EFFECTS OF CORPORATE GOVERNANCE ON MARKETING STRATEGIES
WITHIN TELECOMMUNICATION SECTOR IN KENYA: A CASE STUDY OF
BHARTI AIRTEL KENYA

BY

YVONNE ANYANGO OTIENO

UNITED STATES INTERNATIONAL UNIVERSITY

FALL 2016
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YVONNE ANYANGO OTIENO

A Project Report Submitted to the Chandaria School of Business in Partial Fulfillment
of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY
FALL 2016
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ________________________  Date: ________________________

Yvonne Anyango Otieno (ID 633033)

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

Signed: ________________________  Date: ________________________

Dr. Caren Ouma

Signed: ________________________  Date: ________________________

Dean, Chandaria School of Business
ACKNOWLEDGEMENTS

Special thanks to God for giving me the strength and resources to complete this project, and my mother for supporting me both financially and emotionally.

I do appreciate my supervisor, Dr Caren Ouma, for guiding me throughout the project with her suggestions and comments. I would not have been able to draft this report effectively without her wise counsel.

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Further, I thank the management and staff of Bharti Airtel for agreeing to participate in the project and for providing me with all of the materials, I needed.

Finally, I also thank my friends who contributed to the success of this project in various ways and all those who prayed for me to succeed in this course.

Kindly, I truly appreciate your contributions. God bless you all.
ABSTRACT

This research project reviews effects of corporate governance on relationship marketing within telecommunication sector in Kenya: A case study of Bharti Airtel Kenya. Mainly, this research project has relied on literature from other scholars and qualitative information attain from Bharti Airtel employees in three main categories; that was, senior management, middle management, and operational staff. By using a sample size of 120 respondents (both customers and employees of Bharti Airtel Kenya), it aimed at reviewing three objectives of the study. Data was analysed using both ANOVA and simple percentages.

The first objective of the study was the establishment of effects of corporate governance through the review and approval of relationship marketing strategic initiatives such as education, health, employee volunteerism and environment programs at Bharti Airtel. Statistically, the findings show that 37 percent, 24 percent, 14 percent and 25 percent of employees believe that the corporate governance based review and approval of relationship marketing programs like education, health, employee volunteerism, and environment respectively have significant effects on relationship marketing strategy at Bharti Airtel Kenya. Notably, the findings show that some respondents believe that the review and approval of education, health, employee volunteerism and environment programs under corporate governance principles do not have an impact on relationship marketing strategy.

On recommendation regarding the first objective, the research project recommends that respondents and in particular employees of Airtel Kenya to be exposed to the review and approval process of corporate governance concerning the influence on relationship marketing strategy. Such exposure will enable them to learn from first hand, on how they influence the relationship marketing strategy. Besides, the exposure will enable them to find solutions to other problems which are they are likely to encounter in the process.

The second objective of the study was to the determination of the problems associated with the effects of corporate governance’s review and approval of relationship marketing initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy embraced by Airtel Kenya. Statistically, only 42 of all
respondents understood the effects of corporate governance on relationship marketing strategy.

On recommendation regarding the second objective, this research study recommends Airtel Kenya to undertake on the job training about the effects of corporate governance in terms of review and approval of relationship marketing initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy. Such training will enable concerned individuals to make right decisions based on the underlying situation of the company.

The third objective of the study was the establishment of the desirable solutions to the problems associated with the effects of corporate governance regarding the review and approval of marketing based initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy embraced by Airtel Kenya. Statistically, the findings show that more than one-half agreed that all primary stakeholders including employees, suppliers, customers, shareholders, the board of directors, the management, and the community should take part in the review and approval of relationship marketing initiatives under corporate governance principles.

On recommendation regarding the third objective, this research project advocates for the establishment of a standing committee and the involvement of several stakes in decision making relating to corporate governance and relationship marketing strategy. Such standing committee will collect information from all stakeholders which it will review and then approve the necessary initiatives.

Overall, the findings of research project show strong effects of corporate governance on marketing strategies with the telecommunication sector in Kenya, and in particular, in Bharti Airtel Kenya. Specifically, corporate governance has strong effects on the review and approval of relationship marketing strategic initiatives such as education, health, employee volunteerism and environment programs. Besides, the study has identified inherent problems (such as lack of knowledge about what corporate governance entails) associated with effects on corporate governance’s review and approval of relationship marketing initiatives. Finally, the research project has identified the involvement of all primary stakeholders such as
employees, suppliers, customers and shareholders in the review and approval of relationship marketing strategy based initiatives as one of the desirable solutions of handling problems associated with effects on corporate governance’s review and approval of relationship marketing initiatives.
DEDICATION

