IMPACTS OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE IN TELECOMMUNICATION INDUSTRY: A CASE STUDY OF SAFARICOM COMPANY LIMITED

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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STUDENT'S DECLARATION

I hereby declare that no portion of the work that appears in this study has been used in support of an application for a degree or any other qualification to the University or any other institution of learning

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

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Dean, Chandaria School of Business
ABSTRACT

The main objective of this study was to establish the effect of corporate social responsibility programs on the profitability of Safaricom Company limited. The specific objectives were; first to establish the effects of CSR programs on health, second to establish the effects of CSR programs on education and third to establish the effects of CSR programs on environment.

The methodology entailed use of descriptive research design. The sample population targeted by the survey was 12 employees of Safaricom Limited working at the top and middle level management in CSR, marketing and finance departments. For the principle of this study, a sample was acquired from the population. The study employed the use of Stratified Random Probability sampling and Convenience non-probability sampling methods. The data collection tool employed by the study was a structured questionnaire. The response rate realized was 91.97%. 11 questionnaires were duly completed and returned for analysis. Data was then analyzed by use of descriptive statistics. Statistical Product and Service Solution (SPSS) and Ms Excel were used to analyze data.

The study found out that there is a strong relationship between the health CSR programs and the characteristic productivity of employees. The study revealed that there is a statistically significant correlation between the health CSR programs and profitability. There is also a strong relationship between the Education CSR programs and the productivity of employees. From the analysis it is clear that education CSR programs had positive influence on profitability. This is supported by the coefficient of determination which shows that education CSR programs characteristics have positive correlations to profitability within the firm. Environment CSR programs were also seen to affect profitability with. Its attribute Cost reduction was negatively and significantly related to profitability. This implies that a decrease in adoption of cost reduction by one unit leads to a decrease in profitability.

The major conclusion of the study was that health, Education and Environment CSR programs influence the profitability of corporate firms positively. Inclusion of health, Education and Environment CSR program on the case company's agenda has yielded increased profits. The adoption of CSR programs by corporate firms therefore has a high potential of improving the financial performance of a company.
The study recommends that while research in companies has been largely exhausted more research needs to be done touching on customers and beneficiaries of CSR programs outside Safaricom to ascertain whether it has any influence on their brand choices which will ideally affect profitability. A similar study could also be done on a much larger sample.
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CSR: Corporate Social Responsibility

SPSS: Statistical Packages and Social Sciences
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study

Corporate Social Responsibility involves ways in which an organization endeavors to exceed its basic obligations to its stakeholders (Johnson et al, 2010). The concept of Corporate social responsibility has a number dimensions consisting of corporate policy, corporate philosophy, and corporate responsibility (Carroll, 1991). Donations towards charity and not for profit type of organizations are examples of corporate philosophy while corporate policy on the other hand involves companies making a long term commitment to advancing a certain cause (Cozen, 1996). Financial performance is an important key aspect in any firm as it plays key role in organization success (Yew Wong, 2005).

For any organization wishing to enhance its CSR department, the management ought to demonstrate social integrity in their processes which means their commitment to CSR should go beyond just participating in community courses and cash donations to projects (Thompson, Petarafet al, 2010). In order to adequately plan towards social responsibility projects, management should consider these four types of social commitments including discretionary, economic, ethical and legal social courses (Pierce and Robinson, 2011). Whether or not to engage in CSR an organization's decision is dependent on the policy assumed by the organization. The organization can adopt a position of Laissez-faire for example, which in French means "let do", this means that the organization only takes up the responsibility of generating profits as is in the interest of shareholders. The organization could also take the posture of rational self-interest in that management focuses on the long term gains achievable by managing relationships with community stakeholders (Atudo, 2014). Applying this, the management will seek to balance the firms relations with that of various stakeholders' interests. The firm can also view itself as a force of influence in shaping society a factor which may be the sole cause of companies existence (Johnson, Whittington et al, 2011).

A company can choose to participate in a number of different socially responsible endeavors and it is this then that coins its strategy for CSR (Thompson, Peterafet al, 2012). A CSR strategy has five components thus it should observe ethical principles in
operating the business. Ideally an unethical conduct would go against the company's quest of being ethical. Secondly, it could entail organization making charitable contributions, supporting the community and going forth to make a difference in the lives of others. Thirdly, the company could take action to safeguard the environment from possible adverse impact stemming from the firms activities. The fourth, action involves creating a work environment that facilitates quality life for the employees. Safaricom for instance has a nursing station for mothers with small infants. (Safaricom 2014). Lastly, the organization can deliberately put effort in building a dynamic labor force for instance one with the right blend of both sexes and widespread nationalities. In light of these a number of companies have begun speaking out on the benefits their CSR strategies have earned them through ads and websites this also works in highlighting their actions to the public. For them to create a corporate image as being socially responsible the company has to give forth a perception to Safaricom workforce that it contributes to hiring and retaining a competent staff. It also needs to give an image of being sensitive to community development needs by supporting art and social ventures and generally seeking to improve the society’s welfare as a whole (Keller, Apéria and Georgson,2008).

As organizations look into optimizing their operations their main source of investment is in raw material and human resource. These basic resources come from the environment in which the business is operating. Managing to balance stakeholder needs is therefore a priority that a company must fulfill (Porter 1985). Fulfilling this priority will enable a firm attract the best experts to serve as human resources in the company since people are drawn to working for ethical brands that they believe in. Safaricom may for instance have many students looking to work for them and demonstrating ethics in integrity boosts the company’s ability to attract the best. Organizations seeking to expand their operations will find it relatively easy to attract Investors if they are socially responsible. Thirdly, organizations taking part in societal issues and communicating the same to the consumers at large gives their clients the impression that they are cared for. This causes the customers to develop a fierce brand loyalty that is unshakeable. Safaricom makes effort to see to it that their activities are socially responsible.

Porter and Kramer 2006) note that the customer of the 21st century is very market conscious. This customer demands more ethics from a businesses in its processes and actions. Simultaneously, pressure is transferred to the industry players to advance further
on business ethics by establishing new laws and engaging the public. Porter and Kramer (2006) note that Corporate Social Responsibility has evolved significantly and is no longer just a concept for businesses, it doubles up as a strategy for businesses to have a competitive edge and should for that reason be taken seriously. Mintzberg (1983) highlights the fact that CSR could take different forms. In its purest form, companies may engage in CSR activities for the genuine course of enabling the community without seeking to profit anything from these activities. The other form a company could take is the less pure form where the participation of a firm in CSR is geared at advancing the company’s core agenda which is gaining recognition and or increasing its profits (Dahlsrud 2008).

Creating an effective CSR program is a demanding task. Several dynamics concerning the business need to be accounted for so as to ensure the right balance to sustain the competitiveness of the corporation while responding to the society’s needs. The concept of business ethics needs to be properly merged with the cost of doing business, and profitability as well as the expectations of the society and other company stake holders. The work that goes into developing the idea takes the form of a complex ecosystem (Mintzberg, 1983). Businesses ought to familiarize with the new culture built around CSR. Society’s expectations of businesses is that they will be good stewards by being responsible enough to factor in the needs of the public, its employees and that of its shareholders while advancing its business endeavors. CSR is hence a complex business concept (Porter & Kramer, 2006).

Environmental concern stands as one of the key challenges surrounding effective CSR. It involves how a corporation puts to use available resources. Most businesses today are beginning to use paper and other products made from recycled materials as a statement in safeguarding the environment. Environmental programs that firms could consider putting in place include tree planting initiatives, environment Clean-up campaigns, and installation of dustbins branded with the company name at strategic places within the city (Porter & Kramer 2006). Companies are expected to account to the public on two critical components in their operations. First is the quality of management as concerning people and processes. Number 2 is the nature of, and quantity of impact they cause to the society they function in in various areas. Stakeholders from outside the company have become more interested in the activities of companies. Many of them observe what a company has
actually done, whether good or bad, in reference to its product and service processes and the impact they transfer to the environment and the local communities around it. They are keen on understanding how a company treats and nurtures its workforce (Porter & Kramer, 2006).

1.2 Statement of the Problem

Corporate social responsibility has become an important area of focus for companies today. Involvement in charity ranges from cash and material donations, scholarships, community development and environmental cleanups. This is a far cry from the doctrine of Friedman (1970), which states that the one and only responsibility of a firm is to engage in activities that will increase its profits within the confines of the law. Corporate social responsibility is now an integral part of what a company is about. However, no matter how it is specifically defined, corporate social responsibility cannot be a separate or sometimes equal element in the collection of strategies that propel a company towards its ultimate goals. Real corporate social responsibility is linked to, and an integral part of corporate strategy.

While measuring the impact of CSR remains a challenge for companies' investment in corporate social responsibility activities has grown significantly and many businesses are relying on it as a strategy for generating value (McWilliams et al., 2006). The difficulty in measuring the value of CSR can be traced first from many ambiguous definitions of CSR. Another problem resonates for intense debates on opponents and proponents of engaging in CSR activities (ibid). Opponents of CSR claim that resources invested in CSR have been wasted and should instead be allocated towards the advancement of the value of a company's. proponents on the other hand argue that the company has its obligations pegged on a larger group of stakeholders besides the company's shareholders. Safaricom limited employees actively participate in corporate social responsibility. An employee is given a chance to come up with a project; his or her proposal will be presented to the management team in charge of corporate social responsibility. Once it has been accepted he/she will be the leader of the project to ensure that everything is implemented. Safaricom ensures that each employee who participates in any corporate social responsibility project earns points and employees are appraised based on their performance and participation in CSR. There is salary increment for those
employees who participate in CSR; this motivates employees to be part of corporate social responsibility.

A study by McWilliams and Siegel (2001) found that corporate social responsibility is only a way to attain differentiation and a good image in terms of the firm’s reputation. Gichane (2004) conducted a survey on corporate social responsibility practices by Kenyan companies listed in the Nairobi Stock Exchange. The survey concluded that larger companies were more aware of the social responsibility concept and applied it more. This companies have been able to deal with pressure from stakeholders by seeking to benefit profitably from CSR activities which gives a company competitive advantage by increasing its market share. Activities also motivate employees and they are likely to become more productive. The research however shows that while CSR activities provide are beneficial to a company, they also entail increased costs of both one-time and continuous costs adding to the risk of CSR involvement failure, which may create mistrust among a company’s stakeholders eventually damaging the company (Weber, 2008; McWilliamset al., 2001; McWilliams et al., 2006).

1.3 Purpose of the Study
The purpose of this study is to examine the impact of corporate social responsibility on financial performance of the firm. For this study, Safaricom will be selected as the case of study.

1.4 General Objective
1.4.1 To determine how CSR programs on health affect profitability of the firm?

1.4.2 To determine how CSR programs on education affect profitability of the firm?

1.4.3 To determine how CSR programs on environment affect profitability of the firm?
1.5 Importance of the Study

1.5.1 Establish a competitive advantage

Corporate Social responsibility is a very important aspect of the organization in establishing a human face that the society can relate to. The impact that CSR has on helping the organization establish a competitive advantage over its competition is a beneficial concept that would be relevant to players even outside telecommunication and even researchers wanting to dig into the topic further.

1.5.2 Helps the Management

Findings from this study will enable management to draw conclusion on how financial performance of the company has a huge impact on CSR. It may help the shareholders and other stakeholders change their view in favor of engaging on corporate social responsibility more than before.

1.5.3 Provides Framework For Multi-Corporations

Multinational corporations within the food and beverage industry and other industries can draw great learning from this study. In essence organizations that may be hesitant on engaging on CSR will now have greater and deeper insights as to the intangible benefits of this engagement.

1.5.4 Benefits of CSR Activities to Safaricom and Other Corporations

As a researcher I hope that the study will give Safaricom reason to rethink and be more active in participation in the CSR projects specifically in giving the information that affects them in regards to what affects the sustainability of CSR projects. The research is also aimed at refocusing the CSR projects, especially considering that Safaricom concentrates mostly on sponsorship of events that promotes wellbeing of the society. It is hoped that with insight from this study, CSR scope could be expanded to cover all aspects that might be causing the limitations in achievement of those projects objectives.

