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SOCIAL CORPORATE RESPONSIBILITY: A TOOL OF ACHIEVING AND MAINTAINING COMPETITIVE ADVANTAGE: AN ASSESSMENT OF SAFARICOM KENYA LIMITED

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SPRING 2016
STUDENT DECLARATION

I, the undersigned declare that this is my original work and that it has not been submitted to any other College, Institution or University other than the United States International University for academic purposes.

Signed: __________________________ Date: ________________________________

Paschal Ezenwa (ID. No:632676)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: __________________________ Date: ________________________________

Prof. Paul Katuse

Signed: __________________________ Date: ________________________________

Dean, Chandaria School of Business
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ABSTRACT

The general objective of the study is to examine whether Safaricom Kenya Limited has utilized CSR to attain and maintain a competitive advantage in the Kenyan mobile telephony market. The study is guided by three specific research objectives, namely: To examine the extent to which Safaricom’s CSR engagements has influenced its image; To assess how Safaricom’s CSR engagements have influenced customer satisfaction and loyalty; To explore the extent to which Safaricom’s CSR engagement has improved its organizational performance.

The research design used in this study was an explanatory research design. The population of this study comprised middle-level managers of the Safaricom and the current customers of Safaricom. The study employed the use of purposive sampling method and conducted a survey among 30 middle-level managers of Safaricom. This study utilized purposive sampling, a sampling technique that permits the researcher to use only individuals deemed to have the relevant information. This technique was used for various reasons including lowering cost, increasing the accuracy of results, and facilitating speedy data collection, as well as accessibility of population elements. Semi-structured questionnaires were used in the study to collect data from the potential respondents. The researcher used MS Excel and the Statistical package (SPSS) to produce and the descriptive statics and the inferential statistics for the study. The inferential statistics include the Chi-Square tests, the determination of central tendencies and deviations and the calculation of correlations.

The study has determined that Safaricom’s CSR engagements have markedly enhanced the firm’s corporate image. The study has found that the majority of respondents are of the opinion that CSR has contributed to the establishment of a positive corporate reputation and image for Safaricom. The study has also found that the firm’s CSR activities have influenced customer satisfaction and loyalty for Safaricom. The study has further found that CSR has precipitated increased organizational performance of the firm. The study results indicate that CSR has influenced Safaricom’s financial performance and growth. The study has further established that due to CSR, more customers are likely to subscribe to Safaricom’s products. It has also found that the CSR has facilitated Shareholder value creation or performance further adding to the firm’s performance.
The study concludes by contending that CSR can facilitate the attainment and sustenance of a positive corporate image. It helps the corporation establish a reputation as a firm that is not abstracted from the society but one that shares in the society’s issues and concerns and which is part of the solution to those challenges. The study further contends that CSR facilitates customer loyalty to Safaricom and thereby enhances the corporation’s competitive advantage. It also notes that in the same way that CSR positively influences corporate image and customer satisfaction and loyalty, it also influences the firm’s organizational performance.

The study recommends that managers should appreciate the positive correlation between involvement in CSR and the advancement of the corporate image. It contends that CSR should not be taken as a legal responsibility but rather as a fundamental corporate strategy. It also recommends that the leadership at Safaricom must include CSR as an integral part of the firm’s organizational strategy and use to attain customer satisfaction and thereby customer loyalty. It suggest that the managers of Safaricom and other firms must appreciate the fundamental importance of CSR for organizational performance. The managers and CEO’s should recognize the association between CSR and other attributes of performance including, sales, customer-corporation relationships, rate of return on assets among others. It further recommends that there is need for more academic research on the association between CSR and organizational strategy.
ACKNOWLEDGEMENTS

I would like to acknowledge Prof. Paul Katuse my project supervisor without whose scholarly support I would not have completed this study. I would also like to acknowledge my family in general for their financial support and my friends for their moral assistance in this study.
DEDICATION

It is with great humility that I dedicate this study to God Almighty, with who I would not have life or ability to make this study. Also my parents who have always encouraged and supported me all through my study.
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<th>Full Form</th>
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<tr>
<td>CA</td>
<td>Competitive Advantage</td>
</tr>
<tr>
<td>CAK</td>
<td>Communication Authority of Kenya</td>
</tr>
<tr>
<td>CCI</td>
<td>Customer- Company Identity</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

The topic of corporate social responsibility (CSR) is a principal moral and ethical challenge in the contemporary business environment (Castelo & Rodrigues, 2006; Vilanova, Lozano & Arenas, 2009). The emergence of CRS as strong concept towards the end of the 20th century in the corporate world was an outcome of the growing apprehension among societies and governments of the impact of business activities on the society and the environment (Saeed & Arshad, 2012). According to Cedomir, Gordana and Maksimovich (2012) the concept implies the obligations of business organizations to the society and particularly stakeholder obligations to the recipients of corporate practices and policies.

In its conventional conception, CSR is considered by organizations as a nuisance and an imposition by the government and the society upon corporations (Porter & Kramer, 2012). Hence, it was perceived as a philanthropic engagement, undertaken by the organization to fulfill its legal, economic and social responsibilities to the government and the society (Filho, Wanderley, Gomez & Farache, 2010). In this conception therefore, it is perceptible that CSR was traditionally considered as having limited if any strategic value to the organization but only beneficial to the society in which a business operated.

Nonetheless, companies are rapidly appreciating the strategic value of CSR to the company. Filho, et al, (2010), observe that corporate executives and scholars are paying more attention to the ramifications of CSR practices and policies particularly on their association with business strategy. According to Cedomir, et al, (2012), CSR is currently being considered an effective means of facilitating a corporation’s brand image and reputation, company-customer relations hence greater retention of customer and the improvement of firm’s financial performance, access to capital as well as competitive advantage. Filho, et al, (2010) contend that research demonstrates that CSR increases a firm’s corporate standing or reputation, which results in increased purchases of the firm’s services and products.
Porter and Kramer (2006) contend that CSR is an effective means of achieving a competitive advantage in an increasingly competitive business environment. Vilanova, et al, (2009) argue that the linkage between CSR and competitive advantage is often promising whenever environmental limits, social needs as well as corporate interests are efficiently harmonized within it. The connection between CSR and competitive advantage is mutually valuable to both the organization and the society (Cedomir, et al, 2012).

Cedomir, et al, (2012), contend that three management processes, namely; responsibility, strategy and stakeholder, intricately link the two concepts. Therefore, a CSR strategy impacts directly on competitiveness which in turn enhances the sustainability of a firm’s vision through the corporate strategy. Moreover, it contributes to stakeholder management, which invariably results in the improvement of relationship with the stakeholders (Castelo & Rodrigues, 2006).

Certainly, several business experts and scholars have attempted to define the association between CSR and competitive advantage (Castelo & Rodrigues, 2006; Vilanova, et al, 2009). CSR has been considered as corporate differentiation approach that precipitates competitive advantage such as investment capital provision. It has also been argued that CSR contributes to competitive advantage by enhancing the relationship among all the stakeholders including investors, competitors, consumers and the general public. Porter and Kramer (2012) argue that CSR can generate opportunities for attaining competitive advantage through innovation. However, sustaining a competitive advantage demands that a conception of the definition of CSR as an organizational strategy involving effective management of the internal operational processes to address external stakeholder and group demands (Ionescu, 2006; Cedomir, et al, 2012).

Porter and Kramer (2012) have examined perspectives relating to CSR and competitive advantage and identified several schools thought including moral obligation, sustainability, license to operate and reputation. Brunsel (2009, p.33) contends moral obligation implies the firm’s involvement in CSR for the simple reason that it is the correct “thing to do”. Sustainability on the other hand implies the utilization of CSR with the aim of ensuring sustainable development with consideration of triple bottom line (Porter & Kramer, 2012). License to operate implies the consideration of tacit and implicit permission from the various stakeholders while reputation implies the
firm’s engagement in CSR with the aim of strengthening its brand and image towards the corporation’s stakeholders (Brunsel, 2009; Porter & Kramer, 2012).

In Kenya, just like elsewhere in the world, corporations are appreciating the importance of CSR to business strategy (Kirui, Okello & Nyikal, 2012). The increase in competition among firms within the same line of business has continued to grow and managers are in constant search for means of attaining and sustaining competitive advantage vis-à-vis other operators in the market. In Kenya, the telephone service industry is one such industry in which intense competition has been experience among the telephone service providers. Indeed, an assessment of the telephone service industry reveals the presence of intense competition among corporations (Kirui, et al, 2012).

Several mobile phone service providers operate in Kenya including: Safaricom Ltd, YU, Airtel Networks (formerly Zain), Essar Telecom Kenya Ltd and Orange (previously Telkom Kenya) (Oteri, Kibet & Ndung’u, 2015). Communication Authority of Kenya (CAK) estimated that the Kenyan mobile subscription rates is expanding at a rate of 5.6% annually and Safaricom dominates the Kenyan market in terms of both profitability and subscription (Kirui, et al, 2012). In fact, as of June 2014, Safaricom dominated the market with 21.9 million subscribers, followed by Airtel, Orange and Essar with 5.1, 2.7, 2.6 million subscribers respectively (Oteri, et al, 2015).

However, Kwanda (2007) argues that the company has continued to face stiff competition from these firms, as each demands a greater slice of the Kenyan mobile service market. According to Oteri, et al, (2015), in the fiscal year 2013/2014, most telephone companies in Kenya recorded positive gains with regard to subscriptions. Orange being the highest gainer having obtained 231,470 new subscribers a growth of 9.4% from that recorded in 2012; Safaricom gained 361,062 a growth of 1.7% while Essar recorded 511,526 new subscribers, about 0.2% growth (Oteri, et al, 2015).

These trends are indicative of the competition in the mobile telephone sector and therefore the need for corporations in the industry to attain and sustain a competitive advantage vis-à-vis others in the market is all the more apparent (Vilanova, et al, 2009). Indeed, as contends Kirui, et al (2012), the managers of the four mobile service providers are in constant search for effective strategies and approaches that will ensure the survival
and profitability of their corporations in such a volatile and competitive business environment.

Safaricom, the current dominant company in the Kenya mobile phone service, was established in 1997 as a subsidiary of the country’s Telcom Kenya (Oteri, et al, 2015). The company provides employment to over 1500 individuals mainly in Nairobi and other big cities including Mombasa, Nakuru, Kisumu, Eldoret and Nyeri in which it operates retail outlets. The company has engaged in a multiplicity of charitable functions where it assists the less fortunate individuals and groups in the society through the Safaricom Foundation (Safaricom, 2010).

Safaricom dominates the Kenyan mobile telephony market, controlling 65.3% share as of 2012, while in 2014, the company’s earned 23 billion shillings (a net profit of 93.8%) stamping its authority as the most profitable firm in East Africa (Safaricom, 2010). In 2013, the company spent 2 billion shillings on about 700 community development projects (Safaricom, 2010). Over recent years, Safaricom has gone out its way to engage in several CSR initiative including; economic empowerment, education, health (community health), environmental education, corporate sponsorship, sports among others (Osodo, 2014).

It is in line with the need to attain a competitive advantage vis-à-vis competitors and to ensure mutual benefits for both firm and society that Safaricom Kenya Limited has been involved in CSR activities in Kenya (Muriuki, 2008). In Safaricom, CSR is conducted through the Safaricom Foundation among the projects that the company has been involved include healthcare, autism, education, disaster relief, sports, environmental protection and convention as well as arts, culture and music promotion (Osodo, 2014).

1.2 Statement of the Problem

Safaricom conducts and channels its CSR programs, engagement and initiatives through the Safaricom Foundation. The foundation was launched in August 2003 and has grown to be among the top corporate foundations in Kenya (Safaricom, 2010). Muriuki (2008) explains that by Declaration of Trust, the Safaricom Foundation was established as a charitable organization under the Kenyan laws. Furthermore, Safaricom Foundation was set up under the guidelines of the Vodafone Group Foundation and mandated with task of articulating and implementing its social investment policy with consistent and
harmonized parameters. The Mission of the foundation is “Passion for the World Around Us” which implies the principle aims of sharing the gains of the advances in mobile communications technology as much as possible; caring for the natural environment as well providing relevant assistance to the communities including investors, employees, customers and suppliers of the Safaricom (Muriuki, 2008).

The funding for the Foundation emanates from yearly contributions Safaricom Limited at predetermined level by the Voddacom Foundation and Safaricom’s board to support community activities. Through the Safaricom Foundation, it is estimated that by the year 2014, the corporation had invested in the upwards of Ksh. 1.8 billion (about US$21 million) into social and community outreach programs and initiatives including education, economic empowerment, arts and culture, health, environmental protection, sports and music as well as water and disaster relief (Osodo, 2014). Unquestionably, these areas of concentration are well articulated in the foundation’s Mission Statement and the Social Investment Policy (Safaricom, 2010). Therefore, through the Foundation that deals particularly on CSR, Safaricom is demonstrating gravity with which it positively portrays itself to stakeholders while establishing an exceptional channel of communication.

Thus it is apparent that the company has established a positive image for itself with regard to engaging in CSR activities. Nonetheless, academicians and analysts have paid little attention to the assessment of how the Safaricom Foundation fits into the corporation’s strategy of achieving and maintaining a competitive advantage through positive image enhancement. In fact, according to Muriuki (2008), the few assessments that have focused on the foundation have only highlighted the forms of CSR initiatives that are launched through it and the extent to which such initiatives are in compliance with the fulfillment of the social good.

Furthermore, Safaricom dominates the Kenyan mobile telephone market with 21.9 million subscribers (Safaricom, 2010). However, the extent to which this has been a factor or as a result of the corporation’s CSR activities has not been assessed. However, as Kariuki and Rotich (2013) observe, scholars have ignored the assessment of the extent to which Safaricom’s CSR engagement has been a corporate strategic move by the company to achieve organizational goals. Certainly, the organization remains among the leading firms in Kenya, several internal and external attributes have been identified and associated to the organizations performance. While intellectuals including; Cedomir, et
al, (2012), Filho, et al, (2010), Castelo and Rodrigues (2006) as well as Vilanova, et al, (2009), have identified a positive link between organizational performance to effective CSR activities, few have focused on the extent to which Safaricom’s extensive CSR has been a factor in its organizational performance.