I dedicate the project to my family and friends whose unwavering support and encouragement helped me pull through.
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<tr>
<td>ARPU</td>
<td>Average Revenue per User</td>
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<tr>
<td>CCK</td>
<td>Communication commission of Kenya</td>
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<td>CG</td>
<td>Corporate Governance</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>EWK</td>
<td>Econet Wireless Kenya</td>
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<tr>
<td>FIBV</td>
<td>Federation Internationale des Bourses de Valeurs</td>
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<tr>
<td>KICT</td>
<td>Kenya Information and Communication Technology</td>
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<td>KPTC</td>
<td>Kenya Post and Telecommunication</td>
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<td>ICT</td>
<td>International communication Technology</td>
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<td>ICTs</td>
<td>International Communication Technologies</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPTV</td>
<td>Internet Protocol Television</td>
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<td>ISP</td>
<td>Internet Service Provider</td>
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<td>ISPs</td>
<td>Internet Service Providers</td>
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<tr>
<td>KDN</td>
<td>Kenya Data Network</td>
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<td>LTE</td>
<td>Long Term Evolution</td>
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<td>MTC</td>
<td>Mobile Telecommunication Company</td>
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<td>MTN</td>
<td>Mobile Telephone Networks</td>
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<tr>
<td>OCED</td>
<td>Organisation for Economic Corporation and Development</td>
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<tr>
<td>PLC</td>
<td>Public limited Company</td>
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<tr>
<td>ROK</td>
<td>Republic of Kenya</td>
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<td>RMS</td>
<td>Relationship Marketing Strategy</td>
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<tr>
<td>SMS</td>
<td>Short Message Service</td>
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<tr>
<td>TV</td>
<td>Television</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>VAS</td>
<td>Value added Service</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The corporate governance of any firm influences the organization's capacity to respond to the external factors that affect its performance. Notably, well-governed organizations tend to perform better and in this regard, corporate governance is of the essence to business entities (Giachetti, 2016). The concept of corporate governance is gradually emerging as a major policy agenda across the world and in particular in developing countries such as Kenya. Mainly, the global recession of 2008 (Sun, Stewart, & Pollard, 2011), the Asian financial crisis of 1997 (Lemmon, & Lins, 2003), and seemingly weak performance of the corporate sector in African and Asian continent are to some extent associated with corporate governance of entities such as financial institutions (Morrison, 2016). According to Mose (2014), corporate governance deals with the manner in which supplier of finance (financial institutions) to business entities entrust their lenders regarding getting a return on investment.

By definition, corporate governance constitutes a system, which provides guidelines on how to manage and control corporations. In particular, “the governance structure specifies the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs” (Mose, 2014, p. 1). Again, governance provides the structure via which business organizations establish and pursue their objectives, while putting into consideration the aspects of the market, social and regulatory environment. Specifically, corporate governance entails the mechanism via which firms monitor their policies, actions and decision of corporations.

Kyereboah-Coleman and Biekpe (2006) defined corporate governance as the correlation between an enterprise and shareholders, or a wider sense of the relationship between the firm and the society as a whole. Besides, corporate governance basis is on the assumption that managers in an entity will act in accordance with the interests of other stakeholders such as investors, workers, and the community. Notably, the assumed approach of corporate
governance varies from one industry to another. For instance, the corporate governance in telecommunication sector should encapsulate clients (users) and shareholders (investors and the community). On the other hand, the corporate governance in the banking sector should include both depositors (and borrowers), and shareholders (Mose, 2014).

Financially, well-governed business entities tend to experience higher financial performance and vice versa. According to Claessens, Djankov, Fan and Lang (2002), good corporate framework benefits business entities via greater access to financing, lower cost of capital, better financial performance and desirable treatment of stakeholders. Mose (2014) observes, “the weak corporate governance does not only lead to poor firm financial performance and risk financing patterns but are also conducive for macroeconomic crises” (p. 5). In this regard, good corporate governance is imperative for enhancing investor confidence and market liquidity. Notably, a “good corporate governance shields a firm from vulnerability to future financial distress” (Otieno, Mugo, Njeje, & Kimathi, 2015, p. 48).

In telecommunication industry, firms rely on numerous marketing strategies to overcome challenges and competition inherent in the market. One major marketing strategy relates to relationship marketing. According to Abdullah, Putit, and Teo (2014), relationship marketing is successful in building trust and commitment with external stakeholders to create loyal customer relationships. Halimi, Chavosh, and Choshali (2011) note that relationship marketing has a positive impact on firm's business performance, and thus, companies should manage their customer relationship strategies with their clients by considering factors that affect their relationships to create more beneficial buyer-seller relationships and make more profit. As Raza and Rehman (2012) observe, relationship marketing enables decision makers and marketers to take accurate decisions to enhance customer loyalty.

Another marketing strategy widely used in telecommunication sector is customer experience management. By definition, “Customer Experience is the customer’s direct and indirect experience of the service process, the organization, and the facilities and how the customer interacts with the service firm’s representatives and other customers” (Joshi, 2014, p. 393). Again, Gartner (2016) defines customer experience management as “the practice of designing and reacting to customer interactions to meet or exceed customer expectations and, thus, increase customer satisfaction, loyalty, and advocacy” (Para. 1). In this regard,
customer experience is one of the main factors that influence customer’s process for purchasing decision. Notably, companies operating in telecommunication sector rely on customer experience as a method of creating a differential advantage for establishing customer’s loyalty. In other words, customer experience management facilitates the manner in which customers interact with service firm’s representatives and other customers.

