big or small, local orientation, to take their CSR into account by improving the social and environmental performance (Luo & Bhattacharya, 2012).

Corporate social responsibility plays an important role in a firm's life in the U.S. today. It is not enough for companies to generate a profit. U.S. citizens expect them to generate a profit and conduct themselves in an ethical and socially responsible manner. The U.S. Sentencing Commission Guidelines help organizations facilitate this expectation, which is vital for corporate growth and maintaining a competitive edge (Carroll & Shabana, 2010). Managers who deal with ethical and social responsibility problems oftentimes aren't dealing with optimal solutions. Managers often settle for solutions that suffice or cause the least harm. Managers charged with choosing the ethical or socially responsible path often face problems with no clear solution. Since the formation of the European Union, corporate social responsibility has garnered heightened attention in Europe. This is evidenced by their development of sustainability strategies. The Sustainable Development Strategy for Europe was approved in June 2001. It stated that social cohesion, environmental protection, and economic growth must coexist (Carroll & Shabana, 2010).

Kitzmueller and Shimshack (2012) conducted a study on the impact of Corporate Social Responsibility on bank profitability with particular reference to United Bank for Africa (UBA) Plc. The study used annual reports of United Bank for Africa (UBA) Plc. Data used include corporate social responsibility expenditure and profit after tax for the period of 2006-2012. Data relating to cost/investment/expenditure as the case may be for the bank on corporate social responsibility and profitability was used to construct ordinary least square (OLS) model of regression to which was analyzed using SPSS. Result showed that Corporate Social Responsibility spending has short term inverse effect on Net Profit but in the long run it will provide better returns. The paper recommended that government should put Policy framework in place that will be design for corporate social responsibility in Nigeria to ensure compliance by setting mechanisms and institutions for the implementation of Corporate Social Responsibility.

Studies in Kenya have proved that there is a link between CSR and firm profitability. Ebrahimi (2011), during his study on effect of CSR on financial performance of commercial banks in Kenya, realized that CSR has an effect on ROA and ROE. Carroll and Shabana, (2010) realized that all firms listed at NSE had incorporated CSR in their mission statements. According to Luo and Bhattacharya (2012), commercial banks can use CSR to create a platform for improving their brand value and to promote themselves. The link between CSR and corporate performance can only be clear if the components of the CSR programs in an organization are clearly identified before the relationship of the joint and several functions can be established.

There exists a modest upstream oil industry as the Kenyan government in its investment incentives continues to encourage foreign interest in oil exploration and eventual production. Companies like Africa Oil and Tullow Oil have been working on some sites in Northern Kenya and have recently announced oil discoveries and embarked on establishing the commercial viability of the said discoveries, which if confirmed will endow the country with a precious resource (PIEA, 2012). The country has a defunct petroleum refinery owned and managed by the Kenya Petroleum Refineries Ltd (KPRL) and an installed oil pipeline of 800 km owned and managed by Kenya Pipeline Company (KPC). This pipeline runs from Mombasa to Nairobi and Western Kenya with terminals in Nairobi, Nakuru, Eldoret and Kisumu (KPC, 2012; ERC, 2012). KPC offers primary transport of refined products for all oil marketing companies to Nairobi and Western Kenya meaning presence at all KPC depots countrywide has a bearing towards ability to compete effectively in the market.

National Oil Corporation of Kenya is a fully fledged state corporation founded by an Act of Parliament in 1981. It is 100% owned by the GoK and is involved in all aspects of the petroleum supply chain covering the upstream and gas exploration, midstream petroleum infrastructure development and downstream marketing of petroleum products. Its vision is to be a fully integrated world class O&G company, its purpose is to ensure security of supply of petroleum in the country, exploring, producing and developing O&G resources for the benefit of the Kenyan people and its strategic intent is to be a premier O&G company, excelling in downstream, enhancing midstream and developing a vibrant upstream sector.

Statement of the Problem

The Kenyan Oil Industry has in the recent past undergone a lot of changes in the competitive landscape, Changes in infrastructure, oil discovery and many new entrants leading to cut throat competition (Ongwae, 2010). Other notable changes in the industry have been; the price capping regulations introduced by the Energy Regulatory Commission (ERC) in January 2011 that requires the retail fuel pump prices to be reviewed every 15th Day of the month (ERC, 2012) therefore eliminating pricing rivalry and introducing majority service station ownership as a new competing tool, the change of the only petroleum refinery in the country from a toll processing refinery to a merchant processing refinery and finally to a defunct refinery (KPRL 2012), eliminating cost competitiveness due to internal efficiencies as a competing tool and introducing leveled cost platform among the industry rivals, and finally the oil discovery in northern Kenya that has introduced new focus onto the Kenyan oil industry both upstream and downstream seeing unprecedented interest especially from major international players in oil exploration and production (PIEA, 2012, NOCK, 2013).

The industry has further been plagued by unpredictable fluctuations of oil prices in the international market, volatility in the foreign exchange market and also the unpredictable political environment (Chepkwony, 2001; Ongwae, 2010). A recent survey conducted by PricewaterhouseCoopers (PwC) 'African oil & gas review, 2017', analyses the effects in the oil & gas industry since the decline of the oil price in late 2015, which has had a significant effect on major and emerging African markets especially for the local oil marketing companies growth and investing in the sector.Whereas past empirical studies had shown varying degrees of the role of corporate responsibility strategies in sustainability of competitive advantage in various industries across the world (Mishra & Suar, 2010; Mugisa, 2011; Teimouri et al., 2011; Babalola, 2012; Cheng et al., 2014; Surroca et al., 2010; Madueñoa et al., 2015), there has been limited focus on the Oil Industry and in Kenya particularly, therefore generalization of the results to the Kenyan oil industry may not have been appropriate hence the need for the study.