Therefore, despite the significance of CSR on organizational strategy little consideration has gone to the analyses of the repercussion of CSR on organizational competitive advantage for leading companies in Africa such as Safaricom Kenya Limited. Therefore, this study is justified by the absence of academic production regarding the link between CSR, organizational strategy and competitive advantage for leading firms in Africa.

1.3 General Objective
To examine whether Safaricom Kenya Limited has utilized CSR to attain and maintain a competitive advantage in the Kenyan mobile telephony market.

1.4 Specific Objectives
1.4.1 To examine the extent to which Safaricom’s CSR engagements has influenced its image.
1.4.2 To assess how Safaricom’s CSR engagements have influenced customer satisfaction and loyalty.
1.4.3 To explore the extent to which Safaricom’s CSR engagement have improved its organizational performance.

1.5 Significance of the Study
In examining the connection between CSR and competitive advantage, the study will unearth important information to the following groups of stakeholders.

1.5.1 Beneficiaries of CSR
The beneficiaries of the CSR activities, which are the less disadvantage members of the community, will benefit from increased CSR initiatives by Safaricom. Such programs may comprise of increased support for healthcare provision, education, environmental protection among others. The study will allow the beneficiaries to understand the steps that Safaricom is undertaking to directly address their plight. As such, the study will allow the beneficiaries to gain a sense of belonging in the society, as they will feel that their plight has not been taken for granted.
1.5.2 Safaricom Subscribers/Customers

Safaricom subscribers also stand to benefit markedly from the study in several regards. The study will accord the Safaricom customers with information regarding what Safaricom is doing to give back to the society. This information will help the customers appreciate how their subscription to the corporation is contributing to the realization of the greater social good. In so doing the study will help the customers attain a feeling of self-importance, as the corporation with which they are associated is involved in addressing the social plight of the community. Furthermore, and even more importantly, customers will understand how Safaricom’s CSR programs are not only beneficial to the society but are vital to the attainment of organizational competitive strategy.

1.5.3 Safaricom Limited Kenya

This study examines the nexus between CSR and competitive advantage and as such stands to provide critical insight for Safaricom managers concerning the strategic value of the companies CSR engagements. The study will provide information concerning Safaricom’s CSR activities and in so doing will equip the managers with vital information concerning the benefits that the company has derived from CSR. By assessing the study findings, Safaricom managers can evaluate and strategize on how to effectively employ CSR as a strategy for attaining and maintaining a competitive advantage in the Kenyan telephony market.

1.5.4 General Public

The citizens of Kenya also study to benefit from the study as the study will provide important information to them. The study will highlight the CSR engagements of Safaricom thereby provide information to the public concerning how Safaricom has endeavored to give back to the society. Therefore, the study will equip the public and specifically Safaricom’s customers with information regarding how the company benefits from CSR.

1.5.5 Other Corporations

The study will also be important to other companies other than Safaricom. The study will provide information to managers of other companies in Kenya, information through which they can evaluate the benefits or otherwise of the Safaricom’s CSR programs. The
managers will be able to assess whether the CSR engagements of Safaricom has given it a competitive edge. Therefore, the study will allow other corporations within and without Safaricom’s industry, to initiate CSR activities strategically to attain and maintain competitiveness. Moreover, the study may also reveal other CSR areas in which these corporations can strategically engage in, in order to improve its competitiveness.

1.5.6 Scholars and Future Researchers

The study will be significant to future researchers and scholars because it will contribute to the literature relating to the connection between CSR and competitive advantage. Future researchers interested in examining CSR and competitive advantage in Kenya will benefit substantially from the current study as it will equip them with literature that given them an insight into this issue. Besides, future researchers can use the study as secondary source of information as they review literature concerning CSR and competitive advantage in Kenya and particularly that relating to Safaricom Kenya limited. Lastly, the study will kindle scholarly interest in assessing the connection between CSR and competitive advantage or the implications of CSR.

1.6 Scope of the Study

The study will focus on CSR particularly how it facilitates an organization’s strategy of attaining and maintaining a competitive advantage. Hence, the study will not delve into the analysis of other elements of CSR including its implications for the society. The study will comprise of the qualitative and quantitative research, the qualitative aspect will focus on assessing secondary sources of data while the quantitative aspect of the study will involve the collection and analyses of primary data. The secondary data will be obtained through the assessment of books, journal articles, internet sources, press releases by Safaricom and other academically relevant sources. The primary data will be collected from the relevant sources at Safaricom. The study will be conducted over a period of two weeks.

1.7 Definition of Terms

Following are definition of key terms and concepts that will be used in the course of the study.
1.7.1 Business Environment

Business environment refers to in-house and outside factors that influence business operations and include customers, employees, management, supply and demand as well as business regulations (Porter & Kramer, 2006).

1.7.2 Business Ethics

Business ethics refers to a collection of moral guidelines and rules that regulate the running of business including the making of business decisions regarding controversial issues such as insider trading, bribery, fiduciary, corporate governance and social responsibility (Halme, Roome & Dobers, P. (2009).

1.7.3 Competition

Competition refers to the rivalry among corporations whereby every corporations endeavors to attain that which the other corporations in the same markets or line of production over sales, market share and profits by trying to provide the best combination of quality, prices and services to their current and potential customers (Vilanova, et al, 2009).

1.7.4 Corporate Image

Image is the customers’ mental image of the firm, what the public beholds or conceives at the mentioning of the firm. It is the public perception of the corporation as opposed to the actual status or position of the firm (Ngyen, 2006).

1.7.5 Corporate Reputation

Corporate reputation denotes a customer’s or an independent observer’s collective assessment of the firm’s on the grounds of its social, financial and environmental implications to multiple stakeholders attributed to the firm over a period of time (Saeed, & Arshad, 2012).

1.7.6 Customer Loyalty

Customer loyalty pertains the probability of previous corporate customers to persistently conduct business with the firm (Asatryan, 2002).
1.7.7 Customer Satisfaction

Customer satisfaction refers to the degree of contentment that customers derive from the firm’s goods and service indicated by the proportion of repeat customers (Saha & Sharma, 2015).

1.7.8 Organizational Performance

Organizational Performance refers to the assessment or evaluation of corporate performance with respect to its goals and objectives (Siddiq & Javed, 2014).

1.7.9 Reputational Capital

The reputational capital is the value established by the corporation’s image in stakeholder’s mind as a result of the encounter with the organization (Saeed & Arshad, 2012).

1.7.10 Stakeholder

Refers to an individual, corporations, groups or entities that have vested concern or interest in the organization and are affected by or can influence organization’s policies, objectives and actions (Filho, et al, 2010).

1.8 Chapter Summary

Chapter One has provided the background of the study and stated the problem that the study intends to assess. The chapter has also outlined the purpose of the study, the research objectives and the research questions that will guide the entire study. The objectives of the study are; to examines the context of CSR in Safaricom’s corporate strategy; to assess how Safaricom’s CSR engagements have facilitated its reputation and brand image; to explore whether Safaricom’s CSR engagements has led to the improvement of its Bottom line. Moreover, Chapter One has also outlined the significance of the study and the scope of the study. Chapter Two examines existing literature on the link between CSR and competitive advantage. Chapter Three will provide the research methodology to be adopted in the study. The chapter will describe the research design, the population and sample design, the data collection methods and procedures as well as the data analysis method.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter examines existing literature on the association between CSR and CA. It aims at assessing what previous scholars and authors have found and written concerning the association between CSR and CA with respect to reputational capital, perceived organizational performance and customer satisfaction and loyalty.

2.2 CSR Engagements and Its Influence on Corporate Image

2.2.1 Corporate Social Responsibility: Meaning and Conceptualization

Ismail (2011) has asserted that there is no universal consensus on the meaning and definition of CSR. Khan, Khan, Ahmed and Ali (2012) note however that CSR has been defined as the corporations’ act of sacrificing or forfeiting profit in the social interest. According to Reinhardt, Stavins and Vietor (2008), in undertaking CSR, the corporation transcends its contractual and legal obligations not due to coercion but voluntarily. CSR has also been conceived as the organizational behavior of treating its various stakeholders in an ethical or human manner.

Ismail (2011) provided a definition of CSR, which has been adopted by several scholars, that CSR implies the business of obligation of pursuing policies or business decisions that are desirable and acceptable with regard to social values and objectives. Yet, others have perceived CSR as a construct consisting of the legal, economic, discretionary and ethical expectation imposed on the organization by the society at any given time (Mahlouji & Anaraki, 2009). Perceptibly, this understanding of CSR implies that the act is undertaken mostly for the sake of the society rather than that of the corporation (Carroll & Shabana, 2005).

However, Ismail’s conception of CSR is refuted for being limited in scope. According to Reinhardt, Stavins and Vietor (2008), in undertaking CSR, the corporation transcends its contractual and legal obligations not due to coercion but voluntarily. CSR encompasses a wide range of activities and behaviors including being environmental friendly, being investor and employee friendly, respecting and embracing the community in which the firm operates and being ethically mindful (Khan, et al, 2012). Reinhardt, et al, (2008)
explain that two theoretical perspectives; the agency and the social contract theories have underscored the analyses of the meaning and conceptualization of CSR.

Adherents of the agency theory perceive CSR is directed at the stockholders because they are the ones that authorize organizational involvement in CSR. The advocate of the social contract theory of CSR contend that corporations are have implied indentures with the society and that such an indentures obligate them to be socially responsible (Reinhardt, et al, 2008). Bénabou and Tirole (2009) however contend that there exists a good business case CRS in addition to performing the social good. This latter standpoint implies that there are strategic benefits that an organization derives by conducting CSR.

Mahlouji and Anaraki (2009) argues that CSR embody socially responsible qualities on the corporate image products and services and may lead to customer satisfaction, customer loyalty and increased organizational performance. Carroll and Shabana (2005) conceived four dimensions of CSR including; ethnical, philanthropic, economic and legal dimensions. Carroll (1979) contends that the four dimensions are intricately interconnected and that it is crucial for firms to attain the four at all times. This means that a social responsible corporation should endeavor to be law abiding, be a good corporate citizen, be ethical and make profits.

Bénabou and Tirole (2009) observe that other dimensions exist which are close related to that proposed by Carroll, these are; altruistic, ethical and strategic dimensions of CSR. The first two dimensions are closed associated with the philanthropic and ethical dimensions conceived by Carroll (1979). However, according to Arikan and Guner (2013), strategic CSR implies that the CSR initiatives do enhance the firm’s attainment of strategic objectives such as the promotion of a positive corporate image, enhancement of customer loyalty and increased synergistic value.

**2.2.2 Image or Brand Enhancement**

Corporate image has been conceptualized as the customers’ mental image of the firm, what the public beholds or conceives at the mentioning of the firm (Ngyen, 2006; Mandina, Maravire & Masere, 2014). According to Khan, et al, 2012), corporations do engage in CSR not only to perform a social good but also to create a rapport with the stakeholders in the firm and establish a positive image for itself. Corporations are engaging more and more in CSR to boost their company image.
Klein and Dawar (2004) contend that a corporation can utilize CSR for image enhancement, which further establishes more legitimacy in the stakeholder’s eyes. Smith (2005) observes that strong vendor principles and autonomous monitoring can help create a corporation’s standing and the stakeholder’s value for its brand. Nguyen (2006) conceptualizes corporate image as the consumer’s reaction to the entirety of offerings that is linked to the business name, product and service variety, architecture, ideology and tradition. According to Mandina, et al, (2014) through CSR, corporations are able to attract positive media attention and alter public as well as other stakeholders’ attitude towards the company in a positive way.

Carroll and Shabana (2005) assert that cause marketing is an approach to CSR, which organizations can use to establish legitimacy and reputation. The two authors explain that cause marketing is a form of strategic marketing that links reputation and legitimacy to charitable giving (Kuruzc, et al, 2008; Smith, 2005). Cause marketing is vital means of enhancing a firm’s brand and image as the corporation uses the CSR opportunity to communicate the underlying advantages and benefits of the organization’s products and services are communicated to the customer (Smith, 2005; Klein & Dawar, 2004)

In so doing therefore, the corporation indicates that it has the capacity to pursue its profitability aims while meetings the demands that the local society place on it. Moreover, the corporation also indicates that it is not abstracted from the society but is integral part of the society in which it operates; having a mutually benefiting relationship with the society. By engaging in CSR and utilizing cause marketing, the organization employs the use of purchasing incentives and enhances its brand or product image (Carroll & Shabana, 2005).

According to Nguyen (2006), research previous study has determined that possession of a favorable or positive corporate reputation and image perpetually accords the firm a credible and distinctive appeal, an efficient kind of differentiation and acts as a crucial source of competitive advantage to the corporation. This is because through the CSR corporations do construct potent, controlling images, which appeal to the customers’ psychological and social needs (Mandina, et al, 2014; Klein & Dawar, 2004)
2.2.3 Synergistic Value Creation

Kurucz, et al, (2008) contends that the focus of the synergistic value creation is on the exploitation of the opportunities for reconciliation between different stakeholders. Corporations achieve these reconciliatory objective by interlinking the varied stakeholder interests and establishing a general opportunistic conceptualization of value that encompass the apply to all stakeholders at any given time (Carroll& Shabana, 2005).

Porter and Kramer (2002) assert that when a corporation strikes a perfect balance between timing and efficiency of CSR activities, a virtuous circle develops between competitive advantage and philanthropic activities. What this implies is that corporate philanthropy can be utilized to influence an organization’s competitive context (Bhattacharya & Sen, 2004). The result may possibly be an enhancement in the organization’s competiveness and its ability to satisfy stakeholder needs (Brunsel, 2009).