Telecommunication services begun in Kenya in 1888. This was through a cable that was laid by a submarine to link Dar es Salam, Zanzibar, and Mombasa (Noam, 1999). After that, the government (both colonial and independent) embarked on an expansion of the telecommunication services through direct lines (Brock, 1994). In 1908, Nairobi had its first eighteen customers. Notably, by 1980, there were 73,932 direct exchange lines (DELs) in use in the public telephone network (Tyler, Hughes, & Renfrew, n.d.). Again, there were 1,228 telex lines in use and 50 leased data transmission circuits in use. Through financial support from World Bank, Kenya Post and Telecommunications Corporation (KP&TC) undertook three development programs between 1979 and 1992 (Noam, 1999). Following International Monetary Fund (IMF) and World Bank support, the government adopted new government economic policies that called for privatization of state corporations. As Hughes (1999) argues, IMF and World Bank policies transformed the telecommunication sector in Kenya from monopoly where KP&TC was the sole providers to competitive market structure whereby more players gained entry in the market.

KP&TC was split into three entities; that is, Postal Corporation of Kenya (Posta), Telecom Kenya Ltd (Orange), and Communications Commission of Kenya (CCK) (regulator) (Belda, 2006). Under the CCK as the regulator, new companies have emerged and gained a substantial market in the Kenyan telecommunications market. Notably, Kenyan telecommunication industry has four main players that include Safaricom, Airtel, Telecom Kenya, and Yu. Notably, these main companies in the industry have market share segments of 75% (Safaricom), 12% (Airtel), 9% (Orange), and minute but unknown (Yu) (Mose, 2014). According to Mose (2014), the telecommunication sector has more than 17 million active subscribers. The telecom industry in Kenya has been characterized by a significant corporate governance change as well as technological and regulatory changes. In particular, the changes associated with corporate governance, technology, and regulations have brought
significant disparity in the financial performance of firms in the industry with regard to
corporate governance structure in place and compliance to regulations.

Bharti Airtel Kenya (simply, Airtel) is a subsidiary of Bharti Airtel Ltd. Bharti Airtel Ltd is
one of the world's leading providers of telecommunication services across the world with a
presence in 19 countries including India, Africa, and South Asia ("Bharti Airtel Ltd.
(BHARTIARTL),” 2016). Airtel (Kenya) as widely known has undergone a revolution
characterized by the change of ownership, name, and management (corporate governance).
Initially, the company entered the Kenyan market under the name Kencell Communication
Ltd (simply, Kencell). Kencell faced numerous challenges in the Kenyan market relating to
competition (from Safaricom) and lack of market penetration. These among other problems
prompted Kencell owners to sell the company, a move that led to the rebranding of the
company to Celtel in 2004 (Edwards, 2010). In order to capture the market, Celtel undertook
a major rebranding initiative that renamed the company as Zain in 2008. In 2010, Zain
rebranded to Bharti Airtel with promises of permanent lower rates (“Zain Kenya to rebrand,”
2010). As a mobile operator, Bharti Airtel provides numerous services and products such as
prepaid plans, international roaming, local and international text messages, Internet access,
directory inquiries, voice mail, and SMS information, mobile phones, laptops, and tablets.

1.2 Statement of the Problem

Numerous studies undertaken both in developing and developed economies depict corporate
study on the corporate governance and firm performance associates between corporate
governance with a competitive edge in terms of performance. There is a correlation between
good corporate governance to transparency, effectiveness, and accountable governance of the
affairs of an institution principle, including the conduct of the board (Dhamadasa, Gamage,
& Herath, 2014). As such, corporate governance principles adopted domestically and
internationally, as well as the governance literature, has recognized the importance of the
board of directors in shaping corporate practices in a firm. According to Darweesh (2015),
corporate governance can play a significant role in financial market stability and economic
governance framework has widespread benefits including access to finance, lower cost of capital, more favourable treatment of stakeholders and better financial performance.

Again, Donaldson (2003) observes that good corporate governance enhances investor confidence and market liquidity. From the above studies, none of them has focused on the effects of corporate governance on the marketing within telecommunication industry developing economies. Thus, this research project aims at reviewing the effects of corporate governance on marketing within telecommunication sector in Kenya, with a particular focus on Bharti Airtel Kenya. Notably, many studies have evaluated the impact of corporate governance on firms in general and in most cases in companies based in western and developed countries. In particular, very few studies if any have focused on developing economies despite the growing attention to the effect of corporate governance on the marketing of the firms. As Mose (2014) points out, researchers have ignored corporate governance in developing economies as it relates to marketing performance.