1.5.5 Benefit to Academicians and Researchers

The study will provide background information to research organizations and future researchers who would want to carry out further research in this area of study. It will also
facilitate individual researchers to identify gaps in the current research and carry out various researches in those areas. The study will be significant to any other organizations in Kenya which take part in CSR projects by giving them an opportunity to be more active in undertaking and sustaining CSR projects. The organizations, it is hoped, will find the results of this study and the subsequent recommendations useful in terms of re-engineering their CSR activities to reflect the needs of the local communities as well as ensure that the corporations reap benefits associated with CSR globally.

1.6 Scope of the study

The focus of this study will be confined to Safaricom limited. The study was conducted at Safaricom company limited headquarters which is based at Westlands region in Nairobi in the month of June 2016. The whole study was undertaken within a timeframe of six months. The target population was the top management and middle level management of safaricom and the sample of the population were being randomly selected among the management.

1.7 Definition of Terms

1.7.1 Corporate Social Responsibility
This refers to what should be the relationship between global corporations, governments of countries and individual citizens. More locally the definition is what the business community and organizations do in terms of helping the less fortunate for the betterment of the community (Garriga & Melé, 2004).

1.7.2 Financial Performance
This refers a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues (Okwoma2012).

1.7.3 Shareholder
Any person, company or other institution that owns at least one share of a company's stock. In other words, Shareholders are a company's owners. (Freeman, Wicks and Parmar, 2004).
1.8 Chapter Summary

This chapter introduces the study with impact of corporate social responsibility on financial performance at Safaricom Company limited. The areas of discussion in this chapter are background of the study, the statement of the problem, purpose of the study, research questions, significance of the study, scope of the study and the key terms used. Chapter two will tackle elaborate literature review on this subject and chapter three will discuss the research methodology; it will explain the research design, population and sampling design, data collection methods and the research procedures. This will then be followed by chapter four which present the results and findings of the study. Finally the last chapter will be chapter five which will contain discussions, conclusion and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature related to the impact of Corporate Social Responsibility (CSR) on financial performance of Safaricom Company Limited. The chapter is divided into three sections as guided by the Research Questions. The First section discusses how the impact of CSR on health affects the profitability of the firm. The second section looks at how the impact of CSR on Education affects the profitability of the firm, finally the third section focuses on how the impact of CSR on Environment affects the profitability of the firm. The chapter ends with a summary.

2.2 How CSR Programs on Health affect Profitability of the Firm

2.2.1 Profitability of Health CSR Activities

Maslow's hierarchy of needs portrayed in the shape of a pyramid, with the most basic needs at the bottom places physiological needs first which encompasses meeting basic needs like food and water that leaves one with psychological freedom so they are able to carry on with other activities. The second need on the hierarchy is personal safety, health, and financial security where one needs to feel free of harm, physically mentally and emotionally which just as well once met provides individuals freedom to focus on their work and remain productive (Palmer 2012). This explains why it is extremely important for accompany to invest in reliable health schemes for their employees who will be able to perform better in a work environment that is concerned about their health and safety. Better performance coming from employees translates to more productivity which inevitably leads to increased profits, a plus to a firm in utilizing health as a CSR step in ensuring maximized profitability. While health in itself is expenditure, unhealthy employees will not be able to perform at par and in turn cause losses to the firm that may not be comparable to the CSR costs involved in maintaining a healthy workforce that is more productive.
2.2.2 Benefits of CSR on Health on the Productivity of Employees

As a health care company, Johnson & Johnson prioritizes the health of its employees and has invested heavily in the overall health of its employees. Employees at Jonson & Jonson enjoy a comprehensive health benefits plan that even allows employees the liberty to personalize the benefits package to fit their needs and that of their family members. The benefits include: medical, vision, dental, Health Account, tobacco cessation, Care Account, basic life insurance, disability coverage, accident insurance, long-term care insurance, auto and home insurance, group legal insurance, as well as a commuter benefits program. These benefits have been made available to nearly all its employees including active salaried, non-union hourly employees and regular part-time employees who work for 19 or more than 19 hours per week annually. While this is a huge expense for the company Jonson & Jonson credits its profits achievements, consistent business and life of the company to having healthy and comfortable employees. (Kan 2012)

Besides the actual financial investment in a health scheme, the company offers training within. It has a Healthy People program which is available globally to provide its employees assistance, in matters occupational health and Wellness to ensure a balanced work, home and personal life which also serves to keep its employees healthy saving on the companies costs while ensuring high levels of the productivity of its employees who are generally healthy and able perform well at work remaining productive all year round since they worry less about their safety and health security (Kan 2012) Health CSR programs eventually make it possible for employees to increase their working hours and work days because their health is good and well managed.

2.2.3 Benefits of CSR Health on Quality Management

CSR investment in the health of employees also helps to attract and retain high quality employees who perform exceptionally and eventually generate a positive corporate image for the company by enhancing the product of the firm and increasing productivity on an overall evaluation eventually translating to profits (Moon, Crane and Matten, 2005). Incorporating this strategy in getting and keeping the right employees gives a company an edge over its competitors since they will likely produce more superior products that will yield better bargains in price and increase its eventual profit margins. Exceptional
employees are usually exposed to a wide range of options in terms of employment and a good health scheme will be resourceful in acquiring ad retaining these employees in order to keep the company productivity at par and maintain profits over a long period of time.

**2.2.4 Benefits of Health CSR on Change Management**

When a company takes responsibility of the wellbeing of its employees through Reliable Internal CSR health programs, the company remains at a place where it can comfortably manage changes relating to human capital by ensuring the health and safety of its personnel (Zacharatos, Barling and Iverson 2005). Companies that take on the responsibility of the health and wellbeing of its employees make the employees fell responsible to deliver the best services a strategy which eventually works for the business in ensuring sustainable business success (Mbithi 2015). Industrial employees who work in securely managed environments are likely to yield better results in productivity since they are unafraid to take risks. Fully equipped employees as concerning safety at work take bigger risks to produce more for their companies because they feel secure. These risks eventually translate to better products and eventual profits.

**2.2.5 Benefits of CSR on Health in Enhancing Profitable Partnerships**

Good CSR programs also attract better partnerships for a company which eventually translates to profits. McDonald's for instance creates a sustainable supply chain by purchasing only from suppliers that follow practices which ensure the health and safety of their employees and humane treatment of animals. The company therefore chooses its suppliers based on standards; how the products are supplied, rather than what is supplied (Palmer 2012). McDonald's which has earned a big name and credibility as a food franchise in the world over would make a good partner for food suppliers. Food producers would therefore want to maintain good Health CSR standards that will be compliant with a giant in the food business industry as a potential supplier in order to maximize its supplies which will eventually project on the overall profitability of its supply firm.

**2.2.6 Benefits of Health CSR in Boosting Investment**

Maintaining recommended health CSR standards also boosts a company's opportunity in attracting the best investors for the company which also translates into profits. Holmqvist (2009) notes that investors are also more likely to invest in responsible companies rather
that companies which are less concerned about the wellbeing of its employees on the basis of values. The diagram below illustrates results produced by a Palmer's survey to assess the factors considered by investors when selecting companies to invest in. From the results the investors said they will shy away from investing in a company that paid little attention to CSR although it performed better than its peers taking 16%. The investors would also invest less in a company that pays too much attention to CSR leaving it underperforming in comparison to its peers, although investors still prefer investing in such a company other than the one that is least concerned with CSR standards ranking at 22%. The firm that attracted most investors captured 63% potential investors since it was able to strike a balance between profitability and CSR (Palmers 2009). Well managed CSR therefore attracts good investors which will allow for expansion of a business and translate into profits which will keep the cycle of business growth alive.

![Diagram](image.png)

**Fig 2.1**: Image adapted from "The importance of corporate responsibility." Economist Intelligence Unit, 33. (Palmers 2012)

### 2.2.7 Benefits of Health CSR on Policy Management and Decision Making

The company Johnson & Johnson also has a Political Action Committee (JJPAC) which helps fund men and women who are talented and are interested in serving the public by seeking elected offices. It supports individuals who understand the significance of medical innovations in health based on the idea that health policies directly affect the profitability of the firm (Kan 2012). The Committee is funded by employee contributions
on a voluntary basis such that although it is a company initiative, it costs the firm less while ensuring that they have an influence in creation of good health policies that will help the company maximize on its overall productivity and eventually increase profits. This offers eligible employees opportunities to volunteer and voice out their views on issues related to the health industry while shaping public policies (Kan 2012).

2.3 How CSR Programs on Education Affect Profitability of the firm

2.3.1 Benefits of CSR on Education

A company; Estee Lauder places a lot of value on its employees based on the fact that they introduce unique approaches and innovative ideas that aid in the growth of the company (kan 2012). The company attributes its success to the talents, efforts and passions that employees have contributed to the company and takes all possible action to nature these employees. The Chairman of the company, Leonard Lauder refers to their personnel as, the wealth of a company saying that they are by standard, "a very wealthy company" because they have the right resource, the people (kan 2012). The company offers many professional development and training opportunities for its employees. The education and development program encompasses tuition reimbursement, global executive development programs, brand training, executive training, sustainability training, and workshops (kan 2012) because their investment in the continual learning and growth of its employees impacts positively on the eventual growth and productivity of the company.

Economic theory reflects that the degree of association of CSR in education to financial performance of the firm is positive. By taking into account factors like costs in relation to advantages like market advantages and reputation advantages the overall financial gain turns out positive for a company which invests on the education of its employees (Juscius, &Snieska2008). Investing in education of employees impacts in enhancing the reputation of the firm eventually attracting exceptional personnel who produce better products and better service results for the firm eventually generating reliable market for its products based on a good reputation. Better products and services also allow a company to establish a niche for itself among the elite which could readily increase a company’s profitability since the high end market are willing to pay more for a product that matches the standard of quality acceptable to them (Juscius, &Snieska2008).
While the actual definition and effectiveness of CSR to a business has been seen as a dynamic view than may not directly equate to profits, businesses have been pushed into adopting CSR in education at an age where society is particularly conscious of the practices of private investors to employees and the surrounding communities (Palmers 2012). From as early as the late 1990's, consumers began to display a tremendous level of social awareness and activism. They were quick to reprimand companies that practiced unethical business operations and just as quick to reward firms that were innovative in their commitment to improving society. This development can be traced back in 1980s when there was a series of protests by Nike factory workers and human rights activists in Indonesia, Vietnam and Korea regarding low wages and unfavorable working conditions a situation which affected the profit margins of Nike significantly with their share prices going down and sales lagging (University of Washington Center for Communication & Civic Engagement) in (Palmers 2012). Nike later reformed its policies and adopted new strategies that demonstrated accountability to society an action which led to the brand's growth setting the pace for other businesses to adopt CSR as a growth strategy and a way of increasing their revenues.

2.3.2 Benefits of CSR in Education on Increased Productivity of Employees

CSR investment in Education ensures lifelong learning and participation of workers, who are granted equal opportunities by the investors in restructuring the company and managing change. Employees who feel approved of and appreciated increase their productivity in industrial production which in turn leads to the company achieving its economies of scale. (Ocran 2011) Education is usually considered to be a main tool in transforming lives and therefore a company which invests in the education of its employees makes them feel empowered hence becoming more productive to the firm. Employees who are educated by a company also feel a sense of ownership since the company has invested in them. They are therefore motivated to work effectively since they feel important and recognized as a part of the company enhancing performance (Murthy and Manoj 2004). A highly productive firm also boosts considerable opportunities of expansion. Better production and the availability of the right personnel to take leadership gives the company an opportunity to grow by sending out these personnel to new investment regions.
2.3.3 Benefits of CSR in Education in Enhanced Public Appeal

CSR in education also acts as an affordable yet reliable public relations tool for the company. It plays a significant role in improving an organization's image which eventually impacts on its performance by creating better opportunities for partnerships and attracting the right pool of employees who see opportunities for growth even as the company grows. Good employees are also likely to stay in the hope of tapping more opportunities to grow and become better (Kim, and Reber 2008). Education as a CSR is also plays a role in mitigating adverse impacts of an organization on the environment and society at large (Ocran 2011). Companies like those in the oil and gas industry improve their reputation and boost business by investing in education that allows its employees and the company to act more responsibly in their production processes. A well-educated team of employees is more likely to create innovations to offer solutions in managing production processes of a firm responsibly.

