

The Effect of Community Interest on Organizational Productivity: A Study of the Rift Valley Bottlers Limited, Kenya

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Abstract: Presently, so many local and global organizations are either reported to be shutting down or to be experiencing low/stagnated levels of productivity. The Rift Valley Bottlers Limited, a Coca Cola branded soft drink manufacturer and bottling plant, is not an exception. It has experienced an average sales growth of 8-15% since 2012 despite merging with Kisii Bottlers and Mount Kenya Bottlers that gave rise to Almasi Beverage Company Limited. Therefore, the study assessed the effects of non-market stakeholders' interest on the productivity of Rift Valley Bottlers Limited. This paper presents and discusses the research findings on the effect of community interest on the productivity of Rift Valley Bottlers Limited. The study adopted a survey research design and it targeted 3 non-market stakeholders, namely the community, media and government. A sample size of 147 respondents out of a target population of 233 respondents was selected using Yamane's formula. The study employed simple random sampling technique to sample 63 community representatives, 31 media representatives, 30 government representatives and 23 employees who represented Rift Valley Bottlers Limited. Questionnaires were used to collect data and each group of respondents was given a unique questionnaire since each group had a unique interest in the organization. Data was analysed by descriptive statistics (frequencies, percentages and mean) and inferential statistics which employed multiple linear regressions analysis (0.05 significance level was used to test hypotheses) and Pearson Correlation analysis to test the relationship between research variables. The findings indicated that there is a strong positive correlation (0.748) and a significant relationship ($p=0.000$) between community interest and organizational productivity. Community interest showed a strong positive relationship with organizational productivity. The findings further indicated that community interest contributed greatly towards the productivity of an organization with 60.2%. These findings are significant as they provide insights on the contribution of non-market stakeholders on the overall performance of an organization. The study recommends the need to foster an understanding of community interests and contributions to an organization.

Keywords: Effect, Community Interest, Organizational Productivity, Rift Valley Bottlers Limited, Kenya

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I. Introduction

A business organization is a socio-economic entity for creating wealth. Its general goals are to increase stock, remain highly productive and competitive in every aspect, despite environmental changes. Companies that ignore the environment in which they operate tend to miss the market opportunities that are presented by the environmental factors¹. It is in pursuit of these goals that an organization is at all times heavily dependent on the environment in which it exists. Every organization is made up of an internal structure, and exists within a framework of interrelated system of relationships with key stakeholders such as competitors, donors, consumers, regulators, suppliers, local communities, non-governmental organizations, government, the media, and so on. Value creation is the final objective of any business company. Rappaport², Mills and Weinstein³, Jensen⁴ and Grant⁵ argue that for any company to realize this objective, it must strive to meet the needs and interests of all its stakeholders, be they market or non-market in nature.

In Kenya, the existing literature has not determined the effects of the non-market stakeholders' interests on the productivity of organizations. On their part, most local organizations also tend to pay less attention to non-market stakeholders' relationship and issues. Omollo⁶ observes that even though some organizations in Kenya, such as the banks and corporations, admit that they pay attention to stakeholders' relationships, they have failed to determine the contribution of these stakeholder relationships to their productivity. They have also not struggled to establish mutually beneficial relationships with non-market stakeholders so as to increase their

productivity. Therefore, there was need to undertake a study to identify ways for assessing the effects of non-market stakeholders' interests on the productivity of organizations.

Community Interest

Kramer⁷ has studied the responsibilities of the private sector in improving the health and welfare of the surrounding populations in Bangladesh. The study sought find out how private-sector initiatives and partnerships as well as the collectively labelled Corporate Social Responsibility (CSR) initiatives impact the non-market status, earning potential, and access to services and resources for surrounding populations in Bangladesh. The study employed a survey research design and collected data using a standardized questionnaire that were administered to 100 private sector representatives. The target population for the study was the private sector of Bangladesh. The study results indicated an increase in job-skills and employment opportunities for the community members: the women ranked 63% and men 37%. The study results further indicated an increase of 53% in the provision of healthcare services to the surrounding communities. This figure was opposed to the figure of 27% which the community was receiving initially. The study also recorded a general development of the area through building of schools, roads and health care facilities for the local communities. The study findings further showed that the private sector in Bangladesh was performing better than after the CSR initiatives. This was attributed to its involvement in provision of healthcare services and employment opportunities as well as general development of the local communities.