At Bharti Airtel Kenya, the company is heavily relying on corporate governance as a marketing strategy and in particular to promote sales and brand reputation. The philosophy of the company's corporate governance focuses on creating and sustaining a deep relationship of transparency and trust with all stakeholders such as subscribers (and other customers), employees, suppliers and so forth (Bharti Airtel Limited, 2015). Again, the company follows ethical business standards across Kenya and other parts of the world where the corporation operates. Notably, the company considers stakeholders as partners in its journey forward and as such, it is committed to ensuring that their wellbeing, despite business challenges and economic volatilities. Considerably, the company norms and processes of corporate governance depict the commitment of Bharti Airtel Kenya to disclose timely and accurate information regarding its financial and operational performance, as well as the leadership and governance structure of the company (Bharti Airtel Limited, 2015). Since its establishment, Bharti Airtel Kenya stakeholder commitment has enhanced the respect and recall of our brand in Kenya. At the Kenyan market, Bharti Airtel structure has enabled it to attract best industry talent that translates its short-term and long-term strategies into a viable business blueprint.
The Board of Directors (BOD) of Bharti Airtel Kenya shapes the company’s long-term vision and policy approach to elevate steadily the quality of governance in its organization (Bharti Airtel Limited, 2015). Mainly, the company follows a defined guideline an established framework of corporate governance with the objective being to emerge as a market leader in the Kenya telecommunication industry, and in particular, create greater value for all those who have a stake in its progress both directly and indirectly. Again, the BOD puts a lot of emphasis on creating a national talent pool and helping protect the environment by following green practices and technologies. Besides, the company represents a confluence of experience and expertise in diverse areas such as global finance, telecommunication, general management, consulting, administrative services, and telecommunication ((Bharti Airtel Limited, 2015). Again, Bharti Airtel Kenya has a clear demarcation of duties and responsibilities among the position of the managing director & CEO and the Chairman to ensure best corporate performance and social-economic value creation.

Mainly, Bharti Airtel Kenya confirms to both Kenyan and global standards and via continuous benchmarking and evaluation. The corporate governance relies on numerous tenets. For instance, the company adopts transparent procedures and practices and arrives at decisions based on adequate information (Bharti Airtel Limited, 2015). Notably, the company offers a formal induction schedule and provide familiarisation programme for new Board members that enable them to meet individually with the top management team, customers, etc. Again, Bharti Airtel Kenya offers high levels of disclosures to disseminate corporate, financial and operational information to all stakeholders. Besides, the company creates various Committees for Audit & Risk Management, HR and Nomination, Corporate Social Responsibility, Employee Stock Option Plans and Stakeholders' Relationship (Bharti Airtel Limited, 2015). Besides, the company keeps in place a well-defined corporate structure that establishes checks, balances and delegates decision-making to appropriate levels in the organization though the Board always remains in effective control of affairs. Further, ensures the independence of Directors in reviewing and approving corporate strategy, major business plans and activities.
1.3 General Objective

The purpose of the study was to investigate the impact of corporate governance on marketing strategies in Bharti Airtel Kenya.

1.4 Specific Objectives

The specific objective is as follows

1.4.1 To establish the effects of corporate governance on relationship marketing strategy.

1.4.2 To determine the problems associated with the effects of corporate governance on relationship marketing strategy.

1.4.3 To establish the desirable solutions to the problems associated with the effects of corporate governance on relationship marketing strategy.

1.5 Significance of the Study

1.5.1 Telecommunication Companies

The findings and conclusions of the research study will promote a fair, efficient and transparent administration of corporations in meeting well-defined objectives. Systems and structures of operating and controlling companies to (or "intending to") achieving long-term strategic goals that satisfy the owners, suppliers, customers and financiers while complying with legal and regulatory requirements and meeting environmental and society needs. Notably, both efficiency and transparent administration create and enhance value to the service provision in the telecommunication industry. The Board has set strategic objectives and plans and put in place proper management structures [organization, systems, and people] to achieve these targets and plans. The study creates functions to maintain corporate integrity, reputation, and responsibility towards all stakeholders. The Board acts as a catalyst, initiating, influencing, evaluating and monitoring strategic decisions and actions of management and holds management accountable (Sheilfer, 1997).
1.5.2 Mobile Network Customers

The study findings demonstrate the manner in which the efficient, effective and sustainable corporations contribute to the welfare of society by creating wealth, employment and solutions to emerging problems. Responsive and accountable organizations and legitimate businesses managed with integrity, probity and transparency, Recognition and protection of stakeholder rights and the customers.

1.5.3 The Government

Considering the government advocates the rule of law, the study findings promote the democratic ideals, legitimate representation and participation that have been fashioned and are concerned with creating a balance between economic and social goals and between individual and communal goals. Encourage the efficient use of resources, accountability in the use of power and stewardship and as far as possible to align the interests of individuals, corporations, and society.

1.5.4 Bharti Airtel Networks Ltd

The study demonstrates the importance of stakeholders to the organization and corporate governance framework. Specifically, stakeholders promote the governance framework to promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities. Again, their value is imperative in commanding a lot of attention through forming of alliances, cronyism, lobbying, innovations, and leadership among many others. It is also to allow the organization recognize and reward customer loyalty.