While philanthropy through Education of the less fortunate does little or nothing to help companies increase its profits directly, CSR activities in investing in education works significantly in improving a company's bottom line (Kim, and Reber 2008) A company which is recognized for investing in the lives of future generations have the advantage of gaining recognition and earning a good reputation. A good company name translates into more clientele who feel obliged to be part of the initiative by supporting the firm in purchasing its products and advocating for the company which eventually leads to more profits. Investing in this cause also ensures the sustainability of the business for a lifetime since the people they educate form a link to generations of clientele as referrals presently and in the future and will do well as a growth and expansion strategy beyond a company’s borders. While it is contended that investment in CSR in Education especially outside the company does not yield direct monetary value, investing in it will in the long-run yield considerable value in since a well-educated and advanced community will be economically and socially empowered to afford a lifestyle that will enhance the agenda of a firm. A technology firm selling phones will have a bigger impact in sales when functioning in an environment where the society is learned and has considerable purchasing power (Palmer 2012). Such are the grounds within which CSR activities are legitimized. Safaricom in Kenya has for instance invested heavily in the community it serves in education and talent development of the youth (Safaricom 2014) In the long run
the entertainment clips developed by the company are watched by clientele who pay the company for internet bundles and the younger generation are also motivated to purchase better phones to keep up with their entertainment lifestyle. This is a plus for Safaricom financially and in building a reputation that will last.

Palmer (2012) notes that CSR education strategies yield ripple effect benefits spread over time and should not be applied to yield one time immediate benefits. Various studies have conclusively established that by engaging the community in empowering initiatives like education, a company is ascertained a long-term growth strategy. Children and youth empowered today through education become a firm's future customers. Good deeds done by a company to a community creates a sense of purpose in its employees who see the lives of some of their own impacted even when they do not relate directly. Studies have in fact established that beneficiaries of such programs in a community feel a sense of ownership of the corporation which they carry around with pride, value and protect like in the case of Nike and McDonalds explained above (Palmer 2012). Such beneficiaries in the long run become unwavering clientele of a company. CSR is therefore a key marketing strategy for a company in advancing its public appeal.

2.3.4 Benefits of CSR in Education in Enhanced Talent Acquisition

Companies could also tap talent and ensure a consistent flow of reliable personnel by investing in education as a CSR. A company may educate society and eventually manage to tap from the talent achieved by the society it has educated who may intern in the company eventually turning into full employees who will likely be significantly productive as a result of feeling grateful and yield products that are more profitable. Educating also give a company an edge in grooming its employees early enough in line with the company's vision which gives the employees a sense of ownership and improves performance on an overall (Bhattacharya, and Korschun, 2008)

Companies could also use education to build on its capacity which will eventually translate to higher sales and higher profits in turn. Nestle explored this initiative by educating the farmers who supplied to their company on issues of health and implications of contaminated grains. (Mbithi 2015). They educated widely incorporating agricultural extension officials, retailers, transporters wholesalers and food companies as a CSR measure which eventually translated into profits and growth opportunities on their part.
Nestle achieved this goal by paying a higher premium to farmers who sold to them food produce that was my co toxin free. The results were eventually positive in all areas since farmers were more educated, and produced better supplies enabling nestle to produce better products for its clients who were not only willing to pay more but bought just as much products from nestle on the basis of trust for the product which was fueled by the companies CSR education efforts. Mbithi (2015) also emphasizes the fact that trainings related to safety, health to the surrounding communities yield positive results in terms of building positive relations with the society who eventual work for the company as a reliable marketing tool in growing a reputable name for the company eventually creating results (Kim, and Reber 2008).

2.4 How CSR Programs on Environment Affect Profitability of the Firm

2.4.1 Benefits of CSR on Environment on Profitability

While CRS Programs on environment may not be structured to automatically yield profit, investing in them offers benefits that impact on the value chain, of the company eventually improving efficiency and effectiveness of companies which demonstrate a good course. Examples of such endeavors include sustainability initiatives that reduce resource use, minimize waste, and curb on dangerous emissions. These factors may in turn reduce costs of operations; and improve on the health of the employees thus enhancing productivity and retaining personnel, while improving on the company's reputation which will easily translate into profits (Rangan, Chase, Karim 2015). Opportunities to reduce costs associated to environmental impacts aid in improving relationships with influential stakeholders like the resident community eventually creating a stable environment for the business to thrive (Mbithi 2015). Overall employee morale is also increased when they know that the company is genuinely concerned about them, the environment and surrounding communities which motivates them to be more productive. (Mbithi 2015) Employees who work for companies that care about the environment are also more reliable steaming out of the fact that the firm upholds high ethical values. These values influence employees to work better and produce better which makes them more effective. Palmers (2012) emphasize that CSR programs offer competitive advantage because they improve corporate reputation. He further notes that Stakeholders are likely to engage in business with firms that have a track record of demonstrating commitment to the community and environment. This in turn enhances business


2.4.2 Benefits of Enhanced CSR on Cost Reduction

A key benefit attained from a reputation of good environmental CSR that could lessen costs and maximize on the profitability of a business is attracting less scrutiny from society, and government which will intern lead to increase in customer and investor loyalty. (Palmer 2012). An increase in this intangible asset s will lead to stronger financial performance over time (Weber 2008). As sighted above McDonald's commitment to the health of the community it serves by emphasizing proper environments for production of the produce it buys has worked significantly in building on its reputation and increasing the trust of its investors, employees, and customers. Palmer (2012) sites an event in 1992 in where there was rioting in South Central Los Angeles which attracted heavy vandalism and damage to businesses but the rioters refused to harm McDonalds which had been consistently applying the principle of doing the best to the communities surrounding its outlets. As a result, McDonald's ended up acquiring competitive advantage over its competitors since they were spared from grappling with vandalism expenses and continued with business as usual hence maximized on its profits.

2.4.3 Benefits of CSR on Enhanced Loyalty of Clients' Investors and Employees

Companies that practice CSR also maximize on profits by investing in the psychological satisfaction of its clientele and investors eventually earning their loyalty which automatically translates to business. Referring to Maslow's Hierarchy of Needs explained above, which lists psychological fulfillment and safety as the most basic human needs (Palmers 2012), Firms which maximize on creating products from the right environmental resources as a sustainable CSR plan keep their clients feeling comfortable and safe with the products offered to them. Having comfortable clients means that a company is likely to stay in business for a long period of time due to customer and investor loyalty. Such firms are sustained in business by these clienteles who remain loyal to a product that feeds on their safety and security needs.

2.4.4 Benefits of CSR on Environment on Product Innovations

Several authors including Sims (2003), Kotler & Lee (2005) as well as (Mbithi 2015) analyze that CSR actions on the environment sustains profitability in the long run. Company managers attest to the fact that CSR initiatives which usually focus on intermediate non-financial goals with short-term negative cash flows normally have a
positive long-term effect on financial values. These benefits are translated from innovation in terms of design of innovative products to meet the sensitive requirements of clientele who are concerned about impact on the environment. Another factor is attracting the right personnel of experts dealing in environment who come up with the right ideas in improving the product of the firm enhancing added value coming from new clientele while retaining the current customers. Companies that are sensitive to environmental concerns are also able to lessen costs and increase revenue by reducing manufacturing costs attained through constant research and practice. In the event of a crisis such firms enjoy reputation insurance in a crisis ensuring sustained profitability. Further, the mere conduct of CSR activities sends a positive signal to regulators and investors, who's links in turn generate financial increase (Lemon, Roberts, Raghbir, et al.) Simply put, most companies have realized that CSR has frequently created a positive impact on corporate profits with environmental initiatives producing, the greatest amount of quantifiable data linking proactive companies with positive financial results. (Ocran 2011)

Multinational Corporations (MNC's) are reputed for conducting environmental CSR activities as a way of meeting their financial goals. This works for MNC's in enhancing profitability since there are able to develop trust with the community though transparency and fair dealings which work to the advantage of their business. The green movement has led to communities expecting more from MNC's and their attitudes and treatment towards the environment are monitored closely. The environmental aspect of CSR is no longer seen as a philanthropic act but treated as a duty to multinationals that by maximizing on environmental conservation efforts also yield profits by emphasizing their efforts (Ocran 2011). Companies that focus on minimizing environmental implications on its operations, by eliminating waste, minimizing emissions and maximizing the efficiency and productivity of its resources while maintaining ethical standards (Ocran 2011) gain accolades from other industry players which translates to direct business in terms of consistent supplies. Today, managers of MNCs have found that the environment in which they operate ought to be provided for owing to the fact that their intermediate and macro environments bring forth a direct impact on the actualization of the firm's corporate goals which entails maximizing profits while minimizing costs, through optimal utilization of all available resources in order to achieve best results. Sticking to these principles keeps MNCS in business and profitable for a lifetime (Ocran 2011).
2.4.5 Benefits of CSR on Increased Sales Due to Changing Buying Behavior

In order to make profits, companies need to meet customers' needs and expectations. In the recent past, it has been noted that customers' buying behaviors have changed significantly and today's customer is increasingly conscious of environmental issues due to the massive campaigns on safeguarding the environments. Clients therefore need assurance on environmental and social concerns and companies who meet it are able to generate a lot of profits from the conscious customer. Companies can do this by maximizing on aspects like eco-labelling as a way of communicating organization's CSR's to the public and eventually increasing its reputation hence profits (Ocran 2011).

2.4.6 Benefits of CSR in Environment in Attracting Local Talent

McWilliams and Siegal (2001) also emphasize that CSR can aid in reducing social and environment costs hence increasing corporate profits. A company which employs CSR on the environment where it functions attracts employees from the surrounding environment reducing significantly on costs incurred from hiring expatriates who will have to be housed and funded heavily in order to adjust to their new lifestyle. Maximizing of local talents help to minimize on company costs since locals may be more familiar to the activities happening in the company and may require less training to familiarize with their working environments. Exploring this means in reducing costs is a plus to the company in terms of maximizing on revenues through cost reduction.

2.4.7 Benefits of CSR on Environment in Enhancing Political Correctness

Governments today emphasize heavily on matters environment. There is a move to preserve and conserve natural resources through recycling, water treatment and overall compliance with authority regulation. Enterprises which put these factors into account by setting targets for continually improving their Performance eventually yield profits (Mbithi 2015). Complying with existing regulations, gives a company an edge over its competitors for acquisition of loans and contract provisions for meeting public expectations this translates to profits. Legitimizing the actions of a company to be compliant with the government also serves to attract investors hence adding value to the financial base of the company (Owen and O'dwyer, 2008). CSR on the environment also goes beyond the company affecting the local community and a wide
Range of stakeholders including business partners, suppliers, customers, public authorities and Non-Governmental Organizations that represent local communities and environment. A positive word from these stakeholders is a plus to the business in maximizing profits and therefore a company could easily reap from following any necessary environmental regulations (Mbithi 2015).