Research Objectives

The main objective of the study was to establish the influence of corporate social responsibility strategies on sustainable competitive advantage in oil marketing companies in Kenya. The specific objectives were:-

- To establish how supporting innovation influence sustainable competitive advantage in oil marketing companies in Kenya.
- To establish how environmental initiatives influence sustainable competitive advantage in oil marketing companies in Kenya.
- To identify how community development strategy influence sustainable competitive advantage in oil marketing companies in Kenya.
- To establish how supporting entrepreneurship influence sustainable competitive advantage in oil marketing companies in Kenya.

LITERATURE REVIEW

Theoretical Review

Competency Based Theory

The competency movement became popular in the early 1990s with works produced by authors, such as Prahalad and Hamel (1994), Teece et al., (1997). Hodgson (1998) cited the following works in competency-based theory as pioneers: Knight (1921), Penrose (1959), as well as Winter (2003). This theory is based on a claim that the operations of the management focused on identifying and developing the firm's key competencies that provide long-term competitive advantages and are vital for the achievement of the company's competitive advantages. As stated by Probst, Deussen, Eppler and Raub (2000), managers can develop a firm's competencies on three levels in order to achieve competitive advantages: on an individual level by developing the competencies of an individual manager, on an organizational level by linking individual competencies to organizational competency clusters, and on an inter-organizational level by linking individual parts of the company and promoting and supporting cooperation between companies.

Within the competence-based view focus is on analyzing competition as a dynamic contest between competencies (Sanchez, 2004; Sanchez & Heene, 2004). They argue that competition in product markets is merely a shallow expression of the underlying competition over competencies. According to Sanchez and Heene (2004), this perspective extends the traditional strategy idea of seeking a fit between the firm's capabilities and its environment to incorporate that the firm can stretch to acquire new competencies that can change the competitive environment in its favour. The competence-based view emphasizes a shift from the strategy view of oil marketing companies on resource allocation to focusing on discovering ways to leverage resources across businesses and products. So, the competence-based view considers the oil marketing companies as a portfolio of competencies and opens the strategy perspective to admit a more dynamic view on competition (Freilling, 2004).

Systems Theory

Systems theory was introduced by biologist L. von Bertalanffy in the 1930s as a modeling devise that accommodates the interrelationships and overlap between separate disciplines. According to the systems theory, the world consists of things, which in turn can be described by the set of properties they possess. Each property has a value, which might change over time and the particular value at a particular point in time can be defined as a state of the property (Nevo & Wade, 2010).

System theory suggests that systems consist of other things and they are things by themselves. A thing might be a system by itself or a basic element. System properties might be of two natures: some properties belong to the components of the system, but a new value is assigned to them; the other properties are radically new properties and their existence stems from relationships between the components of the system (Ackoff, 1960; Kast & Rosenzweig, 1981; Nevo & Wade, 2010). It means therefore that components are not isolated and they might interact. From this interaction the new or modified properties arise. The synergy (positive emergent capabilities) between the children things of the subsystem might rise to the system itself, which will have a positive impact on the overall performance (Nevo & Wade, 2010). Systems are composite things, that is, they have interacting components that may be systems in their own right (in which case we refer to them as subsystems) or they may be basic elements. In addition, systems possess properties that are derived from the interactions among the components.

Human Relations Theory

The human relations theory of management began development in the early 1920's during the industrial revolution. At that time, productivity was the focus of business. Professor Elton Mayo began his experiments (the Hawthorne Studies), to prove the importance of people for productivity - not machines. According to Eliud(1956) relational theory is a framework to understand reality or a physical system in such a way that the positions and other properties of objects are only meaningful relative to other objects. In a relational space-time theory, space does not exist unless there are objects in it; nor does time exist without events (Kitzmueller & Shimshack, 2012).The relational view proposes that space is contained in objects and that an object represents within itself relationships to other objects. Space can be defined through the relations among the objects that it contains considering their variations through time. The alternative spatial theory is an absolute theory in which the space exists independently of any objects that can be immersed in it (Ebrahimi, 2011).

Relational theory has its root from the complex firm-environment relationships. Corporate citizenship of the relational theory strongly depends on the type of community to which it is referred. It is a path that a corporation may take to behave responsibly. Fundamentally, it is about the relationship that a corporation develops with its stakeholders, and therefore, the former has to continuously search for engagement and commitment with the latter. Corporate citizenship, according to Moon (2011), is an approach used under the integrative and political theories and this is supported by McWilliams and Siegel (2011). This theory is sub-divided into four categories namely business and society, stakeholder approach, corporate citizenship and the social contract. The theory relates to community development strategy where communities are customers to the organization. The organization conducts CSR to improve the welfare of the communities who in turns purchase goods and services from the organization who thus contributing to the performance of the organization.