1.6 Scope of the Study

In this research proposal, the focus is on effects of corporate governance on the marketing strategies in the Kenyan telecommunication sector and in particular at the Bharti Airtel Kenya. Specifically, the research proposal reviews the on effects of corporate governance on marketing strategies in Bharti Airtel Kenya concerning review and approval of marketing based programs by independent directors. Again, the paper determines the inherent problems and desirable solutions to the problems associated with the effects of corporate governance
on relationship marketing strategy about its review and approval of marketing based programs by independent directors. Although Bharti Airtel operates in numerous countries, the research proposal is limited to Kenyan operations of the company. Therefore, the data collected is mainly from employees of Bharti Airtel Kenya only and thus the analysis of the data represents the underlying situation at the company. In short, the findings and conclusions of the research proposal do not represent the entire telecommunication sector in Kenya.

1.7 Definition of Terms

1.7.1 Corporations

They are a collection of many individuals united into one body, under a special denomination, having perpetual succession under an artificial form by policy of the law, with the capacity of acting, in several respects (Kyd, 1793-1794). As an individual, corporations take part in granting property, of contracting obligations, and of suing or facing a lawsuit, of enjoying privileges and immunities in common, and of exercising a variety of political rights, more or less extensive, according to the design of its institution. It has powers conferred upon it, either at the time of its creation, or at any subsequent period of its existence.

1.7.2 Governance

This is the manner in which power is exercised in the management of economic and social resources for sustainable human development. It relates to decisions that define expectations, grant power, or verify performance. It consists of either a separate process or part of management or leadership processes. These processes and systems are typically administered by a government. In the case of a business or of a non-profit organization, governance relates to consistent management, cohesive policies, guidance, processes and decision-rights for a given area of responsibility. For example, managing at a corporate level might involve evolving policies on privacy, on internal investment, and on the use of data (Asie, 2011).
1.7.3 Shareholders

This refers to a person who owns shares in a corporation. Because shareholders must conduct or approve many corporate activities such as electing directors, an active corporation must have at least one shareholder (Pratt, 2003).

1.7.4 Stakeholders

This refers to a group or individuals surrounding a venture who have an interest or “stake” in a corporation’s activities. These include regulators, funders, shareholders, customers, suppliers, employees and associated families (Pratt, 2003).

1.8 Chapter Summary

Chapter one in this research study has served as an introduction by providing insights and information on the background of the study, study purpose, problem statement, as well as details regarding the telecommunication industry in Kenya. In this regard, the chapter helps to comprehend what the dissertation is about and provides the important questions to be addressed in the next chapter. Besides, the significance and rationale of conducting the study have been provided in detail to justify the value of the study to different parties such as academicians and practitioners concerned about the subject of the interplay between corporate governance and marketing strategies in the telecommunication sector. Next is "Chapter Two" which serves as literature review and it provides information on the theoretical review and analysis of the prior literature on the subject of the dissertation.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of the theoretical literature, empirical studies, a summary of the literature review regarding the effect of corporate governance on marketing within the telecommunications industry. Mainly, the chapter is intended to achieve the objective of the study, that is, exploring the impact of corporate governance on marketing within the telecommunications industry in Kenya, with much emphasis on Bharti Airtel.

2.2 Theoretical Review

The theoretical framework of the research project is based on three theories; that is, agency theory, stewardship theory and stakeholders theory. In particular, the literature review below provides numerous corporate governance as advocated by numerous scholars.

2.2.1 Agency Theory

The agency theory postulates that governance is based on agency theory, which is the relationship between principals and agents. According to Mose (2014), the agency theory elucidates the manner in which the relationship between principals and agents can be utilized for the purpose of governing an organization in a proper way in order to realize its goals. A lot of interest on principal-agent relationship emerge to a great corporations. Notably, the entrepreneurs pursue profitability and accumulation capital interests, while, the managers embrace strategies that promote business performance and reputation. Mainly, the principals (owners of capital) lack requisite expertise and time to run their enterprises and as such they hand them over to agents (managers) for day-to-day operations and control. In a principal-agent relationship, both agents and principals have well-defined responsibilities. According to Forbes-Pitt (2011), the principal is mandated with the role of choosing agents (directors, auditors, and so forth) while agents are responsible for daily operations of an enterprise.

The definitions of corporate governance have taken into considerations the relationship between shareholder and the company with reference to agency theory. In particular,
director-agents acting on behalf of shareholders-principles in overseeing self-serving behaviors of management. The principal stakeholders include shareholders, management, the board of directors (Mose, 2014). Other interested parties who play leading roles include employees, suppliers, customers, partners and community as a whole. Thus, a broad corporate governance ensures that the board of directors does not only account to shareholders but also to nonshareholders, such as individuals with vested interests of seeing that a corporation is well governed. Corporate governance scholars such as Carter and Lorsch (2004) and Leblanc and Gillies (2005) observe that at the heart of good corporate governance is not the board structure but the broad process; that is, the manner in which board members work together as a group and the competencies and behaviors both at the board level and the level of individual directors.

The broad agency relationships have been divided into numerous sections such as the agency relationship between the board of directors, and shareholders, senior management and board of directors, between subordinate and senior managers and so forth (Mose, 2014). In such principal-agent relationship, there are underlying potential conflicts within the firm due to the economic incentives agents face which are different from those pursued by principals. As Mose (2014) notes, almost all companies across the world face similar agency problems, and to some extent, develop actions to deal with them. Such action plans include controlling the actions of agents, monitoring the actions of agents, providing financial incentives to encourage agents act on principal interests and separating the risk-taking function from control function.