CSR as defined by Herman Aguinis, explains that organizational actions and policies need to take into account stakeholders' expectations in the triple bottom line of economic, social, and environmental performance (Aguinis & Glavas, 2012). This will add value in maximizing on the overall performance of a company. The triple bottom line concept developed by John Elkington in 1994, is an accounting framework summed up in three parts including social environmental economic/financial components also known as the three P's; people, planet, and profit. The three pillars of sustainability are, designed to aid company executives to stick to the three principles in the development of their firms as a way of ensuring balance. (Elkington, 1994). The component "People" signifies general fair treatment of the labor force and community at large, "planet" signifies sustainable environmental practices, and "profits" represent the economic value created after expenses. The triple bottom-line approach emphasizes the idea is that firms earn money in profits by engaging in fair business that impacting positively environmentally and socially. It demonstrates the fact that money earned is eventually ploughed back in society by investing it on environmental and social causes. The feedback loop is considered as being sustainable in conducting business. It acknowledges the fact that a company needs to make profits, but puts into account a company's obligation as an active member of society hence expected to function responsibly. It emphasizes the fact that Companies ought to measure their financial overall performance not just by their tangible financial achievements but also their social and environmental performance inputs. (Mbithi 2015) A representation of the "Triple Bottom Line" approach is reflected bellow
Fig 2.2: Image representation of the "Triple Bottom Line" approach. Source (New leaf 2013)

2.5 Chapter Summary

CSR programs are effective in enabling company's meet their customers' needs and can therefore work well as a profit enhancing tool if properly monitored. Customers offer a portion of them whenever they engage in a sales transaction and feel a sense of belonging when a company they buy from meets their CSR requirements. CSR has therefore demonstrated a Positive relationship with profitability of a company as reflected by the research above. Observing CSR has been seen to enhance a firm's brand image, value and reputation. Adhering to CSR has also impacted positively in increasing sales and widening the market share of a business. From the studies it is also clear that CSR works as an effective tool in cost reduction for companies, it is able to attract investors and enables a company build better relationships with the communities in its environs as well as governments hence translating into profits. CSR has also been associated to better policy decisions through creating awareness and increasing environmental consciousness of investors and consumers eventually yielding overall positive results. A company that
seeks to motivate its employees and enhance goodwill with its stakeholders as CSR measures will in turn improve on their financial performance. Employing CSR has also been noted to be effective in enhancing productivity and efficiency of a firm and reducing greatly on costs arising from waste, and intensive trainings while maximizing on resource usage hence ensuring profitability. While CSR may appear to be an expense to a company. It works to the advantage of a company in growing financially if well managed.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter will shed light on the scientific methodological steps and systematic ways that were used in the study to assess the effect of Corporate Social Responsibility activities on the overall profitability of selected communication company in Kenya, Safaricom. The chapter will explore details on the research designs that were employed in the study, giving an overview of the population and sample selection process, assessment of the sampling design including the sampling frame, sampling techniques and methods used in arriving at this study's sample size. It will also give details on the data collection methods used in the research, highlight the research procedures, and the data analysis methods that were used to make sense and derive meaning from the data provided by the Safaricom respondents.

3.2 Research Design

A research design gives a blueprint of how the study will be conducted while putting into account all the factors that may impact on the validity of the research (Burns and Groove 2003). This study will be carried out using descriptive research design a method which was determined to be most appropriate for establishing a relationship between profitability and CSR activities. Descriptive statistics is a research design method that is used to obtain information on the current status of a phenomena describing ‘what exists' with respect to variables or conditions within a certain situation. It is effective in determining the relationship between variables which can be developed to determine change over a period of time (Key, 1997) in (Oklahoma State University, 2016). With this respect, the descriptive research design will be vital in achieving the objectives of this study by relating how Safaricom programs on education, health and the environment influence its overall returns.

3.3 The Study Population

The study population is a universe of units from which a sample is to be selected as Gronhaug&Ghauri (2005) mention that a researcher may gather a sample out of a group from a universe of nations, regions, cities and firms etc. The use of the term 'units' to
define a population is based on the fact that a population in a study does not necessarily refer to people but can also refer to other kinds of study subjects, for example animals, plants, machines, etc. (University of New Mexico, 2005). In this study the sample population is the Safaricom communication company's employees at the managerial level in finance department, marketing department, Corporate Social Responsibility department, Customer Service and Customer Relations Departments. The study will specifically target at least 3 mid-level management in each department. Safaricom was selected on the basis of the fact that the company has been actively engaging in CSR activities over a long period of time and would give reliable information as to whether CSR activities add value to a company in terms of profitability. Mohammed and Sawanadi (2003) in their study on CSR profitability of companies in Malaysia note that while communication companies are highly profit oriented corporations and not charitable organizations it may be in their direct interest to support charitable activities since they may eventually translate into profits.

3.3.1 The Study Sample

The Apple Dictionary, (2015) defined a study sample as "a portion drawn from a population, the study of which is intended to lead to statistical estimates of the attributes of the whole population. As per this definition, the Safaricom employees from Financial, CSR, Customer Service, Customer Relations, and Marketing departments who together made up the population of the study were reduced into a sub set or sample by selecting two employees from each department to participate in the study.

3.3.2 Sample Selection

In this study, sample selective process of the participants will involve a mixture of two methods of sampling techniques. The two sampling design methods that will be used in this study are Stratified Random Probability sampling and Convenience non-probability sampling methods. Stratified random sampling, is a sampling method where the population in the sample is divided into groups, called strata, (top level, middle level and operational level employees in Safaricom departments for example) before separating them while Convenience sampling on the other hand is defined from its name such that a population is sampled out based on ease of reach (Cladern.d.) The study divided the potential interviewees into three strata such that the Safaricom personnel are divided into
three groups including top level management, midlevel managers and other non-managerial personnel. The participant managers will further be selected based on convenience since only the managers who will be available will be able to participate in the study owing to the generally busy schedules of top level management. In order to get accurate information that will represent the feedback of the whole group the study will focus on interviewing the top level management of Safaricom. The sample will be selected based on the convenience of the respondents in the top level management strata.

3.3.1.1 Sampling Technique

The study will employ the use of a sample survey involving Safaricom's top management at top level. Sample survey involves the selection of a number of units out of several units in a population. As opposed to census survey which includes all the members of a population, sample surveys involve a representation of units in a population who are well placed to give the information needed by a survey. Sample surveys are known to produce better quality statistical information because; it is usually more feasible to engage well informed interviewees (United Nations, Department of Economic and Social Affairs 2005). Therefore, the survey method suits this study because only three top level management employees from Safaricom's marketing, CSR, Customer Relations and finance departments are the targeted sample.

3.3.1.2 Sample Size

The sample size will contain 12 respondents which accounts for a representative distribution Percentage sample of the entire population in the four departments of Safaricom Company. The reason for having only the 12 respondents from top management level is because they are the sample in the population who has the access to the information that will represent the entire departments' archival data.

3.4 Data Collection Methods

The data collection method preferred for this study is Primary Data collection method. According to Currie (2005) Primary data is data that was previously unknown and has been obtained directly by the researcher for a specific research project. This will be achieved by the use of questionnaires as the data collection instruments. The questionnaires will be structured to suit the specific departments involved in the study.
including Finance, CSR, Marketing and Client relations. They will be classified into different sections including general information, education, health and environment sections. The questionnaires will be administered in two ways: interviewing and self-administering depending on the availability of the respondents involved given the short period of time within which the research must be achieved. This will provide more accurate data through qualitative and quantitative methods as triangulation will be guaranteed. Interviewing will be key in enabling the researches achieve firsthand information that will increase the accuracy of the information that will be obtained by the survey. The research instrument questionnaires will however be resourceful in reaching all the individuals needed to participate in the survey. Being a descriptive study, the questions will be structured in a way that will make it possible for the data obtained to be statistically analyzed both qualitatively and quantitatively.

3.5 Research Procedures

In order to establish the validity of the instrument to be used in the data collection the researcher will seek the expert opinion of the supervisor, researchers and other lecturers in aligning and realigning the instrument to make it viable for the research. A pilot study involving two respondents will in turn be carried out to verify the effectiveness of the questionnaire. The pilot respondents will be interviewed or have the option of self-administering the questionnaire based on their availability sin the research is targeting managers. Feedback obtained by the pilot study may be used to rectify the research instrument as required. Data obtained from the pilot study will also be incorporated in the final results of the research.

3.6 Data Analysis Methods

Data analysis entails the process of putting together data obtained from the research to yield conclusive information that will be used in the discussions summary and recommendations in chapter 5. Following the data collection, the tools used will be verified for quality before the data is analyzed. Analysis tools that will be used to obtain results of the survey include the Statistical Program for Social Sciences (SPSS) and Microsoft Excel. SPSS will be used in obtaining the statistical analysis while excel will be used to design the graphs and reproduce tables. Findings will be recorded by use of tables, graphs and figures. The results will be obtained by tallying responses, computing
percentages and interpreting the data according to the research questions. How do CSR programs on health affect profitability within the firm? How do CSR programs on education affect profitability within the firm? How do CSR programs on environment affect profitability within the firm?

In order to determine the comparative importance of the specific variables involved in the study multiple regression model will be applied. "Multiple regression" is a technique that allows additional factors to enter the analysis separately so that the effect of each can be estimated. It is valuable for quantifying the impact of various simultaneous influences upon a single dependent variable (Sykes n.d.). This will useful in determining the relationship dependent variables health, Education and environment and the independent variable profit as reflected by the size of the beta coefficients. The formulae of the model are as shown below:

\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 \]

According to our case above Y represents profitability which is the dependent variable a is the coefficient of Y, b1, b2 and b3 represent the coefficients of the dependent variables while X1, X2 and X3 represent the independent variables health education and environment respectively which will determine the value of Y. Finally, the relationship between CSR activities and their influence on Safaricom profit-making will also be assessed using the correlation analysis ran through the Statistical Program for Social Sciences (SPSS). The descriptive analysis will help in interpreting and describing this relationship

3.7 Chapter Summary

The methodology section in a scientific investigation paper is a crucial part of all research ventures. It is the fourth step in a scientific method. Since this section details the rationale for the procedures and techniques used in empirical data collection, and how the data is analyzed, it's implication on overall validity and reliability of the study is critical. For instance, if any of the methods, research designs, sampling techniques and sample size used in the research study were unreliable, then the data collected becomes unreliable as well, hence the overall value of the interpretation of the findings is greatly undermined. Therefore, this study has carefully selected the research methodology that will guarantee reliable data given the nature of respondents' targeted, top level management at Safaricom's four departments whose schedules could be quite tight. This study uses the
descriptive method of research as the aim is to assess and explain the influence that Corporate Social Responsibility activities have on the profit making process in Safaricom. The sample selection process for this study, which determined the kind of analysis to run, was based on both probability methods (stratified Random sampling) and non-probability methods (convenience sampling). The sample selection methods were possible because the Safaricom departments targeted has each different levels of management yet not all employees in the targeted level might be able to provide information hence the convenience sampling method.

Finally, the sample size will be 12 respondents from top management level broken into 3 from each department: CSR, finance, marketing and Customer Relations. The data analysis methods will be regression analysis and correlation analysis, means and standard deviations will also be used in the analysis. The next chapter will present the results and findings of the research in detail.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The chapter will analyse the findings of the main objective of the study which was to determine the effect of Corporate Social Responsibility programs on the profitability of a company with specific focus on Safaricom Kenya limited as the case. It will further analyse the responses obtained from the research on the specific objectives which include: How CSR programs on health affect profitability within the firm, how CSR programs on education affect profitability within the firm and How CSR programs on environment affect profitability in the company. The chapter will begin by analysing the general information of the respondents, then analyses the Corporate Social Responsibility on Health, Education and finally Environment. The chapter then analyses the relationship between Corporate Social Responsibility on health, education and environment and how they affect the profitability of the firm in general.

4.1.1 Response Rate

The study produced 11 responses out of the target 12 respondents which accounts for 91.7% of the sample population making the study sufficient.

Table 4.1 Response Rate

<table>
<thead>
<tr>
<th>Number of Questionnaire</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled Questionnaires</td>
<td>11</td>
<td>92%</td>
</tr>
<tr>
<td>Unfilled Questionnaires</td>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>100%</td>
</tr>
</tbody>
</table>
Gender

![Gender Distribution Chart](image)

**Fig 4.1: Gender of respondents (Source: researcher's own)**

The study sought to establish the gender differences between the respondents; females accounted for 45.45% of the respondents while the males accounted for 54.55%. The gender differences were therefore not significant enough to affect the results obtained from the survey. The results are reflected in the pie chart above.