Resource Based Theory

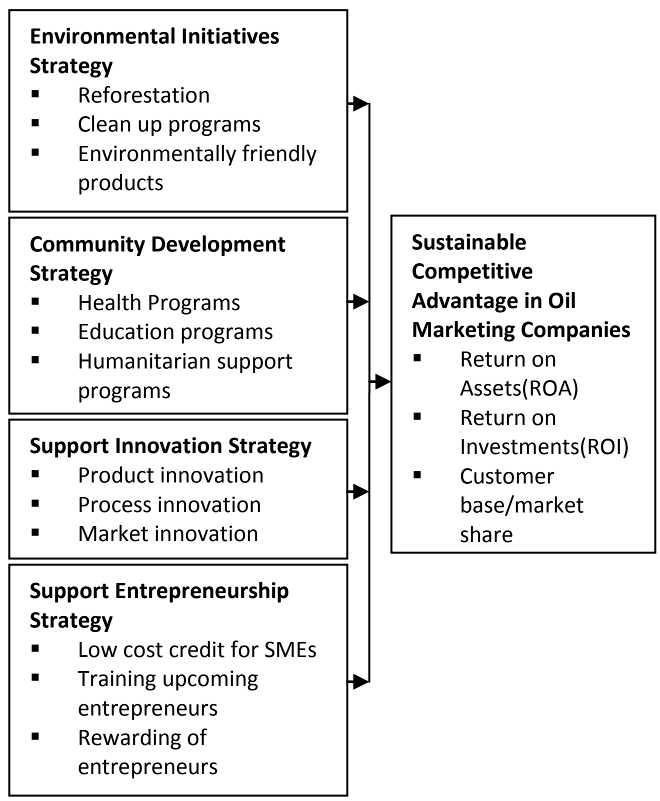
In the context of strategic management, Mintzberg, Ahlstrand and Lampel (2000) consider Wernerfelt Birger (1984) as being the first person to develop the idea of resource based view. It is indeed one of the most widely used theoretical frameworks in the management literature. However, the credits for the development of the Resource Based View were given to Jay Barney who transformed it into a complete theory. The theory has earned a reputation as a promising contemporary theory which integrates strategic insights on competitive advantage as well as organizational insights into the existence of the firm. Resource-Based View remains outstanding because of how it focuses on the internal forces of the firm. Barney (1991) stipulates that Resource-Based View (RBV) of a firm's internal strengths and weaknesses largely depends on two fundamental assumptions. First, it assumes that work firms can be described in terms of bundles of productive resources which are different for each specific firm.

Porters Theory of Competitive Advantage

According to Porter (1985, 1998), a firm develops its business strategies in order to obtain competitive advantage over its competitors. It does this by responding to five primary forces: the threat of new entrants, rivalry among existing firms within an industry, the threat of substitute products/services, the bargaining power of suppliers, and the bargaining power of buyers. A firm assesses the five competitive forces in a given industry, then tries to develop the market at those points where the forces are weak (Porter, 1998).

According to Porter (1985) competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price. Porter (1998) proposes three generic strategies requisite for competitive advantage: Cost leadership, differentiation and focus. According to Porter (1985), a low cost producer must find and exploit all sources of cost advantage. Low cost producers typically sell standard or no frills, product and place considerable emphasis on reaping scale or absolute cost advantages from all sources. If a firm can achieve and sustain overall cost leadership, then it will be an above-average performer in its industry provided it can command prices at or near the industry average.

Conceptual Framework



Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

Source: Author (2019)

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

Empirical Literature

Support Innovation Strategy

Corporate Social Responsibility (CSR) has become a widely used term in business. Recent studies in this area show that the implementation of appropriate CSR practices can produce a positive impact on the performance of an organization (Moon, 2011). Furthermore, it is believed that there is a link between innovation and CSR related practices. Even though information in the area of CSR is widely available there is little evidence of previous work that explicitly addresses the link between CSR and innovation, within the context of SMEs in particular. The purpose of this research is to define the nature of this link and to increase awareness of sustainable CSR practices in SMEs by illustrating that these practices can generate real value to the business. The work described in this paper has an exploratory nature. It presents the findings from a fieldwork study and the initial version of a model that aims to clarify the link between CSR and innovation (Nordberg, 2011).

Despite worldwide discussion on the need and benefits for CSR, there are opposing views to the pursuit of CSR activities by companies as revealed by the studies reviewed in this paper. Empirical studies of the relationship between CSR and financial performance comprise essentially two types (Nordberg, 2011). The first uses the event study methodology to assess the short-run financial impact (abnormal returns) when firms engage in either socially responsible or irresponsible acts. The results of these studies have been mixed. Some researchers believe that CSR principles do not make firms profitable as this is against classical theories of how market works. Those researchers are of the view that the only social responsibility of business is to use its resources and engage in activities designed to increase profits. On the other hand, others are of the opinion that firms who perform CSR know how the market works. In a survey by the Economist Intelligence Unit, only 4% of respondents thought that CSR was a waste of time and money (Baruch, 2013). Some studies that are of interest in this paper are reviewed below (Qu, 2010).

Environmental Initiatives Strategy

Qu (2010) examined the relationship between CSR and firm performance in Kenya, using a sample of 352 firm-years during the period 2005–2012. CSR was measured using four dimensions relevant to Kenya: employee CSR, product/service CSR, community CSR and environmental CSR, and aggregated using my own CSR index. Firm performance was measured using both ROA and ROE. Content analysis was used to collect data from the financial reports of companies. The results indicate a positive and significant relationship between employee CSR, product/service CSR and community CSR and firm performance; environmental CSR, on the other hand, was not significant. The overall CSR index was found to be positive and significant to both measures of firm performance.