By way of illustration, philanthropic engagements in education may result in the availability of informed workers to be employed in the corporation. Furthermore, as Porter and Kramer (2002) point out, economic empowerment may raise the purchasing power parity (ppp), this may in turn result in demanding and sophisticated local customers. Carroll and Shabana (2005) conceive a win-win outcome for the organization and the society through CSR activities. They contend that a profitable business emerges from the transformation of a social problem in to a viable economic opportunity. Hence, a win-win outcome implies that the CSR practices are address the fundamental stakeholder demands while allowing the firm to pursue its operational, functional or profit agenda (Castelo & Rodrigues, 2006).

Through stakeholder engagement and the satisfaction of stakeholder needs, the corporation identifies solutions to problems and identifies opportunities that facilitate its profitability interest with the approval of its stakeholder milieu (Lim & Seers, 1993; Nguyen, 2006). The win-win perspective provides a framework in which CSR is considered as a vehicle that permits both the stakeholder and the firm to derive benefits from the relationship and this has a fundamental positive impact on the corporations image (Klein & Dawar, 2004). The corporations establishes a name for itself as a company that ensures the investments in the improvement of social issues bedeviling the society is of potential futuristic and sustainable value to the organization.
2.2.4 Enhancement of Legitimacy

According Carroll and Shabana (2010), legitimacy implies the general notion that the assumptions and perceptions that the actions, activities or behaviors of a person, a corporation or an entity are desirable, appropriate and proper within some socially-defined and acceptable standards, values, norm, definitions and beliefs. In this sense, external stakeholders’ perception that the firm has concern for the general public and the society is indicative of its need to establish a mutualistic relationship with the society. This means that the firm is considered legitimate and apprehensive of the societal needs and demands (Kurucz, Colbert & Wheeler, 2008). Kurucz, et al, (2008) explain further that through CSR engagements and programs, the focus of corporations is on value creation through aligning the stakeholder interests and desires with legitimacy.

Studies have established positive correlation between a corporation’s CSR activities and consumer attraction to the firm and his or her decision to purchase the firm’s products (Carroll& Shabana, 2010); Klein & Dawar, 2004). According to Smith (2005), CSR activities imply the so-called corporate philanthropy, which also serves the purpose of enhancing legitimacy. Corporations that are considered as illegitimate and having bad reputation by engaging in activities that have negative consequences to the environment or the society often boost their legitimacy by engaging in philanthropic CSR activities. According to Carroll and Shibana (2010), such corporations embolden their legitimacy by establishing trust and managing their local dependency.

Corporations also do enhance their reputation and legitimacy by disclosing information relating to their performance on various environmental and social issues (Nguyen, 2006). Corporate reporting is one effective way in which organizations achieve this goal (Smith, 2005; Nguyen, 2006). Through corporate performance, the organization provides standalone reports concerning their performance in all aspects including financial performance, social performance, environmental performance and economic performance (Klein & Dawar, 2004). In so doing firms endeavor to demonstrate that, they are legitimate, that they activities are aligned to the environment and social demands of their task environment (Porter & Kramer, 2006). Therefore, what the various scholars seem to agree on is that CSR contributes to CA by enhancing the corporation’s legitimacy in a competitive business milieu (Bhattacharya & Sen, 2004; Saha & Sharma, 2015).
2.3 CSR Engagements and Its Influence on Satisfaction and Loyalty

2.3.1 Customer Satisfaction and Customer Loyalty: Meaning and Conceptualization

Nayebzadeh, Jalaly and Shamsi (2013) contend that several definitions of customer satisfaction exist. They assert that some scholars have perceive customer satisfaction as a sentimental or emotional response or a form a customer’s interactive recognition while others have considered satisfaction a customer’s reaction to particular focus on the expectations of experiences of a product or services. Saari and Judge (2004) have asserted that satisfaction is not intrinsic in the service or product itself but rather that it comprises consumers’ perceptions of the product or service attributes with respect to the individual.

Hence, it is invariable that different customers derived different levels of satisfaction for the same service encounter or product (Brusel, 2009). In literature on marketing, according to Folajin, Ibiyoye and Dunsin (2014), it is conceived that customer satisfaction is a fundamental aspect of the corporate strategy and that it extensively enhanced by CSR to ensure long-term market value and profitability.

On the other hand, customer loyalty can be conceived as the customer’s adherence to a corporation (Ganiyu & Uche, 2012). The customers persistent resolve to purchase products and services of a given corporation despite the existence of competition in the business environment (Nayebzadeh, et al, 2013). According to Kincaid (2003), customer loyalty is customer behavior established through positive value and experience that precipitates the buying of organizational products and services even when such a decision may seem irrational.

According to Osodo (2014), customer loyalty is a crucial goal for a corporation’s growth and survival, establishment of a steadfast is therefore not only a fundamental marketing objective but is a crucial foundation for developing a sustainable or intermittent competitive advantage. Hence, the cultivation of customer retention and loyalty is considered a vital element in the assurance of long-term corporate profitability (Ijeoma & Oghoghomeh, 2014). Nayebzadeh, et al, (2013) contend that research has demonstrated that CSR intricately and imperatively influences various aspects of consumer behavior including consumers’ purchase intentions, satisfaction, consumer-corporation identification, consumers’ attitudes and loyalty. Ganiyu and Uche (2012) in undertaking
CSR initiatives, corporations often do anticipate that CSR will precipitate customer satisfaction and ultimately consumer loyalty.

2.3.2 Benefits and Sacrifices: Perceived Value

Ferreira, Avila and de-Faria (2010) explain that a consumer’s perceived value in an offer emerges from the comparison between the benefits that accrue to the consumer in an exchange and the fiscal and non-monetary sacrifices that the consumer recognize as relevant for the encounter to be efficient. The concept of perceived sacrifice encompasses all the costs that the consumer incurs during the exchange with the corporation (Bhattacharya & Sen, 2004). According to Ferreira, et al, (2010), two aspects of costs are important in this regard, namely; time and psychological costs.

Ferreira, et al, (2010) contend that the former relates to the availability of the product where and when the customer wants it while the latter costs associated with searching for the service or product, the risks concerning the performance of the product, and the actual monetary costs of the product of service. In addition to the time and psychological costs there are also other forms of costs that the consumer encounter during the exchange with the corporation such as emotional costs (Saha & Sharma, 2015). Smith (2005) contends that one of the primary benefits that a consumer can derive from an exchange with a firm is the gain of feeling good about performing an altruistic action.

According to Ferreira, et al, (2010), consumers feel good when they realize that through the act of purchasing they are doing a good thing. This acts results in the attainment of emotional benefit for the consumers (Bhattacharya & Sen, 2004). Therefore, the organization benefits in several ways by engaging in CSR as they realize increased sales and the consumers become even more aware of their products. Saha and Sharma (2015) contend that satisfaction is not intrinsic in the product or the service per se but rather on the customer perceptions of the company and the customer’s perceptions about the service or the product.

As such, it is apparent why different consumers derive different levels of satisfaction from the same products and services. Loyalty on the other hand is a behavioral activity attained through repeated purchase of a corporation’s services and products (Bhattacharya & Sen, 2004). Hence, with respect to the perceived value, CSR has both an intricate and intrinsic been fit to both the organization and the customers. For the former, it enhances...
its competitive advantage vis-à-vis peers while to the latter it provides emotional benefit (Bhattacharya & Sen, 2004; Saha & Sharma, 2015).

### 2.3.3 Consumer Loyalty and Retention

Boulstridge and Carrigan (2000) contend that customer loyalty or retention is among the most important objectives that corporations attempt to achieve through CSR activities and initiatives. In this sense, CSR acts as strong marketing tool for organization presenting a vital framework for external communication of the business’ services or products. According to Asatryan (2002), a study conducted to assess the indirect and direct association between CSR and customer loyalty in the mobile telephony industry, it was determined that CSR significantly influences the customers’ overall valuation of services and product as a strong positive correlation was found to exist between customer loyalty and CSR. However, the study also found that there was no relevant direct association between the two variables since the influence of CSR on customer loyalty is indirect (Nguyen, 2006).

A good corporate social performance often precipitates enhancements in customer support and identification, which leads to significant benefits to the corporation (Boulstridge & Carrigan, 2000; Bhattacharya & Sen, 2004). Indeed, the perception of most firms while engaging in CSR activities is that a socially responsibly conduct precipitates positive results or has a potential of precipitating positive outcome for the organization like customer satisfaction and loyalty (Asatryan, 2002). Ross, Patterson and Stutts (2012) conducted a study and concluded that customers tend to buy products from organizations that engage in social causes. Another study found that customers were more probable to purchase goods and services from firms that were socially responsible than those that were considered to care less about the society in which they operated (Boulstridge & Carrigan, 2000).

This therefore, means that CSR can be utilized effectively to attain customer loyalty and satisfaction. In other words, CSR is a vital tool for attaining a competitive edge in a competitive market(Phillips & Connell, 2003). Furthermore, through CSR a corporation can effectively influence or develop consumer responses through the establishment of fundamentally important associations. Zafar, et al, (2014) asserts that a positive CSR association precipitates a positive assessment of the corporation’s products and services.
resulting in a positive impact and satisfaction. They also point out than in the case of an unethical behavior, the firm, its product and services are perceived negatively and this precipitates a negative evaluation of its products and services (Phillips & Connell, 2003; Nguyen, 2006; Bhattacharya & Sen, 2004).

### 2.3.4 Customer-Company Identification

Arikan and Guner (2013) contend that from the standpoint of the social identity theory, corporate identification implies that degree of the overlap in an individual’s self-concept and the individual’s perception of the firm. As individuals perceive the organization as operating in consistency with the social values and norms, which are in tandem with their self-concepts, the corporation enhances the people’s self-esteem. According to Bhattacharya and Sen (2003) customer-corporation identification (CCI) is conceived as the customer’s psychological attachment or affection to the corporation on the basis of substantial overlap between customers’ perceptions of themselves and the company.

Bhattacharya and Sen (2003) contends that when consumers identify with the corporation, they are willing to establish important relationship with the corporation including becoming principal promoters of the company’s products and goods as well as anything that the corporation presents. This makes the establishment of a close consumer-company identification a vital aspect of the corporation’s competitive advantage. Therefore, as Saha and Sharma (2015), corporation engages CSR especially in the ethical and philanthropic dimension with goal of enhancing customer-company identification.

Indeed, it has been found that consumers’ perception of CSR initiative facilitates CCI (Arikan & Guner, 2013). Boulstridge and Carrigan (2000) contend that CCI is enhanced by the CSR as individual customers are able to perceive the company as satisfying one or numerous crucial self-definitional needs. Such CCI is selective, volitional and active on the part of the consumer and inspires consumers to engage more favorably with the organization (Smith, 2005). In other words, the consumers become less likely to engage in behaviors that are potentially harmful to the organization. According to Saha and Sharma (2015), CSR image that the corporation establishes for itself has a positive influence on the consumers-company identification.

In a study conducted by Lee and Shin (2010), it was determined that CSR contributes to consumers’ feeling of belonging to and identification with a firm. The two researchers
determined that CSR among local communities positively influence consumers’ likelihood to purchase the services or products of a corporation that engages in such initiatives. However, other studies have determined that even when consumers demonstrate a positive attitude towards socially responsible firms, this does not always translate to their intention to purchase the products or services of such organizations (Bhattacharya & Sen, 2003).

2.4 CSR Engagements and Its Influence on Perceived Organizational Performance

2.4.1 Organizational Performance: Meaning and Conceptualization

Gavrea, Ilies and Stegerean, (2011) contend that the conceptual meaning of organizational performance is elusive due to its many meanings and interpretations dissipating hope for a universally applicable definition. However, beginning in the 1950s when the concept was conceived as important in the organization process, organizational performance implied the degree to which a firm, perceived as a social system attained its objectives (Ngwakwe, 2008).

The focus of performance was limited to the efficiency of the organizational structure, people and work (Gavrea, et al, 2011). Over the next two decades, organizational performance was expanded to include the extent to which the firm was able to exploit its task environment and utilize the limited resources around it to attain its objectives (Zafar, et al, 2014). By 1990s, the concept of organizational performance had transformed to imply the extent to which the firm effectively accomplished its goals by efficiently utilizing the limited resources available to it.

According to Leban and Euske (2006), the profit was the main indicator of organizational performance. Today as Siddiq and Javed (2014) conceives, organizational performance implies the assessment or evaluation of corporate performance with respect to its goals and objectives. The key indicators or elements of assessing organizational performance are financial performance, market performance and stakeholder value performance. According to Gavrea, et al, (2011), financial performance implies the assessment of profit returns, the return on assets and the return on investments while the indicators of market performance are organizational sales and market share. Stakeholder value performance according to Tsoutsoura (2004) is measured through total shareholder return and added economic value.
2.4.2 CSR and Financial Performance

Siddiq and Javed (2014) assert that CSR has a direct bearing on organizational performance in different areas including financial performance. According to Folajin, et al, (2014), financial performance implies the level organizational performance in fiscal terms including its profitability, the amount of returns on assets and return on investment that it realizes over a given period. Tsoutsoura (2004) support this assertion and contends that CSR facilitates a corporation’s financial performance and has the potential to not only grow rapidly but also to maximize its revenues. A corporation that efficiently employs CSR, most definitely outmaneuvers competition (Castelo & Rodrigues, 2006).

Ijeoma and Oghoghomeh (2014) argue that corporations that are apathetic their social or environmental responsibility often realize eventual stock price crashes. However, Saddiq and Javed (2014) assert that social or environmental apathy only affects organizational financial performance when their investors and customers are logical in assessing the firm’s prospective value on the basis of current state of socio-environmental responsibility. Zafar, et al, (2014) asserts that previous studies on the association between CSR and organizational performance have found a direct positive correlation between the two.

From a study, Ngwakwe (2008) determined that corporations that engaged more in environmental and social responsibility had a higher rate of return on total assets (ROTA) than corporations that invested less in CSR. According to Ijeoma and Oghoghomeh (2014), this is suggestive of the fact that CSR can often be employed successfully to boost an organizations competitive edge especially with regard to financial performance. However, Nakamura (2011) conducted a study among Japanese firms and realized that the impact of environmental investment of corporation’s financial performance was only significant in the long term.