**4.2 Level of Education of the respondents**

It was necessary that the study established the level of Education of the respondents to establish the quality of the data obtained. It was established that 54.5% of the respondents were master holders, 36.36% bachelor holders and 9.09% were diploma holders. The study is therefore deemed to be of acceptable quality owing to the fact that the well-educated respondents were able to read and understand the questions appropriately. This information is illustrated in the bar chart below.
Fig 4.2: Level of education
4.3 Respondent's years of Experience in Safaricom

Fig 4.3 Years of experience in safaricom

From the graph above. It can be seen that most of the respondents had been serving in Safaricom for between. 1 and 5 years standing for 54.5% of the sample. 8.2% had served for 6-10 years, only 9.1 % had served foe above 11 years and 18.2%had been in the company for less than a year. From this data it will be right to conclude that the study was accurate since most of the respondents had been in the company long enough to understand the dynamics surrounding CSR programmers.

Further, the research needed to ascertain that the company does CSR related activities and all the respondents agreed that the company practiced CSR activities accounting for 100%. This analysis is reflected in the table below.
Table 4.1 Does your Company Engage in CSR programs

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Yes</td>
<td>11</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Are CSR Activities Embedded in Your Company's Strategic Goals?

In line with the objective of the study which is to establish the profitability of CSR activities in a company, the respondents were asked to mention whether or not the company engaged in CSR activities for profitable gain. 77.78% of the respondents agreed that the company considered CSR as a channel that will yield to profit. Only 22.22% of the respondents disagreed that CSR was geared at eventually yielding to profit.

Are CSR activities embedded in your companies strategic goals of increasing profits?

![Pie chart showing 77.78% Yes and 22.22% No](image)

**Fig 4.4: CSR and strategic goals**
To Establish How CSR Activities Impact the Productivity of the Employees

The employees were interviewed to determine how CSR activities impact on the productivity of the employees. The researcher broke down the attributes into 6 categories to establish this. Generally, the attribute Education (facilitating staff training and education advancements) scored higher than any attributes, followed by health while the others gave rise to varied responses. The specific cases were analyzed on a scale of 1-3 where 1 represented small extent, 2 neutral, and 3 large extents. The specific results are summarized in descriptions below.

Education (facilitating staff training)

On asking respondents to clarify the extent to which education programs directed to the staff affected their company affected their productivity, all the staff said that education of the staff affected their productivity to a large extent accounting for 100%. Results can be seen in the table below.

<table>
<thead>
<tr>
<th>Valid Extent</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large</td>
<td>11</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

It was also important that the researcher establishes the extent to which education directed to the poor in various parts of the country affected their productivity. The question elicited varied responses. A larger percentage 54.5% said the practice affected them to a large extent. 27.3% and 18.2% were neutral and affected largely respectively. The table below summarizes these findings.
Table 4.3: Education Sponsoring the Poor

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid percentage</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Extent</td>
<td>6</td>
<td>54.5</td>
<td>54.5</td>
<td>54.5</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>27.3</td>
<td>27.3</td>
<td>81.8</td>
</tr>
<tr>
<td>Large Extent</td>
<td>2</td>
<td>18.2</td>
<td>18.2</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Youth Development Graduate Trainee Programs

The study also sought to establish how the Youth development and graduate trainee programs impacted on their productivity. 54.55% said their productivity was largely influenced by this program and 45.45% were neutrally influenced none of the members was affected to a small extend.

Fig 4.5: Youth development graduate trainee programs.
Table 4.4: Youth development (adopting and grooming new talent) source (researchers own)

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid percentage</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Extent</td>
<td>2</td>
<td>18.2</td>
<td>18.2</td>
<td>18.2</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>54.5</td>
<td>54.5</td>
<td>72.7</td>
</tr>
<tr>
<td>Large Extent</td>
<td>3</td>
<td>27.3</td>
<td>27.3</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

The youth development program on adoption and grooming of new talents also affected the productivity of the personnel in varied extents. 18.2% were affected to a small extent, 54.5% said the program affected them only to a neutral extent and 27.3% were largely affected.

Table 4.5: Health (investment in reliable health cover programs for the companies' personnel) Source (researchers own)

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid percentage</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Extent</td>
<td>10</td>
<td>90.9</td>
<td>90.9</td>
<td>90.9</td>
</tr>
<tr>
<td>Large Extent</td>
<td>1</td>
<td>9.1</td>
<td>9.1</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
The question on what extent investment in CSR health programs for employees affected productivity of employees like Education elicited an overwhelming positive response. 90.1% said it affected their productivity largely. 9.1% did not respond to the question. The results are reflected in the chart below.

![Health (investment in reliable health cover programs for the companies personnel)](chart)

**Fig 4.6: Health, investment in reliable health covers programs**

**Health (Working for and with the disabled)**

The study in this section also intended to ascertain how health programs for the disabled affected the productivity of the employees. 45.5% were largely affected. 36.4% took a neutral stand and 18.2% were least affected. Results are summarized below.
Table 4.6: Health (working for and with the disabled)

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid percentage</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Extent</td>
<td>2</td>
<td>18.2</td>
<td>18.2</td>
<td>18.2</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>36.4</td>
<td>36.4</td>
<td>54.5</td>
</tr>
<tr>
<td>Large Extent</td>
<td>5</td>
<td>45.5</td>
<td>45.5</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Conservation of Nature

To Establish How CSR Activities Impacts the Productivity of the Employees (Means and standard deviations)

Enquiries on conservation of nature also yielded varied results. 27.3%, 45.5% and 18.2 percent were affected to a small extend, neutral extend and large extend respectively.

Means and standard deviations were also used to further explain the effect of the CSR attributes affecting productivity. The highest had a mean of 3.00 was credited to education, followed by a mean of 2.55 which indicated the success of the youth development (graduate trainee programs) in enhancing profitability. A resultant mean of 2.09 was recorded on the attribute, youth development adoption and grooming new talents, employees credited that CSR activity has an impact on the productivity of the employees; while the other attribute was represented with a mean of 1.64 as it shows providing sponsorship for Education to the poor has an impact on the productivity though minimal.
Table 4.7: Shows the Summary of the Relationship

<table>
<thead>
<tr>
<th></th>
<th>Education (facilitating Staff Training and education advancements)</th>
<th>Education sponsoring the poor</th>
<th>Youth development (graduate trainee programs)</th>
<th>Youth development (adopting and grooming new talent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Missing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mean</td>
<td>3.00</td>
<td>1.64</td>
<td>2.55</td>
<td>2.09</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>0.00</td>
<td>0.809</td>
<td>0.522</td>
<td>0.701</td>
</tr>
<tr>
<td>Variance</td>
<td>0.00</td>
<td>0.655</td>
<td>0.273</td>
<td>0.491</td>
</tr>
</tbody>
</table>

To Establish the Relationship Between the General Benefits of CSR Activities.

The researcher used 6 attributes to determine the relationship between the general benefits of CSR activities in relation to profitability. The attributes include Recognition, Better company image, and increased clientele, attracting the right talent, increased profitability, increased shareholder's dividends, and reduced company's legal obligations. Of these attributes, company image gave the highest mean recorded at 5.00. It was followed by the attribute of attracting the right talent with a mean of 4.91, while a mean of 4.55 was recorded for the attribute increased profitability. Another attribute, increase in shareholder's dividends resulted in a mean of 4.55 and that of increased clientele had a mean of 4.18. Reduced company legal obligations recorded the lowest mean with a mean standing at 2.45. The Table below shows the summary of the findings.
The Summary of the Relationships

<table>
<thead>
<tr>
<th></th>
<th>Recognition</th>
<th>Better company image</th>
<th>Increased clientele</th>
<th>Attracts talent</th>
<th>Increases profitability</th>
<th>Increase wealth</th>
<th>Reduces obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>valid</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>missing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>mean</td>
<td>5.00</td>
<td>5.00</td>
<td>4.18</td>
<td>4.91</td>
<td>4.55</td>
<td>4.45</td>
<td>2.45</td>
</tr>
<tr>
<td>Std. Dev</td>
<td>0.00</td>
<td>0.00</td>
<td>0.751</td>
<td>0.302</td>
<td>0.688</td>
<td>0.688</td>
<td>1.440</td>
</tr>
<tr>
<td>Variance</td>
<td>0.00</td>
<td>0.00</td>
<td>0.564</td>
<td>0.091</td>
<td>0.473</td>
<td>0.473</td>
<td>2.073</td>
</tr>
</tbody>
</table>

The relationship between CSR programs and profitability

Correlation

4.4 The Relationship between Health CSR programs on profitability

Correlation was computed to assess the effect of health CSR programs on profitability. Some of the attributes assess correlation are productivity of employees, attracting the right pool of employees. The two attributes recorded a Pearson's r of 1.000. Following this, we can conclude that there is a strong relationship between the health CSR programs and the characteristics productivity of employees. However, we cannot make any other conclusions about this relationship, based on this number. Our Pearson's r is positive (+) that means that as one variable increases in value, the second variable also increases in value. Similarly, as one variable decreases in value, the second variable also decreases in value. This is called a positive correlation. The Sig. (2-Tailed) value in our example is 0.000. This value is less than 0.05, and the N=11.
Table 4.8: The Summary of the relationships

<table>
<thead>
<tr>
<th></th>
<th>Productivity of employees</th>
<th>Quality of work by employees</th>
<th>Attracting the right pool by</th>
<th>Enhancing partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>1</td>
<td>0.027</td>
<td>0.379</td>
<td>0.024</td>
</tr>
<tr>
<td>Productivity of employees</td>
<td>0</td>
<td>0.936</td>
<td>0.251</td>
<td>0.944</td>
</tr>
<tr>
<td>Sig(2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.27</td>
<td>1</td>
<td>0.527</td>
<td>0.356</td>
</tr>
<tr>
<td>Quality of work by employees</td>
<td>0.936</td>
<td>0</td>
<td>0.096</td>
<td>0.283</td>
</tr>
<tr>
<td>Sig(2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.379</td>
<td>0.527</td>
<td>1</td>
<td>0.039</td>
</tr>
<tr>
<td>Attracting the right pool</td>
<td>0.251</td>
<td>0.096</td>
<td>0</td>
<td>0.910</td>
</tr>
<tr>
<td>Sig(2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.024</td>
<td>0.356</td>
<td>0.039</td>
<td>1</td>
</tr>
</tbody>
</table>

Correlation is significant at the 0.01 level (2-tailed).
4.4.3 The Relationship between Health CSR programs on profitability

Correlation was used to assess the effect of health CSR programs on profitability. The attributes include the productivity of employees, attracting the right pool of employees. The Pearson's r is 1.000. For this reason, we can conclude that there is a strong relationship between the health CSR programs and the characteristics productivity of employees. However, we cannot make any other conclusions about this relationship, based on this number. Our Pearson's r is positive (+) that means as one variable increases in value, the second variable also increases in value and vice versa. This is called a positive correlation. The Sig. (2-Tailed) value in our example is 0.000. This value is less than 0.05, and the N=11. Because of this, we can conclude that there is a statistically significant correlation between the CSR programs on profitability. For the attribute the Quality of Work Delivered by employees the P value is P=1.000, Sig. (2-Tailed) is 0.000, and the N=11, for the attribute attracting the right pool of employees on the profitability the P value is P=1.000, Sig. (2-Tailed) is 0.000 and the N=11.
Table 4.9: The summary of the relationship correlation