Sagebien & Lindsay (2011) conducted a study to investigate the factors influencing Corporate Social Responsibility programs implementation in the commercial banks in Kenya. Currently there are 44 commercial banks in Kenya as per the Central Bank of Kenya 2011. From 2005 to date commercial banks are actively engaging themselves in the CSR Programs. The study investigated the factors like: physical environmental effects like environmental conservation, stakeholder's values, company's policy guidelines and regulation, ethical practices and views of CSR in relation to profitability. These factors were independent variables which directly influence CSR as the dependent variable. The research used descriptive research design. The target population was from the 44 commercial banks and the respondent comprised of 18 commercial banks with 1 CSR manager and 1 CSR officer from each bank giving a total sample size of 36 respondents. The research made use of self- administered questionnaires as a tool of data collection. The researcher was expected to create awareness to various stakeholders of commercial banks on which factors influence CSR programs implementation among the commercial banks in Kenya.

Community Development Strategy

Sagebien & Lindsay (2011) conducted a study to determine the effect of corporate social responsibility on financial performance of commercial banks in Kenya. Financial performance was measured by use of net profits before taxes obtained from audited statements of comprehensive income. For uniformity purposes, net profits before taxes was chosen since some commercial banks had treated expenses on CSR as tax exempt while others had not. Investments were measured by considering loans to customers (except to other banks and corporations), investment in treasury bonds and government securities, investment in shares for trading purposes and investment in subsidiaries. Investment in CSR was measured using monetary spending on social activities. Data was obtained from commercial banks audited financial statements, websites, publications and annual reports. Commercial institutions that did not participate in CSR activities or that had not kept data pertaining to CSR were excluded. Secondary data from the year 2009 to 2013 was used for analysis.

Support Entrepreneurship Strategy

Luo & Bhattacharya (2012) conducted a study to investigate the factors determining the growth of commercial banks in Kenya. Specifically it was to establish the factors and determine the relationship between the growth of commercial banks and these factors. The study was a descriptive research using a survey approach. The forty three commercial banks in Kenya made up the population of this study. The findings of the study was that most important financial factor was cash flow management, job safety and security, the upgrading and the educating of members, research and development, having technological edge above others, good management practices of the banks and their sites, maintenance of the high quality of products, commitment to customer satisfaction and maintenance of good relations with clients. The most important government support factor was government assistance/tax incentives. The regression analysis indicated that the constant term and the coefficients of the independent variables were not significant as shown by their -values, but the whole regression was not significant. However, the coefficient of determination showed that the independent variables, strongly explained the growth of the banks.

Competitive Advantage

Murila (2013) studied corporate social responsibility in East African Portland Cement Company Limited Kenya Limited. The study found that CSR can be used as a foundation for building a competitive advantage by both enhancing the firm‟s efficiency and increasing the value of its market. The study found that leveraging corporate social responsibility in a strategic manner provided the company with more options in developing strategy and creating a competitive advantage. At a time when customers‟ opinions of businesses together with their resulting buying behaviors are essentially changing to an extent that corporate social responsibility can no longer be seen as only a discretionary or regulatory cost, but as an investment, which yields financial returns.

Kubai and Waiganjo (2010) conducted a study on the association between strategic CSR and competitive advantage of commercial banks in Kenya with particular emphasis on Equity Banks‟ Wings to fly program. The findings of the study established that CSR had played a crucial part in influencing better client perceptions mainly among the beneficiaries and they showed a high ability to rapport with the bank presently and in the prospective or forthcoming days.

METHODOLOGY

The study used a descriptive survey design to help in indicating trends in attitudes and behaviors and enable generalization of the findings of the research study to be done. This design was appropriate for this study because it utilizes a questionnaire as the data collection tool that saves time, expenses and the amount of quality information yielded is valid, while interviewer bias is reduced because participants complete identically worded self-reported measures. The population of this study was all the 680 employees (top, middle and lower level management) of National Oil Corporation of Kenya. National Oil Corporation of Kenya is one of the 63 registered Oil Marketing Companies (OMCs) in Kenya licensed by ERC. The study used primary forms of data. To ascertain the primary data from various respondents the study used self-administered questionnaires. The study collected both qualitative and quantitative data and was analyzed using both quantitative and qualitative methods with the help of (SPSS). Equation below shows the linear regression model of the independent variables against the dependent variable that was adopted by the study.

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Where:

Y = Dependent variable (Sustainable Competitive Advantage in Oil marketing Companies).

X_1 = Supporting Innovation

X_2 = Environmental Initiatives

X_3 = Community development strategy

X_4= Support Entrepreneurship

ε = Error term, which is assumed to be normally distributed with mean zero and constant variance.

FINDINGS

Supporting Innovation

This section presented findings to the study questions asked with a view to establish the influence of supporting innovation on sustainable competitive advantage in the oil marketing companies in Kenya. Responses were given on a five-point likert scale (where 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1= Strongly Disagree). The scores of 'strongly disagree' and 'disagree' have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5.The score of 'Neutral' has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0. Table 1 presented the findings. As tabulated, a majority of respondents were found to be neutral that the organization support for product innovation has enhanced profits and competitiveness (2.675); The organization support process innovation to the entrepreneurs to enhance customer base (2.456); The organization support market innovation for the customers thus increase of firm profits (2.856); Support for the ICT enhance employee productivity and competitiveness in the market (3.212); The organization had enhanced products innovation for the customers to enhance customer loyalty (3.321). This implied that support innovation strategy enhance competitiveness of the oil marketing firms in Kenya. The study findings were in agreement with literature review by Qu, 2010). Corporate social responsibility (CSR) plays an increasingly important role in business success today, and economic, political, and social factors are shaping CSR strategies around the world. Approached strategically, CSR has the potential to generate opportunity, innovation and competitive advantage for organizations while solving pressing social problems. Pearce & McWilliams & Siegel (2011) conducted a study on the effectiveness of CSR strategies on organizational performance by ascertaining whether responsibility towards primary stakeholders.