Gyves and O’Higgins (2008) while confirming the positive correlation between CSR and financial performance also contend that the positive influence is only evident when the CSR activities as efficiently managed. Ijeoma and Oghoghomeh (2014) argue that indeed there are multiple dimensions of CSR activities including multiple stakeholders, which must be better, managed for any substantial returns to be obtained from the direct engagement in CSR activities. Ngwakwe (2008) however, contends that the
multidimensionality of CSR makes it infeasible to address all the stakeholder interests and this helps explain why the short term gains on environmental investment is negligible.

2.4.3 CSR and Enhance Market Share Due to Perceived Quality

Market performance implies the manner in which the organization is doing with respect to sales and market share (Ijeoma & Oghoghom, 2014). Sales growth can be conceived in as an expansion in the quantity or units of goods and services that a corporation sells to the maker within a given marketing period. Sales growth can also imply the market share, which is the market size that an organization controls vis-à-vis competitors at any given time (Zafar, et al, 2014). This perspective corroborates the contract theory which perceives the firm as proving the interlink of contracts between shareholders and other organizations stakeholders in which every cluster of stakeholders provides the corporation with vital efforts or resources in exchange for the claims underscored in the explicit contracts or suggested in the implicit contracts.

Quality implies the ability of the products or services to achieve or stakeholders or customer expectations and needs (Carroll & Shabana, 2010). It also implies the maintenance of production standards so as to sustain consumer confidence of service and product quality. According to Nicolau (2008), CSR is among all vital frameworks through which a consumer may infer the quality of the service or a product that a firm offers. He contends that a customer may perceive a firm’s engagement in CSR activities as an indication of the firm’s ability to take care of its customers.

Halme et al, (2009) assert that before using a product or a service, customers and even investors look for cues that can give them an idea about the firm or the organization with which they intend to do business. He contends that in such instances CSR act as effective means of communicating the business to the potential investors and consumers. CSR provides the potential customers with cues regarding the organization and gives the impetus to conduct business with the firm and this adds to the firm’s competitive advantage (Kwalanda, 2007; Osodo, 2014). Nicolau (2008) observes that in the pre-purchase and pre-investment stage, both the customers and the potential investors respectively search for information concerning the reputation of the company, the
services and products it offers, in order to determine the companies true identity and characteristics.

Therefore, a company, which engages in and effectively manages its CSR activities in better placed in the competition paradigm that which invests less in social responsibility (Carroll & Shabana, 2010; Ionescu, M. S. (2006). In fact, the corporations sometimes effectively utilize CSR activities to send important signals to potential investors, customers and even competitors about their asset base and product or service quality. In a study conducted by Siegel and Vitaliano (2007) it was found that to a great extent, CSR is an indispensable signal to the customer concerning a firm’s commitment and reliability in providing high quality products and services to the customers.

2.4.4 CSR and Stakeholder Value Performance

Value can be construed as an interactive relativistic preference experience (Ionescu, 2006). Value is interactive because it can be created only when a firm and stakeholder come together. Importance is based on preference since people judge corporate actions as good/bad, positive/negative, or favorable/unfavorable. Lastly, value is relativistic because individuals gauge it differently (Gavrea, et al, 2011). The stakeholder value perspective considers CSR has having a positive influence on shareholder wealth since it focuses on the interests of other stakeholders thereby boosting their willingness and tendency to augment the corporation’s which increases the wealth of the stakeholders (Castelo & Rodrigues, 2006).

Corporations’ CSR focus can be on the generation of exchange, which is cause-related marketing and in which they intend to attain stakeholder values. According to Smith (2005), CSR often do comprise of a wide variety of initiative meaning that various stakeholders are perceived differently. As such, and as Nicolau (2008) observes, stakeholders may conceive the different CSR initiatives differently, as either beneficial or non-beneficial to them. Indeed, studies have determined that CRS accords a firm an imperative strategic front against events thereby potentially according the corporation an instrumental positive financial kickback including positive stakeholder perceptions of CSR initiatives (Mandina, et al, 2014).

Furthermore, CSR is a relationship-building initiative among the various stakeholders. In this sense, CSR is portrayed as something that the corporation implicitly offers to its
many publics or stakeholders (Gavrea, et al, 2011). Villanova, et al, (2009) observes that by establishing relational as opposed to transactional stakeholders, the corporation’s capacity increases its value-creating exchange for a variety of stakeholders including suppliers, customers, employees as well as the general community. Such stakeholder value is hard to be emulated by the corporation’s competitors share (Ijeoma & Oghoghomeh, 2014).

2.5 Chapter Summary
Chapter Two has assessed literature on the association between CSR and some key element of competitive advantage. The chapter has indicated an existence of general perception among previous scholars and authors of the relationship between CSR and organizational performance. The chapter has indicated that most scholars have conceived positive connection between; CSR and corporate reputational capital and image; CSR and customer satisfaction and loyalty; and between CSR and the perceived organizational performance. However, the extent to which these results are applicable to Safaricom is in doubt considering that no study has focused on the association between CSR and CA at Safaricom. This gap in literature provides the justification for the current study. The next chapter provides a detailed research methodology for the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the research design that was employed in this study. It also describes the population and sampling design, data collection methods, research procedures and data analysis methods that the researcher used in this study.

3.2 Research Design

Cooper and Schindler (2003) opine that a research design can be conceptualized as the plan or the framework through which the researcher organizes the study. As such, it denotes a blueprint for the study by defining integral aspects of the research process including the steps that the research intends to take in the course of conducting the research. Mugenda and Mugenda (1999) provide further that through the research design, the research communicate the methods and techniques, which he or she employs in the course of the study. The research design chosen implies the various critical aspects the research undertaking including the sampling method. The sampling size as well as the methods to be employed during the data analysis stage (Cooper & Schindler, 2003).

The research design that the researcher used in this study was an explanatory research design. The justification of these research design emerges from the fact that such an approach facilitate the assessment of the how and why (Kumar, 2005). Moreover, an explanatory research design includes various descriptive elements but transcends these to establish the causal underpinning elements of the relationship. Hence, the an explanatory research design is further justified by the fact that it was essential for the study because it facilitate the explanation and assessment of not only the reasons why Safaricom has engaged in CSR but also how it has used CSR to attain its strategic objectives. In essence, the explanatory research design sanctioned the research to examine the various aspects of the nexus between CRS and CA.

3.3 Population and Sampling Design

3.3.1 Population

Population is construed as the sum total of the events, individuals, subjects, items and happening that possess unique features that the researcher is interested in studying.
(Cooper and Schindler, 2003). The research draws a research sample from the population and the validity of the research findings is determinable by the extent to which the research findings can be generalized upon the entire population. The population of this study comprised of 30 middle-level managers of Safaricom working within Nairobi.

3.3.2 Sampling Design

Getting a sample involves selecting some elements of the population and using it to draw conclusions regarding the entire population (Mugenda & Mugenda, 1999). According to Cooper and Schindler (2011), a good sample should be a representative of the population. The study will employ the use an aspect of purposive sampling technique known as total population sampling. This study used purposive sampling approach for various reasons including lowering cost, increasing the accuracy of results, and facilitating speedy data collection, as well as accessibility of population elements.

3.3.2.1 Sampling Frame

Mugenda and Mugenda (1999) construe the sampling frames as a conglomeration of events and happenings from which a sample be drawn. It contains a list of individuals, items or events, which the research can sample for the study (Cooper and Schindler, 2003). In this study, the sampling frame for the study contained of the names of the individuals working as middle-level managers in the relevant department of Safaricom Kenya Limited within Nairobi. The list of these individuals was obtained from the human resource office of Safaricom Kenya Limited.

3.3.2.2 Sampling Technique

According to Cooper and Schindler, (2011) sampling is the practice of picking certain aspects from a population to represent the population as a whole. The study adopted the purposive sampling. This is because the study was particularly interested in obtaining in-depth information; hence, generalization is not the main focus. Moreover, this approach made it easier to make inferences on the specific groups of the population.

3.3.2.3 Sample Size

A sample size is characteristically one that has some comparative association to the size of the population from which it is drawn. In order for the researcher to get a
representative sampling size, then, the sampling size must be large (Cooper and Schindler, 2003). As mentioned previously, the study employed the use of total population sampling. Total population sampling is a technique of purposive sampling whereby the researcher examined the entire population of 30 middle-level Safaricom managers working within Nairobi. This is because this population was considered as possessing the specific experience, exposure to events of interest to the study as well as the knowledge that the researcher intends to assess or obtain. Furthermore, this approach was taken because the target population for the study that possesses the specific characteristics is very small.

Sample Size = 30 middle-level managers

3.4 Data Collection Methods

Semi-structured questionnaires were used in the study to collect data from the potential research participants. The use of Semi-structured questionnaires was regarded vital and effective, as it facilitated an exhaustive collection of the relevant data from the potential respondents. Furthermore, this technique of data collection was preferred since it allowed a faster and a higher response rate from potential respondents who have busy schedules (Mugenda & Mugenda, 1999).

The Semi-structured questionnaires had four vital parts or sections. The first part of the data collection instrument was the background information. It consisted of queries that directed at soliciting responses, which made possible the understanding of the respondents’ background. The rest of the data collection instrument comprised of questions that relate to the three specific research objectives namely; the extent to which Safaricom’s CSR engagements has facilitated its reputational capital and image; how Safaricom’s CSR engagements have facilitated its customer satisfaction and loyalty; the extent to which Safaricom’s CSR engagement has improved its perceived organizational performance.

3.5 Research Procedures

Mugenda and Mugenda (1999) have explained that the research procedure is the description of the sequence of activities that the researcher undertakes in the course of conducting a survey. A proper and an efficient research procedure allow the researcher to derive credible and valid data from the field and have the potential to add significantly to
the applicability of the study findings (Cooper and Schindler, 2003). In other words, the research procedure is the systematic account of the activities that the researcher will undertake when collecting data from the respondents. In the research procedure, the researcher also highlights the subject scheduling, as well as the methods of data collection (Cooper and Schindler, 2003).

In this study, the researcher designed he semi-structured interview schedules, which were then presented to the potential respondents in the survey. This was however preceded with the identification of the suitable research sample size for the study among which the study will be conducted. The Semi-structured questionnaires consisted of four parts of which the last three parts sought answers and responses regarding the three research questions.

The researcher first conducted a pilot study among a sizeable number of potential respondents. The purpose of the pilot study was to permit the researcher to assess the viability of the survey study and to assess reliability and validity of the semi-structured questionnaire (the instrument for data collection). The researcher then assessed the results of the pilot study and corrected problems that were inherent in the instrument. The researcher generally improved the tool so that its consistency, reliability and appropriateness for the actual survey could be ascertained. However, the results of the pilot study were not included in the final data because most were incomplete and some questions were considered irrelevant or repetitive by the participants in the pilot survey.

The researcher then proceeded to collect data from individuals that conceded to participating in the study. During the survey, the researcher first called the offices of the respondents and booked appointments for the interview. The researcher then visited the relevant respondents and either gave them a copy of the semi-structured interview schedule for them to fill in, or took the participants through the question as he recorded the responses on the Semi-structured questionnaires. The data was collected among the potential respondents over a period of one week.

To eliminate the possibility of respondent fatigue, the researcher tried to keep the instrument short and relevant. The reason for the use of the semi-structured interview schedule was to provide a faster rate of response and also allow the respondents to make
further clarifications of their responses so that correct and precise data could be obtained. After, the data was collected; the researcher encoded the data and prepared it for analysis.

3.6 Data Analysis Methods

The study assumed a mix of qualitative and quantitative approaches of research. As such, the researcher used logical and content analysis method to analyze the qualitative data that were obtained from the secondary sources of information. For the quantitative data that were obtained from the survey, the researcher used both descriptive and inferential statistics to present and analyze the data. Mugenda and Mugenda (1999) explain that descriptive measurements involves the use of frequency distribution tables, cross tabulations, bar graphs and figures to analyze and present the data.

The inferential statistics included the Chi-Square tests, the determination of central tendencies and deviations and the calculation of correlations among others. These statistics provided an-depth information about the data that facilitated the conceptualization of the nexus between CSR and a firm’s competitive advantage. In this study, the researcher used MS Excel and the Statistical package (SPSS) to produce and the descriptive statics and the inferential statistics for the study.

3.7 Chapter Summary

Chapter Three has provided the research methodology for the study. The chapter has identified and described the research design for the study. Chapter Three has also presented the population and the sampling design that the research will use in the study. The research has also clarified the methods of data collection, the research procedures and the methods of data analysis to be employed in the study. The next chapter, Chapter Four, will provide the results and the findings of the study. Chapter Five will provide the summary of the study, the discussion of the major findings of the study, the conclusions and the recommendations.
CHAPTER FOUR

4.0 RESULTS OF THE STUDY

4.1 Introduction

This chapter presents the study results. It uses a spectrum of descriptive and inferential statistics to show the outcome of the study. The study targeted a sample size of 30 respondents. However, 24 questionnaires were obtained from the study giving a response rate of 80%. This was a remarkable response rate and it gives a credible insight into the issues under investigation. More results of the study are provided in this chapter.

4.2 Background Information

4.2.1 Respondent's Tenure with Safaricom

Six respondents (25%) had worked with Safaricom for “Few Months to Several Years”. Ten respondents (41.7%) specified that they had worked with Safaricom for between 1 and 5 Years. The rest of the respondents, 8 respondents (33.3%) said that they had worked with Safaricom for 6 to 11 Years. These results are shown in Figure 4.1.

![Figure 4.1: Respondent's Tenure with Safaricom](image)

4.2.2 Respondent's Level of Acquaintance with Safaricom Foundation

Only one respondent (4.2%) indicated lack of acquaintance or knowledge of Safaricom Foundation. Five respondents (20.8%) were acquainted with Safaricom Foundation “To a Little Extent” while 17 respondents (70.8%) indicated that they were acquainted with

30
Safaricom Foundation “To a Great Extent”. One respondent indicated being “Extensively” acquainted with Safaricom Foundation. Table 4.1 is a tabular presentation of these results.