2.2.2 Stakeholder Theory

Freeman is the brainchild of stakeholder theory through his landmark book titled Strategic Management: A Stakeholder Approach published in 1984 (Donaldson, & Preston, 1995; Freeman, Wicks & Parmar, 2004). Notably, this theory argues against agency theory in its narrowness by considering shareholders as the only interest group of a corporate entity. In this regard, shareholder theory necessitates further exploration. Mainly, this theory has emerged as prominent as many scholars and researchers have recognized that the activities of a corporate entity impact on external environment require accountability of the organization
to a wider audience: not simply shareholders of the company (Donaldson, & Preston, 1995). According to Mose (2014), companies can no longer act as instruments of shareholders alone but also to the larger society because they exist with communities. Thus, it is imperative to recognize the fact as mentioned above because the economic value of a firm (marketing included) is created by people who cooperative to improve each individual's position (Freeman, et al., 2004).

According to Freeman et al. (2004), stakeholder theory is managerial in that it reflects and directs how managers operate rather than primarily addressing management economists and theorists. Mainly, the focus of this theory comes out in two core questions. First, the stakeholder theory asks, what is the purpose of the firm? In particular, this issue encourages managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. Consequently, this aspect propels the firm forward and allows it to generate outstanding performance, determined both in terms of its purpose and marketplace financial metrics. Second, stakeholder theory asks, what responsibility does management have to the stakeholders? (Freeman et al., 2004), Essentially, this question pushes managers to articulate how they want to do business, specifically, what kinds of relationships they want and need to create with their stakeholders to delivers on their purpose. Currently, the economic realities underscore the financial reality we suggest is at the core of stakeholder theory. In this regard, managers are entitled to develop relationships, inspire their stakeholders and create communities where everyone strives to give their best to deliver the value the firm promises (Freeman et al., 2004). Evidently, shareholders are an important constituent and profits are a critical feature of this activity, but concern for profits is the result rather than the driver in the process of value creation.

Notably, some scholars identify numerous flaws in the stakeholder theory. For instance, Jenson (2001), critique stakeholder theory for assuming a single-valued objective (gains that accrue to a firm's constituencies). In line with Jenson (2001), Mose (2014) points out that the performance of a company should not be measured thoroughly gains to its stakeholders only. In particular, other aspects such as working environment, interpersonal relations, communication strategy within the organizational structure and relationship with external partners such as suppliers should be considered as critical factors in corporate governance.
2.2.3 Stewardship Theory

Davis and Donaldson are the brainchildren of Stewardship theory in 1989 and 1991 (Davis, Schoorman, & Donaldson, 1997). Based on agency theorists, directors and executives are opportunists and self-serving. On the other hand, stewardship theorists reject agency theory assumptions, suggesting that directors frequently have interests which are consistent with that of the shareholders. Donaldson and Davis (1991) recommend an alternative mode; of man where organizational role-holders are conceived as being motivated by a need to achieve and gain intrinsic satisfaction via successfully performing inherently challenging work to exercise their authority and responsibility, in order to obtain recognition from peers and bosses. As Muth and Donaldson (1998) note, in cases where an individual has served an organization for a considerable number of years, a person tends to merge his/her ego with the corporation. Again, managers might carry out their roles from a sense of duty. Considerably, personal perception motivates individual calculative action by managers thus linking own self-esteem with corporate prestige.

Notably, psychological and situational review of the theory is required to understand the premise of stewardship theory fully. According to Mose (2004), stewardship theory holds that there is no inherent, general problem of executive motivation. Mainly, this implies that the extrinsic incentive contracts are less important where managers gain intrinsic satisfaction from performing their duties. Specifically, steward protects and maximizes shareholders wealth via firm performance, because, by doing so, the stewards' utility functions are maximized. Stewardship perspective recommends that the attainment of organizational success also satisfies the personal needs of the steward. The steward identifies greater ability accruing from satisfying organizational goals than through self-serving behavior.

Stewardship theory recognizes the importance of structures that empower the steward, providing maximum autonomy built upon trust. Significantly, this minimizes the cost of mechanisms aimed at monitoring and controlling behaviors (Davis et al., 1997). Notably, Mose (2014) argues that in order to protect their reputation as expert decision makers, directors and executives are inclined to operate the firm in a manner that maximizes financial performance indicators, including shareholder returns, on the basis that the company's performance directs affects precepts of their individual performance. Again, Mose (2014)
contends that in being effective stewards of their organization, executives and directors are also effectively managing their careers. Similarly, managers return finance to investors to establish a good reputation, allowing them to re-enter the market for future funding. Muth and Donalson (1998), regarded stewardship theory as an alternative to agency theory which providing opposing arguments about the structuring of effective boards. Most of the governance theories are economic and finance in nature, and the stewardship theory is psychological and sociological in nature. As identified by Sundara-Murthy and Lewis (2003), stewardship theory provides a room for misappropriation of owners funds because its board structure; that is, insiders and the chairperson/CEO duality role.