Table 1: Supporting Innovation and Sustainable Competitive Advantage

Description	Mean	Std. Dev
The organization support for product innovation has enhanced profits and competitiveness	2.675	.765
The organization support process innovation to the entrepreneurs to enhance customer base	2.456	.432
The organization support market innovation for the customers thus increase of firm profits	2.856	.623
Support for the ICT enhance employee productivity and competitiveness in the market	3.212	.562
The organization has enhanced products innovation for the customers to enhance customer loyalty.	3.321	.679

Environmental Initiatives

This section presented findings to the study questions asked with a view to establish the influence of environmental initiatives on sustainable competitive advantage in the oil marketing companies in Kenya. Responses were given on a five-point likert scale (where 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1= Strongly Disagree). The scores of 'strongly disagree' and 'disagree' were taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5.The score of 'Neutral' has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.4. Table 2 presented the findings.

As tabulated, a majority of respondents were found to be neutral the organization participate in the tree planting programs thus has enhanced brand image for increase of customer base (3.212); The organization participate in the cleanup programs to enhance customer base (3.009); The organization support market innovation for the customers thus increase of firm profits (2.565); The organization support for the cleanup programs enhance employee team work and productivity (2.231); The organization team up with its customers annually for the tree planting exercises (3.003). This implies that environmental initiatives enhance competitive advantage in the oil marketing companies in Kenya. The study findings are in agreement with the findings by Sagebien & Lindsay (2011) established that factors like: physical environmental effects like environmental conservation, stakeholder's values, company's policy guidelines and regulation, ethical practices and views of CSR in relation to profitability.

Table 2: Environmental Initiatives and Sustainable Competitive Advantage

Description	Mean	Std. Dev
The organization participate in the tree planting programs thus has enhanced brand image for increase of customer base	3.212	.046
The organization participate in the cleanup programs to enhance customer base	3.009	.987
The organization frequently support environmentally friendly products to lower cost of production	2.565	.542
The organization support for the cleanup programs enhance employee team work and productivity	2.231	.421
The organization team up with its customers annually for the tree planting exercises	3.003	.654

Community Development

This section presented findings to the study questions asked with a view to establish the influence of community development on sustainable competitive advantage in the oil marketing companies in Kenya. Responses were given on a five-point likert scale (where 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1= Strongly Disagree). The scores of 'strongly disagree' and 'disagree' have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5.The score of 'Neutral' was taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.4. Table 3 presented the findings.

As tabulated, a majority of respondents were found to be neutral the organization support health programs to improve the company's image in the market (3.123); The organization is involved in the education programs initiatives to enhance company's' image thus increased market share (2.572); The organization support the social well-being to enhance firm public participation in the public to promote increased number of customers (2.542); The health programmes supported by the organization have increased the number of the customers in the market (3.006); The organization had adopted the adequate humanitarian support programs especially with the public thus improved image in the market (2.987). The study results implied that community development influence sustainable competitive advantage in the oil marketing companies in Kenya. The study findings were in agreement with the findings by Sagebien & Lindsay (2011) it is argued that three theories namely utilitarian, managerial and relational theories of CSR becomes an international concern due to globalized nature of business that knows no border. CSR is evolving in its meaning and practice.

Table 3: Community Development and Sustainable Competitive Advantage

Description	Mean	Std. Dev
The organization support health programs to improve the company's image in the market	3.123	.562
The organization is involved in the education programs initiatives to enhance company's' image thus increased market share	2.572	.652
The organization support the social well-being to enhance firm public participation in the public to promote increased number of customers	2.542	.541
The health programmes supported by the organization have increased the number of the customers in the market	3.006	.442
The organization has adopted the adequate humanitarian support programs especially with the public thus improved image in the market	2.987	.542

Supporting Entrepreneurship

This section presented findings to the study questions asked with a view to establish the influence of supporting entrepreneurship on sustainable competitive advantage in the oil marketing companies in Kenya. Responses were given on a five-point likert scale (where 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1= Strongly Disagree). The scores of 'strongly disagree' and 'disagree' have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5.The score of 'Neutral' had been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.4. Table 4 presented the findings.

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

As tabulated, a majority of respondents were found to be neutral that the organization offers the clients with the low cost credit to improve the company's image in the market (2.545); The organization was involved in the training of the upcoming entrepreneurs to enhance company's' image thus increased market share (2.654); The organization support the rewarding of the entrepreneurs to enhance firm public participation in the public to promote increased number of customers (2.653); The low cost credits supported by the organization have increased the number of the customers in the market (3.220); The organization had adopted the rewarding of the entrepreneurs to generate opportunity and competitive advantage in the market (2.876); The organization engaged the clients in the training of the upcoming entrepreneurs to gain skills to start and enhance their businesses (2.552).The study results show that entrepreneurship is seen as an alternative to unemployment and poverty which could be the panacea for development (McWilliams & Siegel, 2011). There was a growing perception among entrepreneurs that success cannot be achieved solely through maximizing short-term profits and the growing importance of corporate social responsibility (CSR) on business success and positive impact on society is accepted. However, it is important to understand how companies can join the effort to promote entrepreneurship effectively. Banks engage in activities aimed at supporting entrepreneurship e.g providing low cot credit, training, mentorship and rewording upcoming entrepreneurs (Moon, 2011).