Table 4.1: Respondent’s Level of Acquaintance with Safaricom Foundation

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency (f)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>1</td>
<td>4.2</td>
</tr>
<tr>
<td>To a Little Extent</td>
<td>5</td>
<td>20.8</td>
</tr>
<tr>
<td>To a Great Extent</td>
<td>17</td>
<td>70.8</td>
</tr>
<tr>
<td>Extensively</td>
<td>1</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2.3 Extent of Safaricom Foundation’s Involvement in CSR

Figure 4.2 shows respondent’s opinion concerning the extent to which they thought Safaricom Foundation’s engagement in CSR. Three respondents (12.5%) thought Safaricom Foundation’s engagement in CSR had been “To a Little Extent”. On the contrary, those who thought Safaricom Foundation’s engagement in CSR had been “To a Great Extent” were 12 individuals (50%) while 9 respondents thought that Safaricom Foundation had “Extensively” engaged in CSR.

![Figure 4.2: Extent of Safaricom Foundation's Involvement in CSR](image-url)
4.2.4 CSR Areas of Focus for Safaricom Foundation

The respondents were asked to specify their opinion concerning areas of Safaricom Foundation’s CSR. Table 4.2 shows the results. Two respondents (8.3%) chose “Environmental Protection and Management” to be the area they thought had been the focus of Safaricom Foundation’s CSR. Two other respondents (8.3%) indicated “Health Care Provision” as the area they thought had been the focus of Safaricom Foundation’s CSR. One respondent though that the focus of Safaricom Foundation’s CSR programs has been “Education” while 12 respondents (50%) considered “Sports Promotion” as having been the main area of focus of Safaricom Foundation’s CSR programs. Four respondents (16.7%) and 3 respondents (12.5%) considered “Empowerment and Poverty Eradication” and “Culture and Music” respectively, as the area they thought had been the focus of Safaricom Foundation’s CSR.

Table 4.2: Areas of Focus for Safaricom Foundation

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency(f)</th>
<th>Percent(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Protection and Management</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>Health Care Provision</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>Education</td>
<td>1</td>
<td>4.2</td>
</tr>
<tr>
<td>Sports Promotion</td>
<td>12</td>
<td>50</td>
</tr>
<tr>
<td>Empowerment and Poverty Eradication</td>
<td>4</td>
<td>16.7</td>
</tr>
<tr>
<td>Culture and Music</td>
<td>3</td>
<td>12.5</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.5 Respondent Extent of Satisfaction with Safaricom's CSR

Figure 4.3 represents the respondents’ extent of satisfaction with Safaricom’s CSR.

![Figure 4.3: Respondent Extent of Satisfaction with Safaricom's CSR](image-url)
Five respondents (20.8%) and 4 respondents (16.7%) said they were “Dissatisfied” and “A Little Satisfied” respectively, with Safaricom’s CSR. Nine respondents indicated they were “satisfied” with Safaricom’s CSR while 6 respondents were “Extremely Satisfied” with Safaricom’s CSR.

4.3 CSR Engagements and Its Influence on Corporate Image

4.3.1 CSR and Enhancement of Safaricom’s Corporate Reputation

The respondents were asked if CSR had enhanced Safaricom’s corporate reputation. One respondent (4.2%) and 6 respondents “Strongly Disagreed” and “Disagree” respectively that CSR had enhanced Safaricom’s corporate reputation. Contrarily, 9 respondents (37%) and 8 respondents (33.3%) indicate that they “Agree” and “Strongly Agree” respectively, that CSR had enhanced Safaricom’s corporate reputation. Table 4.3 is a tabular representation of the results.

Table 4.3: CSR and Enhancement of Safaricom’s Corporate Reputation

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency (f)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>4.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Agree</td>
<td>9</td>
<td>37.5</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>8</td>
<td>33.3</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.2 CSR and Advancing of Safaricom’s Corporate Image

Figure 4.4 shows respondents’ opinions extent to which they thought CSR had facilitated the advancement of Safaricom’s Corporate Image.

Figure 4.4: CSR and Advancing of Safaricom's Image
Two respondent’s (8.3%) indicated that they thought CSR had “Extensively” had facilitated the advancement of Safaricom’s Corporate Image. Twelve respondents (50%) specified that CSR had expedited the improvement of Safaricom’s Corporate Image “To a Great Extent”. Ten respondents (41.7%) answered that “To a Little” Extent CSR had facilitated the advancement of Safaricom’s Corporate Image.

### 4.3.3 Effectiveness of CSR in Facilitating Reputational Capital and Image

The respondents had different opinions concerning the effectiveness of CSR in the facilitation of Safaricom’s corporate image. Four respondents (14.7%) and 14 respondents (58.3%) indicated that CSR was “Highly Effective” and “Effective” respectively in the facilitation of Safaricom’s reputational image. Three respondents (12.5%) indicated that CSR was “Neither Effective or Ineffective” in the facilitation of Safaricom’s reputational image while another 3 respondents (12.5%) indicated that they thought CSR was “Not Very Effective” in the facilitation of Safaricom’s reputational image.

#### Table 4.4: Effectiveness of CSR in Facilitating Reputational Capital and Image

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency (f)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Effective</td>
<td>4</td>
<td>16.7</td>
</tr>
<tr>
<td>Effective</td>
<td>14</td>
<td>58.3</td>
</tr>
<tr>
<td>Neither Effective or Ineffective</td>
<td>3</td>
<td>12.5</td>
</tr>
<tr>
<td>Not Very Effective</td>
<td>3</td>
<td>12.5</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

### 4.3.4 Most Important Corporate Image Created through CSR

Figure 4.5 shows the results on the respondents’ perception of the most important corporate image created through CSR.

![Figure 4.5: Most Important Corporate Image Created through CSR](image-url)

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Three respondents indicated that through CSR, most important corporate image that Safaricom has established for itself was that it was “An Integral Part of the Kenyan Society”. Eight-point-three of research participants (n = 2) and another 8.3% respondents (n = 2) indicated that the most important corporate image that Safaricom has managed to establish through CSR was that it was “An Environmentally Responsibility” corporation and “A Socially Accountable Company” correspondingly. Fifty-four-point-two (n = 13) and 16.7% (n = 4) indicated that the most important corporate image that, Safaricom has managed to establish through CSR was that it was a “Leading Provider of Mobile Services” and “A Customer-Oriented Firm” respectively.

4.3.5 CRS and Advancement of Visual Identity

The respondents were asked the extent to which they thought CSR has led to the advancement of Safaricom’s Visual Identity. Three respondents (12.5%) and 9 respondents said that CSR had Not at all” and “To a Little Extent” advanced Safaricom’s visual identity respectively. Nine respondents indicated that “To a Great Extent” they thought that Safaricom’s CSR had advanced the firm’s visual identity. Three respondents (12.5%) were of the opinion the CSR had “Extensively” facilitated the advancement of Safaricom’s visual identity.

Table 4.5: CRS and Advancement of Visual Identity

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency (f)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>3</td>
<td>12.5</td>
</tr>
<tr>
<td>To a Little Extent</td>
<td>9</td>
<td>37.5</td>
</tr>
<tr>
<td>To a Great Extent</td>
<td>9</td>
<td>37.5</td>
</tr>
<tr>
<td>Extensively</td>
<td>3</td>
<td>12.5</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.6 CSR and Establishment of Positive Product/Service Image

Figure 4.6 represents regarding the respondents’ level of satisfaction with the contribution of CSR to the creation of a positive image of Safaricom’s products and services. Eight-point-three percent of respondents (n = 2) and 66.7% of the respondents (n = 16) were “Extremely Satisfied” and “Satisfied” respectively with the contribution of CSR to the creation of a positive image of Safaricom’s products and services. Four-point-two percent of the respondents (n = 1)indicated that he/she was “Dissatisfied” with the contribution of
CSR to the creation of a positive image of Safaricom’s products and services while 8.3% of the respondents (n = 2) indicated that they were “Very Dissatisfied”.

![Figure 4.6: CSR and Establishment of Positive Product/Service Image](image)

### 4.3.7 CSR and Creation Mutualistic Customer-Corporation Relationship

The researchers sought respondents’ opinion regarding whether they were satisfied with the manner Safaricom had used CSR programs to create a mutualistic customer-corporation relationship. Two respondents (8.3%) and another 2 respondents (8.3%) indicated that they were “Very Dissatisfied” and “Dissatisfied” correspondingly with the manner Safaricom had used CSR programs to create a mutualistic customer-corporation relationship. Five respondents (20.9%) and 15 respondents answered that they were “A Little Satisfied” and “Satisfied” respectively with the manner Safaricom had used CSR programs to create a mutualistic customer-corporation relationship.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency(f)</th>
<th>Percent(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Dissatisfied</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>A Little Satisfied</td>
<td>5</td>
<td>20.9</td>
</tr>
<tr>
<td>Satisfied</td>
<td>15</td>
<td>62.5</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

### 4.3.8 CSR and Attainment of Stakeholder-Customer Demands Balance

As indicated in figure 4.7, respondents had different opinions regarding the extent to which Safaricom’s CSR had facilitated the attainment of balance in stakeholder-customer demands. Two respondents (8.3%) thought that CSR had “Not at all” facilitated the
attainment of attainment of balance in stakeholder-customer demands. Ten respondents (41.7) and 9 respondents (37.5%) thought that CSR had and “To Great Extent” and “To a Little Extent” facilitated the attainment of balance in stakeholder-customer demands. Three respondents (12.5%) thought that CSR had “Extensively” facilitated the attainment of balance in stakeholder-customer demands.

Figure 4.7: CSR and Attainment of Stakeholder-Customer Demands Balance

4.4 CSR Engagement and Its Influence on Satisfaction and Loyalty

4.4.1 Loyalty to Safaricom in Perception Not Product/Services

Table 4.7 depicts respondents’ opinions on whether they thought customer loyalty to Safaricom was based on customer’s perception and not in the corporation’s products or services. Four respondents (16.7%) and 5 respondents (20.8%) indicated they “Strongly Disagree” and “Disagree” respectively. Eight respondents (33.3) and 7 respondents (29.2%) “Agreed” and “Strongly Agreed” respectively that customer loyalty to Safaricom was based on customer’s perception and not in the corporation’s products or services.

Table 4.7: Loyalty to Safaricom in Perception Not Product/Services

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency(f)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>16.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>20.8</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
<td>33.3</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>7</td>
<td>29.2</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>
4.4.2 CSR and Establishment of Customer Loyalty

Respondents had different opinions regarding the impact of CSR on customer loyalty towards Safaricom. Four respondents (16.7%) and 6 respondents (25%) indicated that they “Strongly Disagree” and “Disagree” respectively that CSR had contributed to customer loyalty. Eight respondents (33.3%) and 6 respondents (25%) agreed and “strongly” agreed respectively. Figure 4.8 shows is a figurative illustration of the results.

![Figure 4.8: CSR and Establishment of Customer Loyalty](image)

4.4.3 Effectiveness of CSR in Establishing Customer Loyalty/Satisfaction

Table 4.8 is representative of respondents’ opinion concerning the effectiveness of CSR in the establishment of customer loyalty and satisfaction towards Safaricom. Three respondents (12.6%) and 12 respondents (50%) thought that CSR had been a “Highly Effective” and an “Effective” factor in the establishment of customer loyalty and satisfaction. Two respondents (8.3%) indicated that CSR was “Neither Effective or Ineffective”.

**Table 4.8: Effectiveness of CSR in Establishing Customer Loyalty/Satisfaction**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency(f)</th>
<th>Percent(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Effective</td>
<td>3</td>
<td>12.6</td>
</tr>
<tr>
<td>Effective</td>
<td>12</td>
<td>50</td>
</tr>
<tr>
<td>Neither Effective or Ineffective</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>Not Very Effective</td>
<td>5</td>
<td>20.8</td>
</tr>
<tr>
<td>Not at all Effective</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>
4.4.4 CSR and Enhancement of Perceived Product/Service Value

Figure 4.9 shows respondents opinions regarding the extent to which they thought CSR had enhanced customer’s perceived product and service value. Three respondents (12.5%) and 9 respondents (37.5%) thought that CSR had “Extensively” and “To a Great Extent” enhanced customers’ perceived product or service value respectively. Ten respondents (41.7%) thought that “To a Little Extent” CSR had enhanced customers’ perceived product/service value while 2 respondents (8.3%) thought that the CSR had “Not at all” enhanced customer’s perceived product or service value.

![Figure 4.9: CSR and Enhancement of Perceived Product/Service Value](image)

4.4.5 Has Safaricom Attained Customer Loyalty?

The respondents had varying opinions regarding whether Safaricom had attained customer loyalty. Eight respondents (33.3%) thought that “To a Little Extent” Safaricom had attained customer loyalty only while 7 respondents (29.2%) thought that Safaricom had attained customer loyalty “To a Great Extent”. Nine respondents (37.5%) indicated that they thought Safaricom had “Extensively” attained customer loyalty. Table 4.9 shows the results.

Table 4.9: Has Safaricom Attained Customer Loyalty?

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency(f)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a Little Extent</td>
<td>8</td>
<td>33.3</td>
</tr>
<tr>
<td>To a Great Extent</td>
<td>7</td>
<td>29.2</td>
</tr>
<tr>
<td>Extensively</td>
<td>9</td>
<td>37.5</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>
4.4.6 CSR as an Effective Marketing Tool for Safaricom

Figure 4.10 is indicative of the respondents opinions about whether Safaricom’s CSR programs have been an effective marketing tool for the corporation. Seven respondents (29.2%) and 8 respondents (33.3%) “Strongly” agreed and agreed respectively that CSR had been an effective marketing tool for Safaricom. Five respondents (20.8%) and 4 respondents (16.7) disagreed and “Strongly” disagreed respectively that CSR had been an effective marketing tool for Safaricom.