2.4 Effects of CG Initiatives on RMS

2.4.1 Corporate Governance, Business Value and Brand Reputation

Corporate governance plays a significant role to companies operating in the telecommunication industry, Airtel included. Mainly, corporate governance covers financial stakeholders (shareholders), the board of directors (checks and balances), control environment (accounting, controls, internal and external audit), and, transparency and disclosure. In this regard, corporate governance promotes the business value and brand reputation through the review and approval of desirable marketing-based programs. One way corporate governance influence relationship marketing strategy in enterprises is through the review and approval of effective marketing programs and projects that entail the direct involvement of company employees with customers or subscribers.

In particular, reviews and approvals demonstrate the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and development (Shrivastava, & Addas, 2014). In this regard, the success of company marketing does not entirely depend on promotion but also on building a brand reputation through corporate governance’s checks and balances. From a corporate standpoint, sustainable companies, and well-performing companies regarding brand reputation in the market must perform well on social, economic aspects. Therefore, it is no longer sufficient to be just financially profitable, because companies also need to satisfy other non-investor stakeholders.
(Shrivastava, & Addas, 2014). According to Bhattacharya (2009), corporate governance approved initiatives are meant for creating business value. Following the 2008 financial crisis, many companies have strengthened their corporate governance so that they can be responsible and trustable. Notably, good practice dictates most of the independent directors on the most relevant committees to ensure that executive management does not have undue influence over the handling of matters which require decision-making at the board level.

Overall, corporate governance’s control environment (accounting, controls, internal and external audit), and, transparency and disclosure functions and roles promote both marketing strategies and activities. Notably, marketing always has the expertise on the manner in which a meaningful campaign and measure return on investment should be conducted (Bhattacharya, 2009). Furthermore, entailing marketing in consumer research analysis empowers that departments to harmonize the way in which a corporate responsibility program is presented to individuals it wishes to influence. In this regard, corporate governance creates a virtuous cycle, by giving marketing a helpful tool, beyond the traditional mix of product and price for differentiating the organization and its products (and services) from other competitors in the industry.

Out of many businesses that champion their credentials using corporate governance, only firms that capitalize on effective implementation and measurement of it to strengthen their brand identities (Bhattacharya, 2009). As corporate responsibilities emerge as the primary determinant of companies' public image, ignoring the advantage of effective corporate marketing emerges as an increasingly higher stakes gamble. Again, corporate governance is used to link social and business value at the stakeholder and individual level.

2.4.2 Customer Relationship and Customer Trust

Companies rely on their corporate governance to review and approve initiatives that encompass projected affiliated to the environment, health, education, and employee volunteerism to build customer relationships. Notably, in the telecommunications industry where the purchase of services is based on customer relationship, corporate governance plays an essential role. Al-Qudah (2012) defines the relationship marketing as using the concepts of trust and commitment. Notably, commitment is one among many critical variables of
understanding the strength of a marketing relationship, and it is a useful construct for measuring the power of a marketing relationship. Again, it is used as a construct of measuring the likelihood of customer loyalty as well as for predicting the future purchase frequency. Although Al-Qudah (2012) consider commitment as the most common dependent aspect used in buyer-seller relationship studies, Morgan and Hung (1994) consider commitment as the foundation of relationship marketing. By definition, commitment is "an ongoing relationship with another that is so important as to warrant maximum efforts at maintaining it" (Al-Qudah, 2012, p. 12). As Morgan and Hunt (1994) define trust as the willingness to rely on the exchange partner in whom one has confidence. Notably, the level of trust between individuals (partners) is an essential criterion for understanding the strength of marketing relationships and has been identified in relatively numerous ways. As Wilson (1995) points out, trust is a fundamental relationship model building block and is included in most relationship models. Al-Qudah (2012) identify trust as a fundamental construct in their model of relationship marketing.

Trust is a vital element in the establishment, growth, and sustainability of relationship between telecommunication companies and subscribers (customers). As Al-Qudah (2012) notes, customer trust is acknowledged in the marketing theory as an essential policy in developing and sustaining long-term relationships to build a mutually beneficial relationship with clients on the basis of mutual trust and to enhance competitiveness. According to Morgan and Hunt (1994), trust is viewed as an essential element for successful relationships. Trust exists when one group has the confidence to engage in a relationship with another trustworthy and honest party. Thus, the elements of reliability and confidence are fundamentals for building trust, an aspect which promotes marketing success. In telecommunication sector, trust is needed for enhancing the confidence of customers towards the quality and reliability of the services offered by the company.

2.5 Problems of Associated with Effects of CG Initiatives on RMS

Relationship marketing strategy has a significance role in most businesses. In particular, businesses, which are setting fast-moving consumer goods, relationship-marketing strategy is considerably at the core of the company and branding is the cornerstone of success. Primarily, relationship marketing strategy focuses on customers or potential customers and
seeks to influence their purchasing behaviors through advertising and targeted promotions (Davies, 2016). In regard to corporate governance undertakings such as education and health programs, marketing is supportive of stakeholder approach to customers but less supportive of other parties like employees, communities, and so forth. Notably, marketing is essential for developing and delivering strategy because of the market information relied on to build strategic plans mainly emanates from marketing which is the main driver of the process of generating revenues (Davies, 2016). Basically, corporate governance and relationship marketing strategy collide in the fact that marketing people are always impatient of the process of the discipline needed to formulate and deliver strategy, preferring to focus on the excitement of planning advertisement campaigns and promotions rather than gearing them to corporate objectives.