Table 4: Supporting Entrepreneurship and Sustainable Competitive Advantage

Description	Mean	Std. Dev
The organization offers the clients with the low cost credit to improve the company's image in the market	2.545	.652
The organization is involved in the training of the upcoming entrepreneurs to enhance company's' image thus increased market share	2.654	.321
The organization support the rewarding of the entrepreneurs to enhance firm public participation in the public to promote increased number of customers	2.653	.520
The low cost credits supported by the organization have increased the number of the customers in the market	3.220	.519
The organization has adopted the rewarding of the entrepreneurs to generate opportunity and competitive advantage in the market	2.876	.326
The organization is engages the clients in the training of the upcoming entrepreneurs to gain skills to start and enhance their businesses	2.552	.553

Sustainable Competitive Advantage

The study sought to find out the descriptive statistics of the dependent variable (Sustainability of Competitive Advantage). The findings were summarized in Table 5. From the table, a majority (43.5%) of the respondents said to a high extent they have maintained and consistently grown their overall market share year. Malhotra (2007) presented four different capacities that are important relationships between the characteristics of an organization. One of the four main capacities included the strategic assets that are related to the position the company has in the market, in other words its market share. According to Ogutu and Samuel (2012), the main reason for firm's growth and success can be found inside of the firm's resources and superior capabilities which will build up a basis for gaining and sustaining competitive advantage.

A majority of the respondents (36.3%) said to a high extent they have maintained and consistently grown their total business profitability year on year. This finding confirmed that by Ogutu and Nyatichi (2012) who concluded that resources should have some capability to generate profits consistently or to avoid losses. A majority (50.8%) of the respondents said to a high extent they had maintained and consistently grown the total capital employed for their total business year on year.

A majority (38.7%) of the respondents said to a high extent they have maintained and consistently reported higher returns on capital employed for their total business year on year.

A majority (49.2%) of the respondents said to a high extent they had maintained and consistently grown their total business number of customers year on year.

Further, 37.9% of the respondents said to a high extent their diversified products continue to command high brand equity across all the segments they are present year on year. The findings confirm those of (Ogutu & Nyatichi, 2012) who captured the very essence of branding when he stated that apart from the herculean task that will be associated with trying to decide what manufacturers' product to buy from all the unbranded products, other product management decisions, based on market segmentation, promotion, product positioning, pricing etc, would have been practically impossible.

Table 5: Descriptive statistics for Sustainability of Competitive Advantage

Statement	Very Low Extent	Low Extent	Average Extent	High Extent	Very High Extent
We have maintained and consistently grown our overall market share year on year	11.3%	7.3%	12.9%	43.5%	25.0%
We have maintained and consistently grown our total business profitability year on year	0.8%	8.1%	31.5%	36.3%	23.4%
We have maintained and consistently grown the total capital employed for our total business year on year	6.5%	4.0%	22.6%	50.8%	16.1%
We have maintained and consistently reported higher returns on capital employed for our total business year on year	0.0%	9.7%	37.9%	38.7%	13.7%
We have maintained and consistently grown our total business number of customers year on year	7.3%	4.0%	21.8%	49.2%	17.7%
Averages	**5.18%**	**6.62%**	**25.34%**	**43.70%**	**19.18%**

The oil marketing company is confronted with several factors that affect its sustainable advantage. Some oil companies fail to sustain, some others remain for long period of time without transforming, and most are producing similar and non-standard products. The study therefore sought to assess the various factors that measure the sustainable competitive advantage of oil marketing companies in regard to NOCK. The study considered a number of factors to be indices that measure the degree of sustainable competitive advantage of oil marketing companies. Respondents were asked to indicate whether they feel the various measures of sustainable competitive advantage of oil marketing companies had significantly increased or decreased. A majority of the respondents indicated that the volume of sales had decreased as shown by mean score of 1.43, that the number of employees in the organization had significantly decreased as shown by mean score of 1.32 and that the number of products also significantly decreased as shown by a mean score of 1.16. In addition, a majority of the respondents also indicated that there was a significant increase the level of profitability and the number of new branches by their organization as shown by a mean score of 1.54 and 1.06. Further the respondents also indicated that they experienced a decrease in coverage of market share as shown by a mean score of 1.70.

A standard deviation was generated to show how much the measures of growth had deviated from mean. The responses regarding coverage of market share mean as shown by a standard deviation 1.26 while the responses on the number of branches had the least standard deviation as shown by a standard deviation 0.30. the other aspects such as volume of sales, coverage of market share, the number of employees, level of ROI, level of ROA, number of new products, and number of products also showed notable departure from the mean as shown by a standard deviation 0.91, 1.26, 1.03, 0.44, 1.35, 0.30, 0.5, 0.53 and 1.16 respectively.

The distribution of the responses regarding the decrease or increase of measures of sustainable competitive advantage of oil marketing companies was represented using skewness and kurtosis. Skewness is a measure of symmetry, or more precisely, the lack of symmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the center point. All the responses of with respect to questions measures of sustainable competitive advantage of oil marketing companies negatively skewed. A negative skewness indicates that the tail on the left side of the probability density function is longer than the right side and the bulk of the values (possibly including the median) lie to the right of the mean. Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. That is, data sets with high kurtosis tend to have heavy tails, or outliers. Data sets with low kurtosis tend to have light tails, or lack of outliers. A uniform distribution would be the extreme case. Skewness and kurtosis are ideal measurements that try to provide information with regards to the severity of departure from a normal distribution. The values in this case are modest and we can deduce that the departure from normality was insignificant and thus not severe.