![Figure 4.10: CSR as an Effective Marketing Tool for Safaricom](image_url)

4.4.7 Extent of Customers' Likelihood to Subscribe to Safaricom Due to CSR

The respondents had varying opinions regarding the extent to which they thought customers were likely to subscribe to Safaricom due to its CSR. Two respondents (8.3%) thought that customers were likely to subscribe to Safaricom as a result of the firms CSR activities. Six respondents (25%) and another 6 respondents (25%) were of the opinion that “To a Little Extent” and “To a Great Extent” there existed a likelihood of customers subscribing to Safaricom because of Safaricom CSR activities respectively. Ten respondents (41.7%) thought that customers would “Extensively” subscribe to Safaricom because of the firms CSR activities. Table 4.10 shows the results.

![Table 4.10: Extent of Customers' Likelihood to Subscribe to Safaricom Due to CSR](table_data)

Table 4.10: Extent of Customers' Likelihood to Subscribe to Safaricom Due to CSR

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency(f)</th>
<th>Percent(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>To a Little Extent</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>To a Great Extent</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Extensively</td>
<td>10</td>
<td>41.7</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>
4.4.8 Most Perceptible Way CSR has contributed to Customer Loyalty

The respondents had varying opinions regarding what they thought was the most obvious way in which CSR had influenced Safaricom’s customer loyalty. Two respondents (8.3%) thought that through CSR Safaricom had “made customers part of the solution to social problems” afflicting them. Four respondents (16.7%) indicated that through CSR, Safaricom had “established customers expectation of being potential CSR beneficiaries”. Twelve respondents (50%) thought that through CSR Safaricom had “reduced customers’ apprehension about products and services,” offered by the corporation. Six respondents (25%) thought CSR had “made customers perceive Safaricom as part of the society” as indicated in table 4.11.

Table 4.11: Most Noticeable Way CSR has contributed to Customer Loyalty

| Responses                                                      | Frequency(f) | Percent(%) |
|                                                               |             |            |
| Made Customers Part of the Solution to Social Problems         | 2           | 8.3        |
| Established Customers Expectations of Being Potential CSR Beneficiaries | 4           | 16.7       |
| Reduced Customers’ Apprehension about Products/Services        | 12          | 50         |
| Made Customers Perceive Safaricom as Part of Society           | 6           | 25         |
| Total                                                          | 24          | 100        |

4.4.9 CSR and Positive Outcome for Safaricom

The respondents had varying opinions regarding whether in general they agreed that CSR had resulted in positive outcome for Safaricom as shown in figure 4.11. Eight respondents (33.3%) “Strongly” agreed CSR had resulted in positive outcome for Safaricom. Eight respondents (33.3%) agreed that in positive outcome for the firm.

Figure 4.11: CSR and Positive Outcome for Safaricom

The respondents had varying opinions regarding whether in general they agreed that CSR had resulted in positive outcome for Safaricom as shown in figure 4.11. Eight respondents (33.3%) “Strongly” agreed CSR had resulted in positive outcome for Safaricom. Eight respondents (33.3%) agreed that in positive outcome for the firm.
However, 3 respondents (12.6%) and 5 respondents (20.8%) answered that they correspondingly “Strongly Disagree” and “Disagree” that CSR had resulted in positive outcome for Safaricom.

4.5 CSR Engagement and Its Influence on Perceived Organizational Performance

4.5.1 CSR and Enhancement of Overall Organizational Performance

Table 4.12 shows the results regarding respondents’ opinion about the impact of CSR to the enhancement of Safaricom’s overall organizational performance. One respondent indicated that he/she thought that CSR had “Not at all” caused the heightening of Safaricom’s overall corporate performance. Six respondents thought that CSR had “To a Little Extent” boosted Safaricom’s overall organizational performance. Eleven respondents (45.8%) indicated that the impact of CSR on Safaricom’s corporate performance was “To a Great Extent” while 6 respondents (25%) thought that CSR had enhanced Safaricom’s overall performance “Extensively”.

Table 4.12: CSR and Enhancement of Overall Organizational Performance

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency(f)</th>
<th>Percent(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>1</td>
<td>4.2</td>
</tr>
<tr>
<td>To a Little Extent</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>To a Great Extent</td>
<td>11</td>
<td>45.8</td>
</tr>
<tr>
<td>Extensively</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

4.5.2 Effectiveness of CSR to Facilitation of Organizational Performance

Figure 4.12: Effectiveness of CSR to Facilitation of Organizational Performance
The respondents had varying opinions regarding the effectiveness of CSR in the facilitation of organizational performance as indicated in figure 4.12. Three participant (12.5%) thought that CSR was “Not Very Effective” in facilitating Safaricom’s organizational performance. Four respondents (16.7%) thought that CSR was “Neither Effective nor Ineffective” in facilitating performance. Twelve respondents (50%) and 5 respondents (20.8%) answered that CSR was “Effective” and “Highly Effective” respectively, in the facilitation of organizational performance.

4.5.3 CSR and Enhancement of Safaricom's Financial Performance

Table 4.13 shows the outcome when the respondents were asked if CSR had enhanced Safaricom’s financial performance. Four respondents (16.7%) and 3 respondents (12.5%) “Strongly” disagreed and disagreed respectively, that CSR had enhanced Safaricom’s financial performance. Thirteen respondents (54.2%) were of the opinion that the “Agree” while 4 respondents (16.7%) indicated that they “Strongly” agreed that CSR had led to the enhancement of Safaricom’s financial performance.

Table 4.13: CSR and Enhancement of Safaricom's Financial Performance

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency (f)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>16.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>12.5</td>
</tr>
<tr>
<td>Agree</td>
<td>13</td>
<td>54.2</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>4</td>
<td>16.7</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

4.5.4 CSR and the Realization of ROTA

Figure 4.13 shows the results of respondents take on whether CSR had led to the realization of a higher return on total assets (ROTA). Seven respondents (29.2%) indicated that CSR had “Not at all” resulted in higher ROTA for Safaricom. Five respondents (20.8%) thought CSR had resulted in the realization of higher ROTA for Safaricom but “To a Little Extent”. Ten respondents (41.7%) thought that “To a Great Extent” CSR had results in higher ROTA while 2 respondents (8.3%) thought that CSR had facilitated ROTA for Safaricom, “Extensively”.
4.5.5 Most Significant Contribution of CSR to Safaricom's Performance

Table 4.14 is the result of respondents’ opinion regarding what they thought was the most significant contribution of the CSR to Safaricom’s performance. One respondent (4.2%) thought “Rapid Growth” was the most significant of CSR’s contribution to Safaricom’s performance. Four respondents (16.7%) thought CSR most significantly lead to “Increased Revenues” for Safaricom. Six respondents (25%) thought that “High Subscription Levels” was the most significant contribution of CSR to Safaricom’s performance. Thirteen respondents (54.1%) thought that the most significant contribution of CSR to Safaricom’s performance was that it has led to “Customer-Oriented Innovations (Mpesa, OkoaJahazi)”.

Table 4.14: Most Significant Contribution of CSR to Safaricom's Performance

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency(f)</th>
<th>Percent(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rapid Growth</td>
<td>1</td>
<td>4.2</td>
</tr>
<tr>
<td>Increased Revenues</td>
<td>4</td>
<td>16.7</td>
</tr>
<tr>
<td>High Subscription Levels</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Customer-Oriented Innovations (Mpesa, OkoaJahazi)</td>
<td>13</td>
<td>54.1</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

4.5.6 CSR and the Enhancement of Safaricom's Market Share

Figure 4.14 shows respondents opinions regarding the extent to which they thought CSR had enhanced Safaricom’s market share. Two respondents (8.3%) indicated that CSR had “Not at all” enhanced Safaricom’s market share. Ten respondents (41.7%) and 9 respondents (37.5%) thought that CSR had “To a Little Extent” and “To a Great Extent”
contributed to the enhancement of Safaricom’s market share. Three respondents (12.5%) thought that CSR had “Extensively” contributed to Safaricom’s performance.

Figure 4.14: CSR and the Enhancement of Safaricom's Market Share

4.5.7 CSR and the Realization of Enhanced Net Sales

Table 4.15 shows the results regarding respondents take on whether CSR had led to the realization of enhanced net sales for Safaricom. Two respondents (8.3%) and another 2 respondents (8.3%) pointed out they “Strongly” disagreed and disagreed respectively that CSR had led to the realization of enhanced net sales for Safaricom. Eleven respondents (45.8%) and 9 respondents (37.5%) pointed out they agreed and “Strongly” agreed respectively that CSR had led to the realization of enhanced net sales for Safaricom.

Table 4.15: CSR and the Realization of Enhanced Net Sales

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency (f)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>8.3</td>
</tr>
<tr>
<td>Agree</td>
<td>11</td>
<td>45.8</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>9</td>
<td>37.5</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

4.5.8 CSR Enhancement of Shareholder Return and Economic Value Addition

Figure 4.15 is indicative of respondents take on the extent of the CSR enhancement of shareholder return and economic value addition. Four respondents (16.7%) thought that CSR had “Extensively” enhanced CSR shareholder return and economic value addition. Twelve respondents (50%) and 8 respondents (33.3%) indicated that they thought CSR had “To a Great Extent” and “To a Little Extent” enhanced CSR shareholder return and economic value addition respectively.
Figure 4.15: Impact of CSR on Shareholder Return and Economic Value Addition

4.6 Further Analysis of the Results: Cross-tabulation and Correlations

4.6.1 Cross-tabulation of Selected Variables

Cross-tabulation tables or contingency tables as they are otherwise known permit the assessment of relationship between two variables (Miller, Acton, Fullerton & Maltby, 2002).

4.6.1.1. Extent of CSR Involvement* Overall Performance Cross-tabulation

Table 4.16 shows the results of the cross-tabulation analysis between the extent of Safaricom’s involvement in CSR and overall organizational performance.

Table 4.16: Extent of CSR * Overall Organizational Performance Cross-tabulation

<table>
<thead>
<tr>
<th>Extent of Involvement in CSR</th>
<th>Enhancement of Overall Performance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not at all</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>To a Little Extent</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>To a Great Extent</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Extensively</td>
<td>0</td>
</tr>
<tr>
<td>Not at all</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>To a Little Extent</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>To a Great Extent</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Extensively</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>24</td>
</tr>
</tbody>
</table>

It can be observed that the majority of those who that Safaricom was involved in CSR “To a Little Extent” “To a Great Extent” and “Extensively” comprised 4, 6 and 1 respondents respectively, and they also thought that CSR had “To a Great Extent”
enhanced the corporations overall performance. This indicates some level of positive influence of CSR on corporate overall performance.

4.6.1.2 Extent of Involvement in CSR*Enhancement of Reputation Cross-tabulation

Table 4.17 shows the results of cross-tabulation between Safaricom’s extent of involvement and the enhancement of the corporation’s reputation. Seven respondents, one respondent and another one respondents who indicated that that thought Safaricom was involved in CSR “To a Little Extent”, “To a Great Extent” and “Extensively” also indicated that they were very satisfied with the impact of CSR to the enhancement of Safaricom’s reputation.

Table 4.17: Extent of CSR* Enhancement of Reputation Cross-tabulation

<table>
<thead>
<tr>
<th>Extent of Involvement in CSR</th>
<th>Enhancement of Safaricom's Reputation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very Dissatisfied</td>
<td>Dissatisfied</td>
</tr>
<tr>
<td>Not at all</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To a Little Extent</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>To a Great Extent</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Extensively</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>6</td>
</tr>
</tbody>
</table>

4.6.1.3 Extent of CSR * Enhancement of Market Share Cross-tabulation

Table 4.18: Extent of CSR * Enhancement of Market Share Cross-tabulation

<table>
<thead>
<tr>
<th>Extent of Involvement in CSR</th>
<th>Enhancement of Market Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not at all</td>
<td>To a Little Extent</td>
</tr>
<tr>
<td>Not at all</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>To a Little Extent</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>To a Great Extent</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Extensively</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 4.18 is a presentation of the results of the cross tabulation between extent of Safaricom’s involvement in CSR and Enhancement of Safaricom’s market share. From
the table it is evident that 4 respondents and 5 respondents who indicated that Safaricom was involved in CSR either “To a Little Extent” or “To a Great Extent” respectively, also indicated that the firm had experienced an enhancement in its market share “To a Great Extent”. Two respondents and 1 respondent who indicated that Safaricom was involved in CSR either “To a Little Extent” or “To a Great Extent” respectively, also indicated that they thought that the firm had had experienced an enhancement in its market share “Extensively”. These results are further indication of an affirmative association between CSR and organizational competitive advantage.

4.6.2 Correlations of Selected Variables

The crosstabulation of variables has indicated some level of relationship between CSR involvement and the selected variables, overall performance, market share and corporate reputation. A correlation analysis can be used to compute and assess the nature of the relationship among selected variables. Table 4.19 is indicative of the results of correlation analysis among the selected variables. The correlation analysis between extent of involvement in CSR and reputation enhancement yielded a positive value, \( r = .159, p<0.05 \). However, the correlation is weak which could be suggestive of other intervening variables.

The correlation analysis of extent of involvement in CSR by the advancement of the corporate image also produces a weak positive value, \( r = .480, p<0.05 \). This indicates that, to an extent, CSR enhances the corporate image. However, the correlation analysis between extent of involvement in CSR activities the establishment of customer satisfaction/loyalty a negative value, \( r = -.373, p<0.05 \) which suggests that the extent to which Safaricom is involved in CSR does not lead to customer satisfaction. This is perhaps because unless a current customer is a beneficiary of a CSR initiative, the customer’s level of satisfaction or dissatisfaction or even the customer’s level of loyalty to Safaricom will be unchanged.