Another study conducted by Lee⁸ has examined organizational responsibility and its role in the overall community development of organizations in Malaysia. It aimed at establishing whether or not the organizations are ethical in their operations, friendly to the society in which they operate in and if they have developed the local communities. The study employed a survey research design and targeted 6 local firms and 3 international firms in Malaysia, with a total sample of 198 respondents. Data was collected using questionnaires and analysed using the SPSS version 17 using ANOVA. The study findings found a mutually beneficial relationship between both local and international firms and their surrounding communities. The study results also revealed that international firms did less to develop the local community as opposed to the local firms that devoted most of their resources and efforts to ensuring the interests and needs of the surrounding communities were addressed. The study findings also indicated that both the local and international firms prioritized on the local communities when offering employment opportunities. Moreover, firms that were responsive to the local community needs and interests performed better than those that were not.

A company basically exists for two important reasons: the customers it serves and the community in which it is located. Therefore, a company has the responsibility of giving back to the community from which it receives support. According to Donnelley⁹, the local community provides a company with most of its employees. In exchange, the community expects that the company will support them with volunteers and money to bolster locally organized events, fully utilize the local supplies such as human resources as well as raw materials available in the local vicinity. Gaurav¹⁰, agreeing with Donnelley⁹, further identifies additional responsibilities of a business towards the community. They include: maintenance of proper ecological balance; prevention of environmental degradation; maintenance of available infrastructure; conservation of scarce resources; contribute and promote local education; provide health care facilities for local community; provide equal opportunity of employment; maintenance of a good relationship between business and society and cooperate with the government and NGOs in their efforts to enhance the development and betterment of society.

Statement of the Problem

Currently, so many local and global organizations are either reported to be shutting down or experiencing low levels of productivity. Renowned organizations, that have been operational for a substantial period of time and even achieved greater level of success, such as the Eveready East Africa, Nakuru branch and Cadbury factory, have in the recent past closed down. Others such as the Nakumatt Holdings Limited, Barclays Bank and Coca-Cola Company, have recently trimmed down some of their branches. A survey by the Kenya National Bureau of Statistics (KBNS)¹¹ indicates that 2.2 million Micro, Small and Medium Enterprises (MSMEs) have shut down in the last five years.

The ability of many companies to enhance their productivity is critical to their remaining competitive in this complex and volatile economic environment. Omollo⁶ observes that many organizations in Kenya have not fully earned productivity-related gains. A report by Team, on "why we should look beyond Coca-Cola's declining revenue", states that the stock of Coca-Cola Company has not grown by more than 2-3% over the last 3 years. The Rift Valley Bottlers Limited, a Coca-Cola branded soft drink manufacturer and bottling plant, had for so many years recorded a 1-2% sales growth. After its merger with Kisii Bottlers and Mount Kenya Bottlers in 2012 that gave rise to Almasi Beverage Company Limited, the sales growth rose to 8-15% in the year 2012/2017¹³. A double-digit sales growth, higher productivity levels and increased competitiveness were the

expectations placed on the merger since the merger enjoys economies of scale, have a pool of resources and combined governance¹³.

Rift Valley Bottlers has not fully realized productivity-related gains. It is still experiencing shortfalls in efficiency and effectiveness of its operations. *Almasi Strategic Plan 2014 and Beyond*¹⁴ points out that a collaborative relationship between the company, its shareholders and key stakeholders inside and outside the organization is what enables it to achieve success. Therefore, in a bid to understand why Rift Valley Bottlers Limited has not fully earned productivity-related gains, the study will explore the contribution of the community as stakeholders to the actions and decisions of Rift Valley Bottlers.

II. Materials And Methods

Study Design: Survey research design study.

Study Location: The research was conducted at the Rift Valley Bottlers, Rift Valley, Kenya. Rift Valley Bottlers Limited is a franchise of Coca-Cola Company that produces and distributes a wide range of Coca-Cola beverages in North Rift and Western Kenya. Rift Valley Bottlers Limited was chosen for study due to its ability to give a comprehensive coverage on the study variables. Rift Valley Bottlers Limited served as the key study area and was given a representation of the total population.

Study Population: The study targeted 3 non-market stakeholders, namely the community, media and government. This paper discusses only the findings regarding community interests.

Sample Size: 100 community members.