<table>
<thead>
<tr>
<th></th>
<th>Enhancing partnerships</th>
<th>Attracting investors</th>
<th>Increased financial profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>1</td>
<td>0.957**</td>
<td>0.494</td>
</tr>
<tr>
<td>Enhancing partnerships</td>
<td>Sig(2-tailed)</td>
<td>0</td>
<td>0.123</td>
</tr>
<tr>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>1.000*</td>
<td>1</td>
<td>0.436</td>
</tr>
<tr>
<td>Attracting investors</td>
<td>sig(2-tailed)</td>
<td>0</td>
<td>0.180</td>
</tr>
<tr>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.494</td>
<td>0.436</td>
<td>1</td>
</tr>
<tr>
<td>Increased financial</td>
<td>Sig(2-tailed)</td>
<td>0.123</td>
<td>0.180</td>
</tr>
<tr>
<td>profitability</td>
<td>N</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

4.5 The Relationship between Education CSR programs on profitability

Correlation computations on the effect of Education CSR programs on profitability utilized the following attributes productivity of employees, Quality of Work Delivered by employees. The Pearson's r is 1.000. Following this, we can conclude that there is a strong relationship between the Education CSR programs and the characteristic productivity of employees. We can however not draw any other conclusions about this
relationship, based on this number. Our Pearson's r is positive (+) that means as one variable increases in value, the second variable also increases in value. Similarly, as one variable decreases in value, the second variable also decreases in value. This is called a positive correlation. The Sig. (2-Tailed) value in our example is 0.000. This value is less than 0.05, and the N=11. Because of this, we can conclude that there is a statistically significant correlation between the Education CSR programs on profitability. For the attribute the Quality of Work Delivered by employees the P value is P=0.027, Sig. (2-Tailed) is 0.251, and the N=11, for the attribute attracting the right pool of employees on the profitability the P value is P=0.379, Sig. (2-Tailed) is 0.944 and the N=11. The attribute Enhancing profitable partnerships the P value is P=0.024, Sig. (2-Tailed) is 0.944 and the N=11. The Table below shows the summary of the relationships.
## Relationship between Education and CSR

<table>
<thead>
<tr>
<th></th>
<th>Enhancing partnerships</th>
<th>Attracting investors</th>
<th>Increased financial profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td>0.957**</td>
</tr>
<tr>
<td>Enhancing</td>
<td></td>
<td></td>
<td>0.123</td>
</tr>
<tr>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>1.000*</td>
<td>1</td>
<td>0.436</td>
</tr>
<tr>
<td>Attracting investors</td>
<td></td>
<td></td>
<td>0.180</td>
</tr>
<tr>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.494</td>
<td>0.436</td>
<td>1</td>
</tr>
<tr>
<td>Increased financial</td>
<td></td>
<td></td>
<td>0.123</td>
</tr>
<tr>
<td>profitability</td>
<td></td>
<td></td>
<td>0.180</td>
</tr>
<tr>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
4.5 The Relationship between Education CSR programs on profitability

Correlation was computed to assess the effect of Education CSR programs on profitability. The attributes include the Attracting investor's and enhancing public appeal by employees. The Pearson's r is 1.000. For this reason, we can conclude that there is a strong relationship between the Education CSR programs and the attribute attracting investors. However, we cannot make any other conclusions about this relationship, based on this number. Our Pearson's r is positive (+) that means as one variable increases in value, the second variable also increases in value. Similarly, as one variable decreases in value, the second variable also decreases in value. This is called a positive correlation. The Sig. (2-Tailed) value in our example is 0.000. This value is less than 0.05, and the N=11. Because of this, we can conclude that there is a statistically significant correlation between the Education CSR programs on profitability., For the attribute Enhancing public appeal by employees on the profitability the P value is P=0.516, Sig. (2-Tailed) is 0.160 and the N=11. The attribute Attracting the right pool of employees the P value is P=0.024, Sig. (2-Tailed) is 0.944 and the N=11. Increased financial profitability attribute the P value is P=0.428, Sig. (2-Tailed) is 0.190 and the N=11. Table 4.4 shows the summary of the relationships.
Table 4.10 Shows the summary of the relationships

<table>
<thead>
<tr>
<th></th>
<th>Attracting investors</th>
<th>Enhancing public appeal</th>
<th>Attracting the right pool of employees</th>
<th>Increased financial profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attracting investors</strong></td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.516</td>
<td>.454</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.104</td>
<td>.104</td>
<td>.160</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Enhancing public appeal</strong></td>
<td>Pearson Correlation</td>
<td>.516</td>
<td>1</td>
<td>.690*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.104</td>
<td>.019</td>
<td>.166</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Attracting the right pool of employees</strong></td>
<td>Pearson Correlation</td>
<td>.454</td>
<td>.690*</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.160</td>
<td>.019</td>
<td>.599</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Increased financial profitability</strong></td>
<td>Pearson Correlation</td>
<td>.428</td>
<td>.449</td>
<td>.179</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.190</td>
<td>.166</td>
<td>.599</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
4.6 The Relationship between Environment CSR programs on profitability

The correlation was computed to assess the effect of Environment CSR programs on profitability. The attributes include the Cost reduction, Product innovations, increased sales due to changing buying behavior, and lastly enhancing profitable partnerships. The Pearson's r is 1.000. For this reason, we can conclude that there is a strong relationship between the Environment CSR programs and the attribute cost reduction. Our Pearson's r is positive (+) that means as one variable increases in value, the second variable also increases in value. Similarly, as one variable decreases in value, the second variable also decreases in value. This is called a positive correlation. The Sig. (2-Tailed) value in our example is 0.000. This value is less than 0.05, and the N=11. Because of this, we can conclude that there is a statistically significant correlation between the Environment CSR programs on profitability. For the attribute Product innovations by employees on the profitability the P value is P=0.651, Sig. (2-Tailed) is 0.030 and the N=11. The attribute Increased sales due to changing buying behavior the P value is P=0.638, Sig. (2-Tailed) is 0.035 and the N=11. The attribute Enhancing profitable partnerships the P value is P=0.118, Sig. (2-Tailed) is 0.729 and the N=11. Table 4.6 shows the summary of the relationships.
Table 4.11 shows the summary of the relationships

<table>
<thead>
<tr>
<th></th>
<th>Productivity of employees</th>
<th>Quality of work by employees</th>
<th>Attracting the right pool by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson correlation</td>
<td>1</td>
<td>0.651*</td>
<td>0.638*</td>
</tr>
<tr>
<td>Cost reduction</td>
<td>Sig(2-tailed)</td>
<td>0</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.651*</td>
<td>1</td>
<td>0.527</td>
</tr>
<tr>
<td>Production innovation</td>
<td>sig(2-tailed)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>1.000*</td>
<td>1.000*</td>
<td>1</td>
</tr>
<tr>
<td>Increased sales</td>
<td>Sig(2-tailed)</td>
<td>0.30</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.638*</td>
<td>0.527</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>
4.6 The Relationship between Environment CSR programs on profitability

Correlation was computed to assess the effect of Environment CSR programs on profitability. The attributes assessed include the Attracting investors, attracting local talent, political correctness, and lastly increased financial profitability. The Pearson’s r is 1.000. For this reason, we can conclude that there is a strong relationship between the Environment CSR programs and the attribute attracting investors. Our Pearson’s r is positive (+) that means as one variable increases in value, the second variable also increases in value and vice versa. This is called a positive correlation. The Sig. (2-Tailed) value in our example is 0.000. This value is less than 0.05, and the N=11. Because of this, we can conclude that there is a statistically significant correlation between the Environment CSR programs on profitability. For the attribute Attracting local talent by employees on the profitability the P value is P=0.197, Sig. (2-Tailed) is 0.562 and the N=11. The attribute political correctness the P value is P=0.029, Sig. (2-Tailed) is 0.933 and the N=11. The attribute increased financial profitability the P value is P=0.607, Sig. (2-Tailed) is 0.048 and the N=11. The Table below shows the summary of the relationships.
The summary of the relationships

<table>
<thead>
<tr>
<th></th>
<th>Attracting investors</th>
<th>Attracting local talent</th>
<th>Political correctness</th>
<th>Increased financial profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attracting investors</strong> Pearson Correlation</td>
<td>1</td>
<td>.197</td>
<td>.029</td>
<td>607*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>562</td>
<td>.933</td>
<td>.048</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Attracting local talent</strong> Pearson Correlation</td>
<td>.197</td>
<td>1</td>
<td>.378</td>
<td>629*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.562</td>
<td>.251</td>
<td>.038</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Political correctness</strong> Pearson Correlation</td>
<td>.029</td>
<td>.378</td>
<td>1</td>
<td>076</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.933</td>
<td>.251</td>
<td>.823</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Increased financial profitability</strong> Pearson Correlation</td>
<td>.607*</td>
<td>.629*</td>
<td>.076</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.048</td>
<td>.038</td>
<td>.823</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).
Effect of Health CSR programs on profitability

4.7 Regression

The results indicated that attracting the right pool of employees, enhancing profitable partnerships, attracting investors and increased financial profitability are statistically significant in explaining profitability. Attracting the right pool of employees was negatively and significantly related to profitability (B=-0.123, P-value=0.766). This implies that a decrease in adoption of attracting the right pool of employees by one unit leads to a decrease in profitability by 0.766 units, enhancing profitable partnership was positively and significantly related to profitability (B=0.441, P-value=0.753). This implies that an increase in adoption and enhancing profitable partnership by one unit leads to an increase in profitability by 0.441 units. Attracting investors was negatively and significantly related to profitability (B=-0.751, P-value=0.584). This implies that a decrease in adoption and use of attracting investors by one unit leads to a decrease in profitability by 0.751 units. Increased financial profitability was positively and significantly related to profitability (B=0.419, P-value=0.392). This implies that an increase in the financial profitability by one unit leads to an increase in profitability by 0.419 units. The Table below displays the regression coefficients of the independent variables.
Table 4.12: Summary of CSR programs on health regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.565</td>
<td>3.237</td>
<td>1.410</td>
<td>.208</td>
</tr>
<tr>
<td>Attracting the right pool</td>
<td>-.210</td>
<td>.673</td>
<td>-.123</td>
<td>-.311</td>
</tr>
<tr>
<td>of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhancing profitable</td>
<td>.290</td>
<td>.880</td>
<td>.419</td>
<td>.330</td>
</tr>
<tr>
<td>Partnerships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attracting investors</td>
<td>-.516</td>
<td>.892</td>
<td>-.751</td>
<td>-.579</td>
</tr>
<tr>
<td>Increased financially</td>
<td>.419</td>
<td>.455</td>
<td>.419</td>
<td>.921</td>
</tr>
</tbody>
</table>

a) Dependent Variable: Increases profitability

Effect of Education CSR Programs on profitability

The results indicated that enhancing profitable partnerships, attracting investors, and increased financial profitability are statistically significant in explaining profitability. Enhancing profitable partnerships was negatively and significantly related to profitability (B=-0.588, P-value=0.191). This implies that a decrease in adoption of enhancing profitable partnerships by one unit leads to a decrease in profitability by 0.588 units, attracting investors was positively and significantly related to profitability (B=0.667, P-value=0.275). This implies that an increase in adoption and attracting investors by one unit leads to an increase in profitability by 0.667 units. Increased financial profitability was negatively and significantly related to profitability (B=-0.667, P-value=0.604). This implies that a decrease in increased financial profitability by one unit leads to a decrease in profitability by 0.667 units.
Table 4.13: Summary of effects of Education CSR programs on Profitability

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>9.667</td>
<td>6.461</td>
</tr>
<tr>
<td>Enhancing profitable Partnerships</td>
<td>-1.000</td>
<td>.690</td>
</tr>
<tr>
<td>Attracting investors</td>
<td>.667</td>
<td>.563</td>
</tr>
<tr>
<td>Increased financially</td>
<td>-.667</td>
<td>1.228</td>
</tr>
</tbody>
</table>

Effect of Environment CSR Programs on profitability

The results indicated that cost reduction, attracting investors, political correctness and increased financial profitability are statistically significant in explaining profitability. Cost reduction was negatively and significantly related to profitability (B=-25.983, P-value=0.189). This implies that a decrease in adoption of cost reduction by one unit leads to a decrease in profitability by 25.983 units, attracting investors was negatively and significantly related to profitability (B=-9.478, P-value=0.691). This implies that a decrease in adoption and use of attracting investors by one unit leads to a decrease in profitability by 0.147 units. Political correctness was positively and significantly related to profitability (B=13.975, P-value=0.402). This implies that an increase in adoption of political correctness by one unit leads to an increase in profitability by 13.975 units. Increased financial profitability was positively and significantly related to profitability (B=21.294, P-value= 0.361). This implies that an increase in the financial profitability by one unit leads to an increase in profitability by 21.294 units. The Table below displays the regression coefficients of the independent variables.
<table>
<thead>
<tr>
<th>Table 4.14: Summary of CSR programs on Environment regression</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Cost reduction</td>
</tr>
<tr>
<td>Attracting investors</td>
</tr>
<tr>
<td>political correctness</td>
</tr>
<tr>
<td>increased financial</td>
</tr>
<tr>
<td>profitability</td>
</tr>
</tbody>
</table>

4.8 Chapter Summary

Overall findings demonstrate that CSR activities affect the profitability of the company. The results indicated that attracting the right pool of employees, enhancing profitable partnerships, attracting investors and increased financial profitability are statistically significant in explaining profitability of CSR programs on health and Education. The respondents largely agreed on the overall benefits of CSR programs to the company which include profitability, and establishment of a strong brand. Employee productivity especially in areas of health and Education have led to greater productivity of the employees which eventually results in profitability. They also show that cost reduction, attracting investors, political correctness and increased financial profitability are statistically significant in explaining profitability of CSR programs on environment.
CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter will discuss the findings and conclusions drawn from the study and make recommendations on the analysis. It will begin by summarizing the research before discussing the main objectives and finally conclude with discussions and recommendations on how the study can be further improved.