The correlation analysis of extent of involvement in CSR by overall organizational performance also produces a weak positive value, \( r = .018, p<0.05 \). Again, this value suggests that the impact of CSR on Safaricom’s performance is positive but negligible. The correlation results between extent of involvement in CSR and the realization of higher rate of return on total assets (ROTA) is a strong positive value, \( r = .650, p<0.05 \).
Table 4.19: Correlations of Selected Variables

<table>
<thead>
<tr>
<th></th>
<th>Involvement in CSR</th>
<th>Reputation</th>
<th>Image Advancement</th>
<th>Customer Loyalty/Satisfaction</th>
<th>Overall Performance</th>
<th>Realization of ROTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement in CSR</td>
<td>1</td>
<td>0.159</td>
<td>0.480</td>
<td>-0.373</td>
<td>0.018</td>
<td>0.650</td>
</tr>
<tr>
<td></td>
<td>0.459</td>
<td>0.018</td>
<td>0.073</td>
<td>0.932</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td>0.159</td>
<td>1</td>
<td>0.612</td>
<td>-0.404</td>
<td>0.097</td>
<td>-0.032</td>
</tr>
<tr>
<td></td>
<td>0.46</td>
<td>0.001</td>
<td>0.050</td>
<td>0.651</td>
<td>0.882</td>
<td></td>
</tr>
<tr>
<td>Image Advancement</td>
<td>0.48</td>
<td>0.612</td>
<td>1</td>
<td>-0.452</td>
<td>-0.055</td>
<td>0.296</td>
</tr>
<tr>
<td></td>
<td>0.018</td>
<td>0.001</td>
<td>.</td>
<td>0.027</td>
<td>0.799</td>
<td>0.160</td>
</tr>
<tr>
<td>Customer Loyalty/Satisfation</td>
<td>-0.373</td>
<td>-0.404</td>
<td>-0.452</td>
<td>1</td>
<td>-0.206</td>
<td>-0.229</td>
</tr>
<tr>
<td></td>
<td>0.073</td>
<td>0.050</td>
<td>0.027</td>
<td>.</td>
<td>0.335</td>
<td>0.281</td>
</tr>
<tr>
<td>Overall Performance</td>
<td>0.018</td>
<td>0.097</td>
<td>-0.055</td>
<td>-0.206</td>
<td>1</td>
<td>0.503</td>
</tr>
<tr>
<td></td>
<td>0.932</td>
<td>0.651</td>
<td>0.799</td>
<td>0.335</td>
<td>.</td>
<td>0.012</td>
</tr>
<tr>
<td>Realization of ROTA</td>
<td>0.650</td>
<td>-0.032</td>
<td>0.296</td>
<td>-0.229</td>
<td>0.503</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>0.001</td>
<td>0.882</td>
<td>0.160</td>
<td>0.281</td>
<td>0.012</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>
4.7 Chapter Summary

Chapter Four has presented the results of the study. The chapter has applied a combination of descriptive and inferential statistics to present and analyze the data. The study has found that there is some level of positive association between CSR and competitive advantage by determining that CSR influences, corporate image of Safaricom, has enhanced the overall performance of Safaricom and has led to increased customer satisfaction and loyalty to the organization. The next chapter which is Chapter Five presents the summary of the study, discussion of study results, conclusion and suggestions for improvement.
CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATION

5.1 Introduction

Chapter Five presents the conclusions and the recommendations of the study. The chapter commences with a summary of the study and then discusses the study results against the literature.

5.2 Summary

The general objective of the study was to examine whether Safaricom Kenya Limited has utilized CSR to attain and maintain a competitive advantage in the Kenyan mobile telephony market. The study was guided by three specific research objectives, namely: To examine the extent to which Safaricom’s CSR engagements has influenced its image; To assess how Safaricom’s CSR engagements have influenced customer satisfaction and loyalty; To explore the extent to which Safaricom’s CSR engagement has improved its organizational performance.

The research design used in this study was an explanatory research design. The population of this study comprised middle-level managers of the Safaricom and the current customers of Safaricom. The study employed the use of purposive sampling method and conducted a survey among 30 middle-level managers of Safaricom. This study utilized sampling for various reasons including lowering cost, increasing the accuracy of results, and facilitating speedy data collection, as well as accessibility of population elements.

Semi-structured questionnaires were used in the study to collect data from the potential respondents. The researcher used MS Excel and the Statistical package (SPSS) to produce and the descriptive statics and the inferential statistics for the study. The inferential statistics include the Chi-Square tests, the determination of central tendencies and deviations and the calculation of correlations.

The study has determined that Safaricom’s CSR engagements have markedly enhanced the firm’s corporate image. The study has found that the majority of respondents, 37% and 33.3% ‘agreed’ and ‘strongly’ agreed accordingly that CSR has contributed to the
establishment of a positive corporate reputation and image for Safaricom. The study found that CSR initiatives have helped Safaricom establish a positive reputation for itself, its products and services. Through CSR, Safaricom has also created a ubiquitous visual identity and the firm is currently well known throughout Kenya with 12.5% and 37.5% of the respondents indicating that CSR had enhance corporate reputation “to a great extent” and “extensively”.

Furthermore, the study determined that the positive image that the firm has created through its CSR activities was the outcome of the firm’s CSR activities which created the perception that the firm was an integral part of the Kenyan society, this view was supported by 12.5% of the respondents. In addition, and regarding corporate image, the study found that CSR has created a perception among customers that it is a socially and an environmentally responsible firm with 8.3% of the customers holding this view. Other aspects of positive image that Safaricom has created from CSR are that it is the leading provider of mobile services and that it is a customer-oriented firm. The study also found that 62.5% of the customers held the view that Safaricom has managed to establish a positive customer-corporation relationship from CSR activities.

With respect to the CSR implications for the realization of customer satisfaction and loyalty to Safaricom, the study has also found that the firm’s CSR activities have influenced customer satisfaction and loyalty for Safaricom. The majority of the respondents comprising of 12.6% and 50% indicated that they believed that CSR had been highly effective and effective correspondingly is enhancing customer satisfaction and loyalty. The study has found that the majority of the respondents indicated that CSR has made customers more loyal to the firm besides increasing the customer’s level of satisfaction with Safaricom. The study has further established that due to CSR, more customers are likely to subscribe to Safaricom’s products with 25% and 41.7% of the respondents indicating that they were likely to subscribe to Safaricom to a great extent and extensively. The study also established that CRS has offered an effective tool for marketing the firms as being a part of the solution to social problems and as a customer-oriented firm, which puts the customers and the society first.

With respect to the CSR contribution to Safaricom’s performance, the study has further found that CSR has precipitated increased organizational performance of the firm. Some 25% and 45.8% indicated ‘to a great extent’ and ‘extensively’ respectively, that CSR has
contributed to organizational performance. The study results indicate that CSR has influenced Safaricom’s financial performance and growth with 12.5% and 54.2% agreed and ‘Strongly’ Agreed respectively that CSR had contributed to financial performance. It has also found that the CSR has facilitated Shareholder value creation or performance further adding to the firm’s performance. CSR has also resulted in the establishment of a positive customer-corporation relationship and customer loyalty that add to the improvement of the firm’s overall performance. Therefore, the study has found that CSR has positive impact on the corporate image, customer satisfaction and loyalty as well as organizational performance.

5.3 Discussions

5.3.1 CSR Engagement and Its Influence on Corporate Image

The study has found that CSR contributes to the establishment of a positive corporate image. This findings are in line with those of Khan (et al, 2012) who conducted a study to grasp the nature of the association between CSR and corporate image. The scholars found that corporations do engage in CSR not only to perform a social good but also to create a rapport with the stakeholders in the firm and establish a positive image for itself. Indeed, as Mandina, et al, (2014) corporations are engaging more and more in CSR to boost their company image. According to Mandina, et al, (2014) through CSR, corporations are able to attract positive media attention and alter public as well as other stakeholders’ attitude towards the company in a positive way.

According to the study results, most of the respondents indicated that CSR had resulted in the facilitation of various elements relating to corporate image in a positive way. The elements of image that the customers indicated as having been the fundamental beneficiaries of CSR include corporate reputation, visual identity and the balancing of stakeholder-customer demands. The positive nexus between CSR and corporate reputation had indeed been identified by various previous scholars including Klein and Dawar (2004), Khan, et al, (2012) and (Kuruze, et al, 2008). Smith (2005) for instance has presented a radical proposition that in contemporary world a corporation can only attain a positive image and visual identity by associating itself with social responsibility.

The study results contend that CSR also facilitates the balancing of stakeholder-customer demands. This is in line with what some scholars including Carroll and Shabana (2005)
have found, that by engaging in CSR, the corporation indicates that it has the capacity to pursue its profitability aims while meetings the demands that the local society place on it. Certainly, the both the internal and external stakeholders in the firms perceive CSR as offering common ground for the addressing of their perceived incompatible goals and aims.

However, as Kurucz, et al, (2008) notes, CSR can contribute to further aggravation of the relationship between these two groups of stakeholders especially whenever the CSR strategy does not result in facilitating a positive perception of the firm by the CSR beneficiaries. Therefore, in such instances, a negative association can be realized between CSR and corporate image. Kurucz, et al, (2008) explain further that through CSR engagements and programs, the focus of corporations is on value creation through aligning the stakeholder interests and desires with legitimacy.

According to Carroll and Shibana (2010), such corporations embolden their legitimacy by establishing trust and managing their local dependency. Corporations also do enhance their reputation and legitimacy by disclosing information relating to their performance on various environmental and social issues (Nguyen, 2006). Therefore, what the various scholars seem to agree on is that CSR contributes to CA by enhancing the corporations legitimacy in a competitive business milieu (Bhattacharya & Sen, 2004; Saha & Sharma, 2015). However, if CSR engagements are perceived by the general public as not adding value or illegitimate, the firm naturally fails to establish a positive image for itself and may fail to attain a competitive advantage.

5.3.2 CSR Engagement and Its Influence on Satisfaction and Loyalty

The study results also indicate that CSR has facilitated Safaricom’s customer satisfaction and loyalty. In fact, the study results show that the majority of respondents believe that CSR activities by Safaricom have facilitated the realization of customer loyalty as compared to a few who thought otherwise. As such, the results are in conformity with previous studies by other scholars that also identified a causal link between CSR and customer satisfaction and loyalty. For instance, Nayebzadeh, et al, (2013) contend that research has demonstrated that CSR intricately and imperatively influences various aspects of consumer behavior including consumers’ purchase intentions, satisfaction, consumer-corporation identification, consumers’ attitudes and loyalty.
Bhattacharya and Sen (2004) contend that loyalty and satisfaction are contingent on perceived value, whereby consumers feel good when they realize that through the act of purchasing they are doing a good thing. The realization that in conducting a business with a firm, the consumers is not only realizing value for money but is also being part of a greater good adds to the consumers loyalty to the firm. In the study, it was realized that Respondents felt that as customers of Safaricom, the firm’s CSR activities had made them part of the solution to social problems besides reducing their levels of apprehension about the firm’s products and services.

Hence, the study confirms a nexus between CSR, satisfaction and customer loyalty. The study results can be inferred to imply that the customers are satisfied with CSR and as such are eager to remain loyal to Safaricom since it allows them to help the society in which the leave indirectly. The majority of the participants indicated that there was likelihood that customers would subscribe to the firms services owing to Safaricom’s engagement in CSR. Smith (2005) observes that strong vendor principles and autonomous monitoring can help create a corporation’s standing and the stakeholder’s value for its brand.

Therefore, by facilitating the customers perception of value in doing business with Safaricom and the extent of commitment to Safaricom by customers owing to the firms CSR endeavors, one can assume a causal relationship between CRS and competitive advantage. However, other studies have determined that even when consumers demonstrate a positive attitude towards socially responsible firms, this does not always translate to their intention to purchase the products or services of such organizations (Bhattacharya & Sen, 2003).

This postulation by the two author problematizes the association between CSR and competitive advantage and the results of the current and other previous studies. Nonetheless, there could be other contravening variables, which make negatively influence the impact of CSR on customer loyalty. One such variable could be the nature of the business interaction and the products in question. For instance, if the business is a one-off exchange between the firm and the customer, the impact of CSR on loyalty will be negligible, that means, that even if the business engages in CSR the customer will not come back to purchase from the firm.
5.3.3 CSR Engagement and Its Influence on Perceived Organizational Performance

The study has confirmed previous studies that have determined a positive association between CSR and organizational performance. According to the results of the study, the largest proportion of the research participants were of the opinion that CSR has positively influenced Safaricom’s overall performance. This results confirms study findings by Tsoutsoura (2004) that realized a positive correlation between CSR and organizational performance. Zafar, et al, (2014) asserts that previous studies on the association between CSR and organizational performance have found a direct positive correlation between the two.

In fact, the study has confirmed that CSR engagement has a positive effect on organizational performance by determining positive correlations between CSR and the key indicators or elements of assessing organizational performance including; financial performance, market performance and stakeholder value performance. According to Gavrea, et al (2011), financial performance implies the assessment of profit returns, the return on assets and the return on investments while the indicators of market performance are organizational sales and market share. The respondents also indicated that CSR has facilitated Safaricom’s financial performance.

This is true perhaps because as previous studies has determined, CSR positively influences Stakeholder value performance measured through total shareholder return and added economic value (Tsoutsoura, 2004; Siddiq & Javed, 2014; Castelo & Rodrigues, 2006). Villanova, et al, (2009) observes that by establishing relational as opposed to transactional stakeholders, the corporation’s capacity increases its value creating exchange for a variety of stakeholders including suppliers, customers, employees as well as the general community. The firm can then exploit the contacts and the visual identity established through CSR to ensure an increased performance. This therefore adds to the notion that CSR facilitates organizational performance mostly indirectly. Such stakeholder value is hard to be emulated by the corporation’s competitors share (Ijeoma & Oghoghomeh, 2014).

The study has also found that CSR had led to the realization of a higher return on total assets (ROTA). This is because CSR precipitates the establishment of positive corporate image, the establishment of perceived values and customer satisfaction, which in turn lead
to greater likelihood of customer loyalty. Therefore, the overall performance also increases leading to higher ROTA.