Sample Size Calculation: The sample size for the study was calculated using Yamane's formula (1973). A 95% confidence level, with a margin error of 5%, was used to arrive at the sample size. To obtain information on community interests, the study targeted the employees of 5 Coca Cola wholesale stores around Eldoret region. The study targeted 18 employees of Chepkorio wholesale store; 16 of Genesis wholesale store; 23 of Alpha wholesale store 18 of Cheplel wholesale store and 25 of Emgwen wholesale store. A total of 100 respondents were targeted to represent the community and they answered questions relating to the interests of the local community.

Procedure Methodology: The research data was collected using questionnaires. The collected data was edited and coded to ensure completeness, after which it was summarized and tabulated before analysis is done.

Data Analysis: Data analysis was done using the SPSS system version 21. The complete data was then analysed. Both descriptive and inferential methods of data analysis were used. For descriptive analysis, the study employed frequencies, mean and percentages while for inferential statistics the study employed multiple linear regressions analysis to test the hypotheses at 0.05 significance level. Pearson Correlation analysis was also used to test for relationships between research variables.

III. Results And Discussion

Descriptive Analysis

The study sought to establish the effect of community interest on the productivity of Rift Valley Bottlers Limited. The study results were as presented in Table no1 below.

Table no 1: Community Interest and Organizational Productivity

		SD	D	N	A	SA	Total	Mean
The company provides employment opportunities to the local community	F	1	1	14	30	16	62	3.9516
	%	1.6	1.6	22.6	48.4	25.8	100	
The company has built a health Centre in the region	F	1	1	12	30	18	62	4.0161
	%	1.6	1.6	19.4	48.4	29	100	
The company partners with stakeholders in organizing free medical camps that help in screening of diseases	F	0	1	10	33	18	62	4.0968
	%	0	1.6	16.1	53.2	29	100	
The company participates in the development of educational facilities in the region	F	0	0	12	29	21	62	4.1452
	%	0	0	19.4	46.8	33.9	100	
The company has facilitates the construction of roads in the region	F	0	3	12	28	19	62	4.0161
	%	0	4.8	19.4	45.2	30.6	100	
The company participates in environmental conservation through planting of trees	F	0	4	10	28	20	62	4.0323
	%	0	6.5	16.1	45.2	32.3	100	
The company participates in environmental conservation through proper waste disposal	F	1	2	15	29	15	62	3.8871
	%	1.6	3.2	24.2	46.8	24.2	100	
Rift Valley Bottlers Limited takes little time to deliver orders	F	0	4	18	28	12	62	3.7742
	%	0	6.5	29	45.2	19.4	100	
The prices of Coca Cola products/services are fair and affordable	F	2	3	11	23	23	62	4
	%	3.2	4.8	17.7	37.1	37.1	100	
The company is prompt and reliable in meeting market demands	F	3	11	15	23	10	62	3.4194
	%	4.8	17.7	24.2	37.1	16.1	100	

The study employed a five-point Likert scale to provide response options for the respondents on the effect of community interests on productivity of Rift Valley Bottlers Limited with 1 indicating strongly disagree and 5 strongly agree. The study results indicated that 74.2% of the respondents agreed that the company provided employment opportunities to the local community, 22.6% were undecided while 3.2% disagreed. Moreover, 77.4% of the study respondents agreed that Rift Valley Bottlers Limited had built a health centre in the region they reside in while 3.2% had a contrary opinion. The study results further indicated that 82.2% of the respondents concurred that Rift Valley Bottlers Limited partnered with all its stakeholders in organizing free medical camps to help in screening for diseases; 16.1% were unsure while 1.6% disagreed. On whether or not Rift Valley Bottlers Limited participated in the development of educational facilities in the region, 80.7% agreed with the statement while 19.3% of the study respondents were uncertain. The study findings further showed that 75.5% of the study respondents agreed that Rift Valley Bottlers Limited facilitated the construction of roads in their regions while 4.8% of the respondents disagreed. On whether or not the company took part in environmental conservation through planting of trees, 77.5% of the respondents agreed while 4.8% of the study respondents had a contrary opinion. Additionally, 71% of the study respondents accepted that the company took part in environmental conservation through proper waste disposal, 24.2% of the respondents had a neutral opinion and 4.8% disagreed.