5.2 Summary of Findings

The general objective of this study was to investigate the effect of corporate social responsibility programs on the profitability of companies. To attain this, the study established the effect of CSR programs on health; it also determined the effect of CSR programs on education and finally determined the effect of CSR programs on the environment.

The study adopted a descriptive research design in analyzing the survey. The sample population targeted by the survey was 12 employees of Safaricom Limited working at the middle level management in CSR, marketing and finance departments. It employed the use of Stratified Random Probability sampling and Convenience non-probability sampling methods (Cladern.d.). The data collection tool employed by the study was a structured questionnaire. The response rate realized was 91.97%. 11 questionnaires were duly completed and returned for analysis. According to Saundres, Lewis and Thornbill (2007), Sekaran (2003) and Mugenda and Mugenda (2003) 91.7% is a good response rate for analyzing data and is therefore sufficient enough for making conclusions Spearman's Correlation. Coefficient and multiple regression modeling techniques were used in the analysis. The analysis also involved the use of graphs and computations like means and standard deviations.

The first objective was to establish the effect of CSR programs on health. Under this program the following variables were computed, productivity of Employees, quality of work delivered by employees, increased financial profitability, enhancing profitable partnerships, attracting investors, and attracting the right pool of employees. The second specific objective was to determine the effect of CSR programs on education. under this
the study computed the following: productivity of Employees, Attracting the right pool of employees, increased financial profitability, attracting the right pool of employees, enhancing profitable partnership, attracting investors, enhancing public appeal, and quality of work delivered by employees. The study found that CSR programs play a huge role in increasing the company’s productivity. The third and last objective was to determine the effect of CSR programs on environment. The study analyzed the attributes; Cost reduction, product innovations, attracting local talent, political correctness, increased financial profitability, enhancing profitable partnerships, attracting investors and increased sales due to changing buying behavior.

Of the 97.1% respondent's females were 45.45% while the males were 54.55%, the gender differences in the study were insignificant and therefore do not affect the findings obtained from the survey. The balance was fairly good. The accuracy of the results of the study can be justified by the fact that 54.5% of the respondents were master holders, 36.36% bachelors and 9.09% were diploma holders. The respondents therefore likely read and understand the questions appropriately and the conclusions drawn from it are therefore largely accurate. The respondents involved in the study also had an experience of 1-5 years were 54.5%.8.2% had served for 6-10 years and 9.1% had served for more than above 11 years only 18.2% had been in the company for less than a year. All the respondents 100% consented to the fact that Safaricom practiced CSR activities.

The respondents were asked to identify some of the CSR activities the company participated in all the activities provided including Education (facilitating staff training), Education (for the poor), Youth development, graduate trainee programs and grooming youth talents programs are all offered by Safaricom. Poverty alleviation programs, health programs for staff and society as well as programs geared at conserving nature were all listed among those practiced by the company. The results are in line with Safaricom foundation (2014) which highlights the fact that the foundation which was founded in the year 2003 had handled various projects in line with health, education, environment and economic empowerment in which the company had invested a total of 1.8 billion by the year 2014.

Other activities listed by the respondents that were not included in the study were sports, disaster management, water, economic empowerment and support of children homes. This CSR activity were however not relevant to the study which focused on health,
education and the environment. This analysis is in line with Safaricom (2009, 2014) where the company notes that they engage in several CSR programs. On seeking to know whether the company engages in CSR activities for profit gain, 77.78% of the respondents consented to that fact. 22.22% of the respondents however disagreed that CSR was geared at eventually yielding to profit. CSR activities therefore yield profit.

Employees were interviewed to determine how CSR activities impact on their overall productivity which directly affects profitability of the company. The researcher broke down the attributes that influence productivity into 6 categories in order to establish this. Generally, the attribute Education (facilitating staff training and education advancements) scored higher than any attributes (100%). It was followed by health. Other attributes gave rise to varied responses that all demonstrated significant influence on the productivity of staff members in Safaricom Limited. Education of staff members was recorded to have influenced all the members of staff positively. CSR programs on health that were directed to the employees was also said to influence productivity significantly resulting in 90.9% positive feedback. Another attribute which affected productivity significantly was youth development more particularly the CSR program on graduate traineeship the productivity of 55.45% was largely affected by the program, 45.55% was neutrally affected. None of the respondents was slightly affected by this attribute. Other attributes in was also important that the researcher establishes the extent to which education directed to the poor in various parts of the country affected their productivity. The question elicited varied responses. A larger percentage 54.5% said the practice affected them to a large extent. 27.3% and 18.2% were neutral and affected largely respectively.

The respondents were also asked to state whether Safaricom's strategic goals in CSR were geared at gaining leverage in profits. 78.45% answered yes and 22.55% answered no. while there is no clear conclusion on the company's intentions on profiting from CSR it is clear that CSR goals though meant to empower people's lives (Safaricom 2014), Safaricom would like to profit from these activities. These findings are in line with the information obtained in chapter 2 where Friedman (1970), states that the one and only responsibility of a firm is to engage in activities that will increase its profits within the confines of the law.

From the study it was realized that all employees 100% engaged in CSR activities. This is because the company has deliberately allocated 4 leave days to all its employees to
engage in CSR related activities (Safaricom 2010). This is also in agreement with findings in chapter where information obtained showed that Safaricom limited employees actively participating in corporate social responsibility. In Safaricom, employee is given a chance to come up with a project; his or her proposal will be presented to the management team in charge of corporate social responsibility. Once it has been accepted he /she will be the leader of the project to ensure that everything is implemented. (Safaricom 2010)

5.3 Discussion

5.3.1 To Establish How Health CSR Programs, Affect the profitability of the Firm

The first objective of the study was to establish how health corporate social responsibility programs affect profitability within the firm. Correlation was computed in order to assess the effect of health CSR programs on profitability. The analysis obtained a Sig. (2-Tailed) value is 0.000. This value is less than 0.05. From this, we can conclude that there is a statistically significant correlation between the health CSR programs and profitability. From the findings we can conclude that there is a strong relationship between the health CSR programs and the characteristics productivity of employees. These findings are in agreement with our findings in chapter 2 where Kan (2012) emphasizes that paying attention to employee's wellness helps ensure that a firm's employees have a balanced work, home and personal life which also serves to keep employees healthy. This saves on the company's costs which is able to influence high levels of the productivity from its employees who are generally healthy and able perform well at work remaining productive all year around since they worry less about their safety and health security (Kan 2012) Health CSR programs eventually make it possible for employees to increase their working hours and work days because their health is good and well managed.

For the attribute the Quality of Work Delivered by employees the P value attained was P=1.000, Sig. (2-Tailed) is 0.000. This means that there is a strong correlation between CSR program on health and the quality of work delivered by employees. This is in line with chapter 2 findings were quqlity of work influences getting competent employees who will likely produce more superior products that will yield better bargains in price and increase a firm's eventual profit margins.
For the attribute attracting the right pool of employees on the profitability the P value is 
P=1.000, Sig. (2-Tailed) is 0.000. there is therefore a positive correlation between 
safaricoms health CSR programs and the ability of a company to attract the right pool of 
employees. These is also in line with our findings in chapter 2 where CSR investment in 
the health of employees is seen to have an influence in a firm's ability to attract and retain 
high quality employees who perform exceptionally and eventually generate a positive 
corporate image for the company by enhancing the product of the firm and increasing 
productivity on an overall evaluation eventually translating to profits (Moon, Crane and 
Matten, 2005) Exceptional employees are usually exposed to a wide range of options in 
terms of employment and a good health scheme will be resourceful in acquiring and 
retaining these employees in order to keep the company productivity at par and maintain 
profits over a long period of time.

From the findings it reveals that health CSR programs have a positive influence on the 
profitability. The findings are supported by the coefficient of determination which shows 
that the variations in the attributes which are explained by health CSR programs. This 
means that the influence is not by chance. This means that most firms are working 
towards profitability in by engaging in CSR programs. By engaging in CSR programs 
Safaricom intends to have the impact in the surrounding community by gaining 
recognition (Safaricom 2014). This is in agreement with the literature review findings.

5.3.2 To Establish How Education CSR programs, Affect the Profitability of the 
Firm.

The second objective of the study sought to establish how Education CSR programs 
affect profitability within the Firm. The findings realize a strong correlation relationship 
between the Education CSR programs and the characteristic productivity of employees as 
seen in the specific attributes which yielded a P value and a Sig tailed value of less than 
0.05. from the literature review. It was realized that companies that engaged in CSR 
education and development programs like tuition reimbursement, global executive 
development programs, brand training, executive training, sustainability training, and 
workshops, reflected positive productivity (kan 2012). The companies owed their success 
to the continual learning and growth of its employees Johnson and Johnson company for 
instance attributes its success to the talents, efforts and passions that employees have
contributed to the company (kan 2012). Safaricom therefore is growing profitably by engaging in CSR programs on Education

For the attribute the Quality of Work Delivered by employees the P value is P=0.027, Sig. (2-Tailed) is 0.251, since the values are less than 0.05 it is clear that there is a positive correlation between investing in CSR education and the quality of work delivered by employees. From the findings in chapter to CSR investment in Education is seen to ensure lifelong learning and participation of workers, who are granted equal opportunities by their employers. Continual learning and appraisal enhance employee productivity. Employees who feel approved of and appreciated increase their productivity in industrial production which in eventually leads to a company achieving its economies of scale. (Ocran 2011) Education is appraise as a key tool in transforming lives. Therefore, a company which invests in the education of its employees makes them feel empowered making them become better productive to the firm (Murthy and Manoj2004).

For the attribute attracting the right pool of employees on the profitability the P value attained is P=0.379, insinuating a positive correlation between CSR program on education as attracting the right pool of employees which impacts on profitability. In chapter 2 we see that education gives a company an edge in grooming its employees early enough in line with the company's vision which gives the employees a sense of ownership and improves performance on an overall yielding profitable results (Bhattacharya, and Korschun, 2008). Companies could also use education to build on its capacity which will eventually translate to higher sales and higher profits in turn (Mbithi 2015).