5.4 Conclusion

5.4.1 CSR Engagement and Its Influence on Corporate Image

CSR can facilitate the attainment and sustenance of a positive corporate image. CSR has helped Safaricom establish a reputation as a firm that is not abstracted from the society but one that shares in the societies issues and concerns and which is part of the solution to those challenges. Through CSR, Safaricom has engaged in several activities that facilitate the establishment of a positive brand image and the acquisition of a positive visual identity since the public can relate with the firm on the basis of its CSR presence. Furthermore, effective CSR strategies facilitate the realization of a positive shareholder-customer demand. These attributes of positive corporate image add to the establishment of a competitive advantage for Safaricom vis-à-vis other firms in the same line of business.

5.4.2 CSR Engagement and Its Influence on Satisfaction and Loyalty

CSR facilitates customer loyalty to Safaricom and thereby enhances the corporation’s competitive advantage. Through CSR, customers feel that their relationship with the firm is not restricted to the exchange of value alone but makes the customers become part of the efforts geared towards the attainment of greater good. The customers therefore develop a sense or feeling of satisfaction by realizing that the corporation in which they do business is also helping address social problems. Therefore, satisfaction is not intrinsic in the service or product itself but rather that it comprises consumers’ perceptions of the product or service attributes with respect to the individual. Such perceptions of satisfaction makes the customers associate with what the firm is doing and thereby develop a sense of loyalty or disloyalty to the firm.

5.4.3 CSR Engagement and Its Influence on Perceived Organizational Performance

In the same way that CSR positively influences corporate image and customer satisfaction and loyalty, it also influences the firm’s organizational performance. CSR contributes the attainment of greater financial performance since it facilitates the acquisition of bigger market share. As customers get more acquainted with the firm during the CSR, they are
able to recognize the firm, its products and service and develop a patronage bond with the firm. Such a relationship not only adds to the firms market share and stakeholder value addition but enhances sales and profitability of the firm thereby facilitating the realization and sustenance of competitive advantage.

5.5 Recommendations
At the backdrop of the foregoing elucidation and research results, the study makes the following recommendations for improvement and future research.

5.5.1 Recommendations for Improvement

5.5.1.1 CSR Engagement and Its Influence on Corporate Image
Managers should appreciate the positive correlation between involvement in CSR and the advancement of the corporate image. CSR should not be taken as a legal responsibility but rather as a fundamental corporate strategy. In so doing, CSR must be considered as presenting a potentially effective way of establishing a positive corporate image and not as an indispensable undertaking. The strategic importance of CSR in the facilitation of the corporate image must be taken up within the short and long-term strategic goals of the firm. The CSR strategies undertaken should be those that respond to the particular and dire needs of the society as this will facilitate the establishment of a very positive corporate image that adds to the firms competitive advantage.

5.5.1.2 CSR Engagement and Its Influence on Satisfaction and Loyalty
Managers and Chief Executive Officers (CEOs) should appreciate the potential influence of CSR on customer loyalty. The leadership at Safaricom must include CSR as an integral part of the firm’s organizational strategy and use to attain customer satisfaction and thereby customer loyalty. Safaricom management should hence adopt a CSR strategy, which accords the firm’s customers various advantages with respect the attainment of customer satisfaction. The management should accept that satisfied customers are also loyal customers. In fact, the CSR strategy should focus on engaging in and supporting programs that are of particular interest to the current customers.
5.5.1.3 CSR Engagement and Its Influence on Organizational Performance

The managers of Safaricom and other firms must appreciate the fundamental importance of CSR for organizational performance. The managers and CEO’s should recognize the association between CSR and other attributes of performance including, sales, customer-corporation relationships, rate of return on assets among others. They should therefore ensure that CSR engagements are not undertaken with the aim of ascertaining financial performance and organizational growth. Managers should assess effectiveness of the firms CSR strategies by assessing the firms performance with respect to sales, profitability among others and discontinue the process in case a consistent discrepancy is realized between the two.

5.5.2 Recommendations for Future Research

There is need for more academic research on the association between CSR and organizational strategy. Hence, scholars should conduct more quantitative research to contribute the conceptualization of the elements of CSR strategy and particularly the manner in which it influences competitive advantage and overall organizational performance. Researchers should also conduct more focused study of the impact of CSR on the specific attributes of competitive advantage such as financial performance, stakeholder value performance, corporation-customer relationship, customer loyalty among others. Such focused studies will further ensure the bridging of the gaps in literature pertaining to the understanding of the association between CSR and specific indicators of competitive advantage.
REFERENCES


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APPENDIX 1: LETTER OF INTRODUCTION

Paschal Ezenwa,
United States International University,
+254-702-696979,
2015.

Dear Sir/Madam

RE: LETTER OF INTRODUCTION

I am a Masters student at United States International University currently pursuing a Master’s in Business Administration (MBA). I am in the process of developing a thesis in partial fulfillment of my degree program. My thesis is entitled, “SOCIAL CORPORATE RESPONSIBILITY AS A MEANS OF ACHIEVING AND MAINTAINING COMPETITIVE ADVANTAGE: AN ASSESSMENT OF SAFARICOM KENYA LIMITED”.

As the title above indicates, I have selected your organization as one in which I would like to conduct the study. My main reason in writing this letter therefore is to request your express permission and assistance in conducting the survey in your organization. I also request that you may recommend to me some of the staff members that you determine to possess the relevant information.

I confirm that I will exercise professionalism and abide by the ethical standards research as demanded by research undertaking. I will also abide by the university and the national regulations regarding research. Rest assured that the survey would not have any negative repercussions on your organization.

Yours Sincerely,

Paschal Ezenwa
APPENDIX 2: QUESTIONNAIRE

SOCIAL CORPORATE RESPONSIBILITY AS A MEANS OF ACHIEVING AND MAINTAINING COMPETITIVE ADVANTAGE: AN ASSESSMENT OF SAFARICOM KENYA LIMITED

Date: ___________________

The general objective of the study is to examine whether Safaricom Kenya Limited has utilized CSR to attain and maintain a competitive advantage in the Kenyan mobile telephony market. The study is guided by three specific research objectives, namely; To examine the extent to which Safaricom’s CSR engagements has influenced its image; To assess how Safaricom’s CSR engagements have influenced customer satisfaction and loyalty; To explore the extent to which Safaricom’s CSR engagement has improved its organizational performance.

Kindly read each query cautiously and respond to it the best of your ability, where necessary mark [✓] the boxes provided. There are no accurate or inaccurate responses; your answers are crucial to the study. All replies to this survey are completely confidential. All identifying information if any will be removed during the data entry and analysis; however, you are advised to respond anonymously.

Thank you for your participation in this study.

PART 1: BIOGRAPHICAL INFORMATION

1. Indicate your tenure as a staff with Safaricom Kenya Limited.
   
   [ ] Few to Several Months          [ ] 1 – 5 Years
   [ ] 6 – 11 Years                  [ ] over 11 Years

2. To what extent are you acquainted with Safaricom Foundation?
   
   [ ] Not at all                  [ ] To a little extent
   [ ] To a great Extent           [ ] Extensively

3. To what extent can you say that Safaricom has conducted corporate Social Responsibility through the Safaricom Foundation imitative?
   
   [ ] None at all                   [ ] To a little extent
   [ ] To a great Extent             [ ] extensively
4. In your own opinion, which of the following CSR areas Safaricom Foundation has focused on the most?

[ ] Environmental Protection and Management
[ ] Health Care Provision
[ ] Education
[ ] Disaster Relief
[ ] Sports Promotion
[ ] Empowerment and Poverty Eradication
[ ] Culture and Music
[ ] Autism

5. How satisfied are you with Safaricom’s CSR programs and initiatives to Kenyans?

[ ] Very Dissatisfied
[ ] Dissatisfied
[ ] Satisfied
[ ] Extremely Satisfied

6. Kindly, shortly explain what believe is the mandate of Safaricom Foundation?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

PART 2: SAFARICOM’S CSR AND FACILITATION OF CORPORATE REPUTATIONAL CAPITAL AND IMAGE

7. Do you believe that Safaricom has used CSR to facilitate its reputation?

[ ] Strongly disagree
[ ] Disagree
[ ] Agree
[ ] Strongly agree
8. To what extent do you say that Safaricom has utilized CSR to advance its image within the Kenyan society?

[ ] None at all     [ ] To a little extent
[ ] To a great Extent      [ ] Extensively

9. Please indicate how effective Safaricom’s CSR initiatives are in facilitating its reputational capital and image.

[ ] Highly effective     [ ] Effective       [ ] Neither effective or Ineffective
[ ] Not very effective [ ] Not at all effective

10. Which among the following do you believe is the most to the least important image that Safaricom has promoted its through its CSR?

[ ] A customer-Oriented Firm
[ ] A leading provider of mobile services
[ ] A Socially Responsible Company
[ ] An Environmentally Responsible Firm
[ ] An Integral Part of the Kenyan Society

11. To what extent do you believe Safaricom has enhanced its visual identity through CSR?

[ ] None at all     [ ] To a little extent
[ ] To a great Extent      [ ] Extensively

12. Do you agree that Safaricom has managed to establish a positive image of its products and services through CSR?

[ ] Strongly disagree     [ ] Disagree
[ ] Agree                  [ ] Strongly agree

13. Do you believe that Safaricom has established a mutualistic relationship with its customers?

[ ] Strongly disagree     [ ] Disagree
[ ] Agree                  [ ] Strongly agree
14. To what extent do you believe that Safaricom has used CSR to attain a balance between the stakeholder demands and the customer demands?

[ ] None at all          [ ] To a little extent
[ ] To a great Extent    [ ] Extensively

15. Please provide your general opinion concerning the association between Safaricom’s CSR policy and programs and the facilitation of the corporation’s reputational capital and image:

16. Do you agree that satisfaction is not intrinsic in the product or the service per se but rather on the customer perceptions of the company and the customers’ perceptions about the service or the product?

[ ] Strongly disagree   [ ] Disagree
[ ] Agree               [ ] Strongly agree

17. Would you say that Safaricom’s CSR activities contribute to the loyalty of customers to the organization?

[ ] Strongly disagree   [ ] Disagree
[ ] Agree               [ ] Strongly agree

18. Please indicate how effective Safaricom’s CSR initiatives are in facilitating its customer satisfaction and loyalty.

[ ] Highly effective    [ ] Effective    [ ] Neither effective or Ineffective
[ ] Not very effective  [ ] Not at all effective
19. To what extent do you agree that Safaricom has utilized CSR to enhance the perceived value of its products and services among its customers?

[ ] None at all  [ ] To a little extent  
[ ] To a great Extent  [ ] Extensively

20. To what extent would you say that Safaricom has managed to attain customer loyalty and satisfaction?

[ ] None at all  [ ] To a little extent  
[ ] To a great Extent  [ ] Extensively

21. Would you agree that Safaricom has used the CSR as an effective marketing tool?

[ ] Strongly disagree  [ ] Disagree  
[ ] Agree  [ ] Strongly agree

22. To what extent do you say that customers are more likely to subscribe to Safaricom’s services or buy its products because it is socially responsible?

[ ] None at all  [ ] To a little extent  
[ ] To a great Extent  [ ] Extensively

23. Which of the following do you believe most perceptible way in which Safaricom has enhanced customer loyalty and retention through its CSR activities?

[ ] Made Customers Part of the Solution to Social Problems

[ ] Established Customers Expectations of Being CSR Beneficiaries

[ ] Reduced Customers’ Apprehension about Safaricom’s Products and services

[ ] Made Customers Perceive Safaricom As Integral Part of the Society
24. Generally, would you agree that Safaricom’s demonstration of socially responsibility has precipitated positive results or has a potential of precipitating positive outcome for the organization?

[ ] Strongly disagree [ ] Disagree
[ ] Agree [ ] Strongly agree

25. Kindly explain your perspective on the implications for Safaricom’s CSR programs and initiatives on the corporation’s customer satisfaction and loyalty

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

PART 4: SAFARICOM’S CSR AND ORGANIZATIONAL PERFORMANCE

26. To what extent do you agree that Safaricom’s CSR activities has contributed to the corporations overall performance?

[ ] None at all [ ] To a little extent
[ ] To a great Extent [ ] Extensively

27. Please indicate how effective Safaricom’s CSR initiatives are in facilitating its organizational performance.

[ ] Highly effective [ ] Effective [ ] Neither effective or Ineffective
[ ] Not very effective [ ] Not at all effective

28. Do you agree that Safaricom’s CSR activities has influenced the firms remarkable financial performance?

[ ] Strongly disagree [ ] Disagree
[ ] Agree [ ] Strongly agree
29. Do you agree that Safaricom has a significantly higher rate of return on total assets (ROTA)?

[ ] Strongly disagree  [ ] Disagree
[ ] Agree  [ ] Strongly agree

30. To what extent would you attribute Safaricom’s high ROTA to its CSR activities?

[ ] None at all  [ ] To a little extent
[ ] To a great Extent  [ ] Extensively

31. In your opinion, which of the following do you believe has been the most significant contribution CSR to Safaricom’s performance?

[ ] Rapid Growth  [ ] Increased Revenues
[ ] High Subscription Levels
[ ] Customer-Oriented Innovations (Mpesa, Okoa Jahazi)

32. To what extent would you say that Safaricom’s CSR has influenced Safaricom’s commanding control of the mobile service market share in Kenya?

[ ] None at all  [ ] To a little extent
[ ] To a great Extent  [ ] Extensively

33. Do you agree that through CSR activities have positively contributed to Safaricom’s net sales?

[ ] Strongly disagree  [ ] Disagree
[ ] Agree  [ ] Strongly agree

34. To what extent would you say that CSR has improved Safaricom’s total shareholder return and economic value addition?

[ ] None at all  [ ] To a little extent
[ ] To a great Extent  [ ] Extensively
35. Kindly comment on the extent to which you perceive Safaricom’s CSR initiative to have influenced the corporation's organizational performance.

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________.

The End