Table 6: Descriptive for Sustainable Competitive Advantage

Statement	2013	2014	2015	2016	2017	**Mean**	**Std. Dev.**	**Skewness**	**Kurtosis**
Volume of sales	1.17	1.09	1.05	1.96	1.9	1.43	0.91	-.439	-.731
Coverage of market share	1.99	2.2	1.97	1.15	1.17	1.70	1.26	-1.073	.248
The number of employees	1.56	1.29	1.24	1.22	1.31	1.32	1.03	-1.826	4.501
Level of ROI	1.67	1.72	1.42	1.63	1.26	1.54	0.44	-2.058	6.105
Level of ROA	1.87	1.76	1.42	1.63	1.21	1.36	1.35	-2.058	5.325
Number of branches	1.06	1.04	1.08	1.04	1.09	1.06	0.30	-1.612	2.110
Number of new products	1.24	1.13	1.08	1.25	1.13	1.17	0.53	-1.637	3.408
Number of products	1.33	1.58	1.17	1.08	1.14	1.26	1.16	-1.166	2.886

Correlation Analysis

Table 7: Correlation Coefficients

		Sustainable advantage	Supporting Innovation	Environmental Initiatives	Community development	Supporting Entrepreneurship
Sustainable advantage	R	1.000				
	Sig. (2-tailed)	.				
	N					
Supporting Innovation	R	.870	1.000			

	Sig. (2-tailed)	.000				
	N	137				
Environmental Initiatives	R	.762	.234	1.000		
	Sig. (2-tailed)	.002	.085.			
	N	137	137			
Community development	R	.732	.142	.234	1.000	
	Sig. (2-tailed)	.003	.001	.076		
	N	137	137	137		
Supporting Entrepreneurship	R	.679	.037	.046	.565	1.000
	Sig. (2-tailed)	.007	.000	.001	.076	
	N	137	137	137	137	

* Correlation is significant at the 0.05 level (2-tailed)

Table 8: Multiple Regression Analysis (Overall)

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	.809	.654	.638	.001

Table 9: ANOVA

Model		Sum of Squares	d.f	Mean Square	F	Sig.
1	Regression	76.959	4	19.240	60.351	.003
	Residual	40.175	126	.3188		
	Total	117.674	136			

NB: F-critical Value = 13.876;

Table 10: Regression Coefficient Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	P-value.
		B	Std. Error	β		
1	(Constant)	9.747	1.398		6.972	.000
	Supporting Innovation	.870	.122	.644	7.138	.000
	Environmental initiatives	.762	.125	.632	6.097	.002
	Community development	.732	.147	.559	4.976	.003
	Supporting Entrepreneurship	.679	.149	.521	4.545	.007

CONCLUSIONS

The study concluded that supporting innovation influence sustainable competitive advantage in the oil marketing companies in Kenya. The regression coefficients of the study showed that supporting innovation had a significant positive influence on sustainable competitive advantage in the oil marketing companies in Kenya. This implies that increasing levels supporting innovation would increase the levels of sustainable competitive advantage in the oil marketing companies in Kenya. This showed that supporting innovation has a strong positive influence on sustainable competitive advantage in the oil marketing companies in Kenya.

The study concluded that environmental initiatives influence sustainable competitive advantage in the oil marketing companies in Kenya. The regression coefficients of the study showed that environmental initiatives has a significant positive influence on sustainable competitive advantage in the oil marketing companies in Kenya. This implied that increasing levels environmental initiatives would increase the levels of sustainable competitive advantage in the oil marketing companies in Kenya. This showed that environmental initiatives have a strong positive influence on sustainable competitive advantage in the oil marketing companies in Kenya.

Further, the study concluded that community development influence sustainable competitive advantage in the oil marketing companies in Kenya. The regression coefficients of the study show that community development has a significant positive influence on sustainable competitive advantage in the oil marketing companies in Kenya. This implied that increasing levels of community development would increase the levels of sustainable competitive advantage in the oil marketing companies in Kenya. This shows that community development has a strong positive influence on sustainable competitive advantage in the oil marketing companies in Kenya.

Finally, the study concluded that supporting entrepreneurship influence sustainable competitive advantage in the oil marketing companies in Kenya. The regression coefficients of the study showed that supporting entrepreneurship has a significant positive influence on sustainable competitive advantage in the oil marketing companies in Kenya. This implied that increasing levels of supporting entrepreneurship would increase the levels of sustainable competitive advantage in the oil marketing companies in Kenya. This shows that supporting entrepreneurship has a strong positive influence on sustainable competitive advantage in the oil marketing companies in Kenya.

RECOMMENDATIONS

The study recommended that the organization support for innovation to enhance competitiveness. The oil marketing companies should support process innovation to the entrepreneurs, support market innovations; support for the ICT enhances employee productivity and competitiveness in the market. The oil marketing companies should have products innovation for the customers to enhance customer loyalty.

The study recommended for the organization to participate in the environmental programs to enhance brand image for increase of customer base. The organizations should participate in the cleanup programs to enhance employee team work and productivity. The organization should team up with its customers annually for the tree planting exercises to enhance company image.

The study recommended that the organization should participate in the community development strategy such as support health programmes to improve the company's image in the market. The organization should get involved in the education programs initiatives, social well-being and health programs to enhance its image. The organization should offer adequate humanitarian support programs to enhance sustainable competitive advantage.