On the attribute enhancing profitable partnerships the P value is P=0.024, Sig. (2-Tailed) is 0.944. From this results education CSR program on education helped enhance profitable partnership's creating a positive influence on profitability. This is supported by the coefficient of determination which shows that education CSR programs characteristics have positive correlations in return to profitability within the firm. The test for significance also showed that the effect was statistically significant and hence we can make a conclusion that CSR programs on education have a great impact to the profitability. This means that education CSR programs are good looking best on the impact it has to the community. This hence shows that despite having the impact to the locals, it has an impact on the profitability of the firm positively.
5.3.3 To Determine How Environment CSR Programs, Affect the Profitability of the Firm.

The third objective sought to establish how Environment CSR programs affect the profitability within the Firm. Cost reduction was negatively and significantly related to profitability ($B=-25.983$, $P$ value=$0.189$). This implies that a decrease in adoption of CSR activities on environment leads to cost reduction by one unit in turn causing a decrease in profitability by 25.983 units. This is in line with chapter two where cost reduction is seen as a key benefit attained from a reputation of good environmental CSR that could lessen costs and maximize on the profitability of a business is attracting less scrutiny from society, and government which will intern lead to increase in customer and investor loyalty. (Palmer 2012).

The attribute attracting investors was negatively and significantly related to profitability ($B=9.478$, $P$-value=$0.691$). This implies that an increase in adoption of CSR programs on environment does not automatically attract investors. These findings are not in agreement with chapter 2 where in was noted that companies that practice CSR were able to maximize on profits by investing in the psychological satisfaction of its clientele and investors eventually earning their loyalty which automatically translates to business. Firms in this case maximize on creating products from the right environmental resources as a sustainable CSR plan keep their clients feeling comfortable and safe with the products offered to them. This may not have yielded similar results with chapter 2 because of the nature of Safaricom company which is a communications type of company and does not necessarily relate directly with the environment hence creating no direct effect with its clients.

Political correctness was positively and significantly related to profitability in Safaricom company ($B=13.975$, $P$ value=$0.402$). This implies that an increase in adoption of environment programs on CSR by one unit leads to an increase in profitability by 13.975 units. The results are similar to the review where we realized that governments currently emphasize heavily on matters environment. There is a move to preserve and conserve natural resources through recycling, water treatment and overall compliance with authority regulation. Enterprises which put these factors into account by setting targets for continually improving their Performance eventually yielded profits (Mbithi 2015) Complying with existing regulations, gives a company an edge over its competitors for
acquisition of loans and contract provisions for meeting public expectations this translates to profits. Legitimizing the actions of a company to be compliant with the government also serves to attract investors hence adding value to the financial base of the company (Owen and O'dwyer, 2008)

Increased financial profitability was positively and significantly related to profitability (B=21.294, P-value= 0.361). This implies that an increase in the financial profitability by one unit leads to an increase in profitability by 21.294 units. From these findings environmental CSR programs on profitability showed that having the CSR programs on environment leads to the profitability. This finding is further supported by regression results which showed that Environment CSR programs have a statistically significant influence on the profitability of corporate firms in Kenya. This means that environment CSR programs have a positive influence on the profitability performance of corporate firms in Kenyan. In chapter 2 it was clear that companies took advantage by engaging in CSR programs on environment since created a positive impact on corporate profits with environmental initiatives producing, the greatest amount of quantifiable data linking proactive companies with positive financial results (Ocran 2011). In our case, Safaricom has equally benefited by adding CSR programs on environment to their day to day functions.

5.4 Conclusions

5.4.1 To Establish How Health CSR programs, Affect the Profitability of the Firm

Based on the findings of the study, it can be concluded that health CSR programs influence the profitability of corporate firms positively in the Kenyan Market. The adoption of CSR programs by corporate firms has a high potential of improving financial performance and hence better returns to the firms. Inclusion of health CSR program on the company's agenda has yielded increased profits. This not only enhance the financial performance but builds the corporate image and which enable it reap the maximum returns from the market. This conclusion is in line with another study on Safaricom CSR programs by Kwalanda (2007) where CSR programs on health directly affect profitability.
5.4.2 To Establish How Education CSR Programs, Affect the Profitability of the Firm.

Most firms are providing education as part of their CSR program from primary up to university out of this we have seen many under privileged young men and women benefiting from the program. And from this research we can be able to see that education CSR programs influence the profitability of corporate firms positively in Kenya. A conclusion which is also in line with a study on Safaricom CSR programs by (Kariuki and Rottich 013) The adoption of education CSR programs by corporate firms has a high potential of improving financial performance, productivity of employees, quality of work delivered by employees and hence better returns to the firms. Most employees also benefit from this program as they are allowed to go for further studies for various levels of education.

5.4.3 To Determine How Environment CSR Programs, Affect the Profitability of the Firm.

CSR programs have been found to have a great impact to the people around and this should be done voluntarily. The government should encourage this programs by giving tax incentives to encourage this corporate firms to help its citizens. We can make conclusions that environment CSR programs influence the profitability of corporate firms positively in the Kenya and also in the global market. The adoption of CSR programs by corporate firms has a high potential of improving financial performance and hence better returns to the firms. The versatility of CSR programs has made their profitability rate to be high among the corporate firms.

5.5 Recommendations

5.5.1 Recommendations for improvement

5.5.1.1 How CSR Programs on Health Affect the Profitability of the Firm.

While Safaricom has already set the bar high on investment in CSR programs, there are no boundaries to reaping benefits from investing in health programs in order to earn leverage on profitability compared to other competitors. Although Safaricom and foundation highlights its mission to be that of transforming lives and its vision geared at a prosperous Kenya (Safaricom 2016) CSR activities are definitely impacting on
profitability and more measures need to be put in place to value its contribution in actual profits

5.5.1.2 How CSR Programs on Education Affect the Profitability of the Firm.

Following the conclusion that CSR programs on education affect profitability more effort can be put in place to leverage on its benefits. It will also be necessary to put measures that can enable the companies access the actual profits obtained through this channel.

5.5.1.3 How CSR Programs on Environment Affect the Profitability of the Firm.

Safaricom needs to encourage and build on innovations rising out of CSR programs on environment. Innovations like Mpesa which have cut down on the use of paper credit have been instrumental in enhancing profitability. Since environment CSR programs are seen by the study to attract much lower leverage in profit more innovations need to be done to ensure profitability in this area owing to the fact that companies are forced by the more informed consumer to have CSR programs the need to invest in such programs cannot be avoided.

5.5.2 Recommendations for further research

While research in companies has been largely exhausted more research needs to be done touching on customers and beneficiaries of CSR programs outside Safaricom to ascertain whether it has any influence on their brand choices which will ideally affect profitability. A similar study could also be done on a much larger sample.
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APPENDICES

APPENDIX 1: INTRODUCTION LETTER

April 18th 2016

Nairobi.

Email: nashali792@gmail.com

Dear Respondent,

RE: CORPORATE SOCIAL RESPONSIBILITY RESEARCH QUESTIONNAIRE

My name is Naima Ali. I am a graduate student at United States international university-Africa pursuing a Master's in Business Administration Program. I am currently carrying out a research study on the Effect of Corporate Social responsibility (CSR) on the profitability of a company.

I would like to request your assistance in filling in the provided questionnaire which is the tool I am using to achieve this objective.

Kindly note that this is an academic research and the information provided will be used purely for academic reasons and your confidentiality will be strictly adhered to.

Yours Sincerely

Naima Ali
APPENDIX II: QUESTIONNAIRE

This research is meant for academic purposes. The information provided will be used purely for academic reasons and your confidentiality will be strictly adhered to. You are kindly requested to respond as honestly as possible. Kindly fill in the blank spaces.

Section A: Company Engagement in CSR programs

1. Gender of respondent
   - Male
   - Female

2. Level of Education
   - PHD
   - Masters
   - Bachelor's degree
   - Diploma

3. Years of experience in Safaricom
   - Below 1 year
   - 1-5 years
   - 6-10 years
   - 11-20 years
   - 21 and above

4. Does your company engage in CSR programmes?
   - Yes
   - No

5. Do you participate in CSR activities?
   - Yes
   - No

6. Are CSR activities Embedded in your company's strategic goals of increasing profits?
   - Yes
   - No
7. Which of the following CSR activities does your company engage in? please tick appropriately

<table>
<thead>
<tr>
<th>CSR activity</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education (facilitating staff training and education advancements expenses)</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Education (sponsoring the poor)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth Development (Graduate trainee programs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth Development (Adopting and grooming raw talent from primary/ high school)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty Alleviation programs (employing local community)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health (Working for and with the Disabled)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health (investment in reliable health cover programs for the companies' personnel)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation of Nature</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8 b. Any other CSR activities (please give details)

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

9. Please indicate the extent to which a CSR activity directly impacts on your productivity as an Employee of Safaricom.
<table>
<thead>
<tr>
<th>CSR activity</th>
<th>Small Extent</th>
<th>Neutral Extent</th>
<th>Large Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education (facilitating staff training and education advancements expenses)</td>
<td></td>
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<tr>
<td>Education (sponsoring the poor)</td>
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<tr>
<td>Youth Development (Graduate trainee programs)</td>
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<tr>
<td>Youth Development (Adopting and grooming raw talent from primary/ high school)</td>
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<tr>
<td>Poverty Alleviation programs (employing local community)</td>
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<tr>
<td>Health (Working for and with the Disabled)</td>
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<tr>
<td>Health (investment in reliable health cover programs for the companies' personnel)</td>
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<tr>
<td>Conservation of Nature</td>
<td></td>
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</tbody>
</table>
10. Kindly indicate your level of agreement on the following general benefits CSR activities. 1- No impact at all, 2- No impact, 3-neutral, 4- Impacts, 5 strongly Impacts

<table>
<thead>
<tr>
<th>Benefits</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Better Company Image</td>
<td></td>
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<tr>
<td>Increased Clientele</td>
<td></td>
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</tr>
<tr>
<td>Attracts the right talent</td>
<td></td>
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<td></td>
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<tr>
<td>Increases Profitability</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Increases Shareholders dividends</td>
<td></td>
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<tr>
<td>Reduces the company's legal obligation</td>
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</tbody>
</table>

11. Kindly indicate your level of agreement on the following benefits of health CSR programs. 1- strongly disagree, 2- disagree, 3-neutral, 4- agree, 5 strongly agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Benefit of CSR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>productivity of Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>quality of work delivered by employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>attracting the right pool of employees</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Enhancing profitable partnerships?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>attracting investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Increased financial profitability</td>
<td></td>
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Section B: Effect of education CSR programs on profitability

13. Kindly indicate your level of agreement on the following benefits of Education CSR programs. 1- strongly disagree, 2- disagree, 3-neutral, 4- agree, 5 strongly agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Benefit of CSR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>productivity of Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>quality of work delivered by employees</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>attracting the right pool of employees</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4</td>
<td>Enhancing profitable partnerships?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>attracting investors</td>
<td></td>
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<tr>
<td>6</td>
<td>Enhancing public appeal</td>
<td></td>
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<tr>
<td>7</td>
<td>Attracting the right pool of employees</td>
<td></td>
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<tr>
<td>8</td>
<td>Increased financial profitability</td>
<td></td>
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</tbody>
</table>

14. Any other benefits of education CSR programs. Kindly explain

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Section C: How do CSR programs on Environment affect profitability within the firm?

15. Kindly indicate your level of agreement on the following benefits of environment CSR programs. 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5 strongly agree.

<table>
<thead>
<tr>
<th>No.</th>
<th>Benefit of CSR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cost reduction</td>
<td></td>
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<td></td>
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<tr>
<td>2</td>
<td>Product innovations</td>
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<tr>
<td>3</td>
<td>Increased sales due to changing buying behavior (more environment conscious customers)</td>
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</tr>
<tr>
<td>4</td>
<td>Enhancing profitable partnerships?</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Attracting investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Attracting local talent</td>
<td></td>
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<tr>
<td>7</td>
<td>Political correctness</td>
<td></td>
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<tr>
<td>8</td>
<td>Increased financial profitability</td>
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