The study findings further indicated that 64.6% of the respondents agreed that the Rift Valley Bottlers Limited took little time to deliver orders while 6.5% of the study respondents disagreed. Another 74.2% of the study respondents concurred that the prices of Coca Cola products/services were fair and affordable while 8% had a contrary opinion. Lastly, the study findings indicated that 53.2% of the study respondents were of the opinion that Rift Valley Bottlers Limited was prompt and reliable in meeting market demands while 22.5% disagreed.

A majority of the respondents were of the opinion that Rift Valley Bottlers Limited partnered with all its stakeholders in organizing free medical camps to screen for diseases. This implied that the productivity level of Rift Valley Bottlers Limited was high because it supported the provision of free healthcare services. These study results were in line with those of Kramer⁷ who points out that the private sector in Bangladesh performs better due to its active involvement in CSR initiatives like provision of healthcare services and employment opportunities to locals.

Correlation Analysis

The study employed Pearson Correlation to tests for the relationship existing between the study variables, the dependent variable being organizational productivity and the independent variable being non-market stakeholders' interests (community interest, media interest and government interest). The results were as shown in Table no2 below.

Table no 2: Correlation Analysis Results

		Community Interest (B)	Organizational Productivity(E)
Community Interest (B)	Pearson Correlation	1	.748**
	Sig. (2-tailed)		.000
	N	62	23
Organizational Productivity (E)	Pearson Correlation	.748**	1
	Sig. (2-tailed)	.000	
	N	23	23

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

According to the results in Table no2 above, there is a strong positive correlation of 0.748 between community interest and organizational productivity. The *p* value was 0.000, implying that the relationship is significant. This means that community interest is a strong contributor of organizational productivity.

Hypothesis Test Results

The hypothesis tested stated thus: Community interest does not have a significant effect on the productivity of Rift Valley Bottlers Limited. To test this hypothesis, a regression model containing community interest (independent variable) and organizational productivity (dependent variable) was computed so as to determine the existing relationship. Table no3 shows the study findings.

Table no 3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.093	1	4.093	26.611	.000 ^b
	Residual	3.230	21	.154		

	Total	7.322	22			
a. Dependent Variable: Organizational Productivity						
b. Predictors: (Constant), Community Interest						

From the findings in the table above, the significant value is 0.000 which indicates that the hypothesis test was rejected.

Table no 4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.645	.612		1.054	.304
	Community Interest	.813	.158	.748	5.159	.000

a. Dependent Variable: Organizational Productivity

From the findings in Table no4 above, a significant value of $p=0.000$ was obtained. This implies the hypothesis (community interest does not have a significant effect on the productivity of Rift Valley Bottlers Limited) was rejected. Therefore, it was concluded that there is a significant relationship between community interest and organizational productivity. These findings agreed with those of Lee⁸, that a significant relationship exists between organizations in Malaysia and their surrounding communities with each benefiting from the other. He also argues that firms that are responsive to the community needs and interests performed better than those that were not.

The study findings further agreed with those of Kramer⁷ who points out that the community interest has a significant influence on the overall performance of the organization in his study on the *Responsibilities of the Private Sector in Improving the Health and Welfare of the Surrounding Populations in Bangladesh*. He further points out that a mutual relationship where by the private sector of Bangladesh engaged in community development and the local community were involved in all its activities boosted the performance of the private sector of Bangladesh. Donnelley⁹ argues that there is a significant and mutually beneficial relationship between the interests of the community and the success of the organization. He observes that the organization depends on its local communities to provide it with local supplies (human resources and raw materials) while the local communities in turn need the organization to develop it.

IV. Conclusion And Recommendations

The study findings indicated that there is a strong positive relationship between community interest and organizational productivity. Community interest is the strongest contributor to organizational productivity, since the community forms the largest portion of the organizational population as well as the organization's customer base. Considering these findings, the company's policy makers should strive to understand the interests of local communities and how they contribute towards achieving organizational productivity as well as organizational goals. This will help the company to strategically endeavour to satisfy the needs and interests of non-market stakeholders. Rift Valley Bottlers Limited should also recognize and appreciate the contribution and interests of all its stakeholders, especially the non-market stakeholders whose interests and contribution are often overlooked. Moreover, the company should ensure that all market demands are promptly and reliably met so as to satisfy the interests of its surrounding community who form part of their customer base. The role and influence of community stakeholders has been studied alongside different aspects of the organization. Previous research has majorly focused on primary stakeholders and not the secondary stakeholders and hence their interests and contributions remaining unclear. Therefore, further research should focus on studying the role and contribution of the secondary stakeholders in an organization.

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