The study recommends that there is need to support entrepreneurship such as the upcoming entrepreneurs to enhance company's' image. The organization should support on rewarding the entrepreneurs so as this can lead to increased number of customers, low cost credits to generate opportunity and competitive advantage in the market.

Areas for Further Research

The study was a milestone for further research in the field of sustainable competitive advantage in the oil marketing companies particularly in Kenya. The findings demonstrated the important factors to enhancement of competitiveness to include; supporting innovation, environmental initiatives, community development and supporting entrepreneurship. The current study covered only

65.40% and the remaining 34.60% should therefore be expanded further in future in order to determine other corporate responsibility strategies which influence competitive advantage in the oil marketing companies in Kenya.

REFERENCES

Angelidis J. P., Massetti, B. L. & Magee-Egan, P. (2008). Does Corporate Social Responsibility Orientation Vary by Position in the Organizational Hierarchy? *Review of Business Spring*, *28*(3), 23-32.

Aupperle, K. E., Carroll, A. B. & Hatfield, J. D. (2015). An Empirical Examination of The Relationship between Corporate Social Responsibility and Profitability. *Academy of Management Journal.* Vol. 28, No. 2, pp. 446-463.

Carroll, A. &Shabana, K. (2010).The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews*.Vol. 12, No. 1, pp.85-105.

Ebrahimi, B.P., (2011). *Further evidence of corporate social responsibility and firm performance linkage*, 3rd Edition, McGraw-Hill Publisher, New York, U.S.A

Gathungu, J. M. & Ratemo, N. Z. (2013). An Assessment of the Impact of Corporate Social Responsibility on the Strategic Intent at Standard Chartered Bank Kenya Limited. *International Journal of Education and Research, 1*(5) 1-16.

Kariuki, M. M. &Rotich, G. (2013).The Challenges Facing the Safaricom Foundation in Ailing Corporate Social Responsibility to Corporate Strategy. *International Journal of Innovative Research and Development.* Vol. 2, No. 5, pp. 1136 – 1156.

Kitzmueller, M. & Shimshack, J. (2012). Economic Perspectives on Corporate Social Responsibility. *Journal of Economic Literature, 50*(1), 51–84.

Kombo M.N & Tromp P.H (2006), *Research Methods,* 3rd Edition, McGraw-Hill Publisher, New York, U.S.A.

Kothari, .C. R. (2006), *Research Methodology*: 1st Edition, Pitman Publisher, London, UK.

Lichtenstein, D. R., Drumright, M. E. & Braig, B. M. (2010). "The Effect of Corporate Social Responsibility on Customer Donations to Corporate-Supported Non-Profits", *Journal of Marketing.* Vol. 68, pp. 16 – 32.

Luo, X. & Bhattacharya, C. B. (2012)."Corporate Social Responsibility, Customer Satisfaction and Market Value", *Journal of Marketing.*Vol. 7, No. 4, pp. 1 – 18.

Malhotra, N. K. (2007). Review of marketing research. In *Review of Marketing Research* (pp. v-v). Emerald Group Publishing Limited.

McWilliams, A. & Siegel, D. (2011).Corporate social responsibility and financial performance correlation or misspecification? *Strategic Management Journal*Vol.21, No. 5, pp. 603-609.

Mermod, A., Idowu, S. (2013).*Corporate Social Responsibility in the Global Business World* 4th Edition. McGraw-Hill Publisher. U.S.A. New York.

Moon, J. (2011).*Corporations and Citizenship*. Cambridge, UK: Cambridge University Press.

Mugenda&Mugenda, (2003).*Research Methods*: 1st Edition, Published by ACTS, Nairobi, Kenya.

Mugenda&Mugenda, (1999).*Research Methods*: 1st Edition, Published by ACTS, Nairobi, Kenya.

Nordberg, D. (2011). *Corporate Governance: Principles and issues* 4th Edition. McGraw-Hill Publisher. U.S.A. New York.

Ogutu, M., & Nyatichi, V. (2012). Competitive strategies adopted by multinational banks in Kenya. *DBA Africa Management Review*, *2*(1), 98-109.

Ogutu, M., & Samuel, C. M. (2012). Strategies adopted by multinational corporations to cope with competition in Kenya. *DBA Africa Management Review*, *2*(3), 69-82.

Okiro, K., Omoro, N. & Kinyua, H. (2013). Investment in Corporate Social Responsibility and

Sustained Growth in Commercial Banks in Kenya. *Journal of Emerging Issues in Economics, Finance and Banking.,3(2),* 1057-1064.

Pearce, J. A and Robinson, R.B, (2011). *Strategic Management: Formulation, Implementation and Control.* 4th Edition. McGraw-Hill Publisher. U.S.A. New York.

Peil S.K (2005). *Research Methodology and Design*, 5th Edition, Macmillan. Publishers, New York, U.S.A.

Peloza, J. (2015) *Corporate Social Responsibility as Reputational Insurance*. 5th Edition, Macmillan. Publishers, New York, U.S.A.

Qu, R. (2010). Corporate Social Responsibility: Impact of Regulations, Market Orientation and Ownership Structure. *Chinese Management Studies*. Vo. 1, No. 3, pp. 198-207

Sagebien, J., Lindsay, N. (2011). *Governance Ecosystems: CSR in the Latin American Mining Sector.* . 1st Edition. Pitman Publication. U.K. London.

Zikmund, W., (2010). *Business Research Methods* 8th Edition. McGraw-Hill Publishers U.S.A. New York.