Marketing strategies adopted are essential for the future of each company so that it can avoid the prime-time review by the Board of Directors (BOD). In many situations, marketing strategies have little or no attention at board meetings and as such, board committee tend to concern themselves with company matters other than formulating or influencing the formulation of marketing strategies. Notably, “a review of the Management Information Circulars issued by publicly traded companies suggests few directors have had hands-on marketing roles, and fewer participate in board committees focused on marketing” (Gordon, 2007, para. 1). Due to the lack of experience and at the same time attention, BOD has difficulty in providing effective and efficient governance regarding marketing strategy related functions. In cases where BOD focus on marketing strategies related aspects, it always asks wrong questions, which culminate into the response of misguided information. In short, BOD of companies could engage in discussions of an anecdotal nature that are unrelated with its mandate (Gordon, 2007). Based on the current advertising initiatives and marketing strategies, it is evident that BOD members are much aware that marketing strategies are the right brain activities that are unsuited for a lot of time or attention of the board.

Mainly, marketing strategies proposed for adoption by companies to either deplete fortunes or build others and in that case, they mandate BOD to provide scrutiny of them, as well as the governance to the company’s marketing initiatives and functions. As such, many BOD tends
to reject the marketing strategies considered as undesirable. Unlike weak financial governance that leads to an immediate collapse of a company, corporate governance advocating for weak or absence of marketing strategies cripple a company slowly by depressing shareholder value. Notably, gaps that exist in marketing performance can be highlighted via marketing governance are leading indicators of financial problems. Gordon (2007) believes that "most boards should pay more attention to marketing governance to accomplish two main benefits for the company: shareholder value enhancement and the effective management of those emerging and future risks which marketing might affect" (para. 2).

Due to the manner marketing initiatives are reviewed and approved through corporate governance, the marketers' attitude towards corporate governance is ambivalent (Davis 2016). In particular, many consider it as a remote compliance function which may inhibit their freedom of action. In particular, many marketers think the importance of corporate reputation to branding as a danger of damage via poor governance; for example, the hesitation of the management to respond to the quality deterioration. Persuading marketers about the need to work towards the improvement of corporate governance are mainly essential since they (marketers) always value the need of reinforcing the work done elsewhere in the organization to influence good governance (Davies, 2016).

Notably, corporate governance is not a static practice, and thus, it continues to evolve. In this regard, what a BOD can approve today as a necessary initiative to promote marketing strategy, may not necessary be important in the future. As Earl (1993) notes, corporate governance is more about the exercise of power in corporate entities (Earl, 1993). Due to its evolvement, corporate governance is unfamiliar by many by companies especially those located in developing and emerging global business environment. As such, corporate governance initiatives that a reviewed and approved based on static aspects are likely to bring in negative effects regarding the success of marketing strategies.

Corporate governance is the relationship among various participants in determining the direction and performance of corporations. The primary partners are the shareholders, the management and the board of directors (Monks, 1995). As such, these partners are entitled to be part of the committees that review and approve marketing strategies adopted by a
company. ‘The board's key role is to ensure that corporate management is continuously and efficiently striving for above average performance taking account risk which is not to deny the board's additional role with respect to the shareholder's protection (Hilmer, 1993). The failure to have sufficient knowledge of the manner in which corporate governance works makes many companies unable to align it with strategic goals such as marketing strategies. As such, companies fail to perform well in their marketing initiatives.

2.6 Solutions to Problems Associated with Effects of CG Initiatives on RMS

Both corporate governance initiatives and relationship marketing strategy involve a broad range of stakeholders (Akinpelu, 2012) mainly, a diversity of agents or factors are said to participate in influencing, controlling, regulating and managing firms, productive networks, and associations. These stakeholders/agents have diverse goals and objectives, which an organization has to satisfy in order for it to achieve or be successful (Davies, 1999). In this regard, companies should embrace an inclusive approach to aligning corporate governance and marketing objectives (Keay, 2007). In other words, the approval of corporate governance marketing based initiatives need to be done via an integrative approach. Notably, an integrative approach is required to encompass the diversity of ways in which leading workers in the field define the topic of corporate governance. Mainly, BOD, employees from different departments and management levels should participate in making a decision through the provision of diverse standpoints on both marketing and corporate governance. Specifically, these various perspectives should relate to do, and don'ts of both marketing and corporate governance in reference to discipline, goals, culture and contextual situations.

According to Naciri (2009), organizations boards may set up standing committee, as they deem necessary to deal with issues needing special expertise or special care. In this case, companies should establish standing committee provide solutions to the problems relating to problems associated with the effects of corporate governance initiatives such as education programs, health programs, environmental programs and employee volunteerism programs on relationship marketing strategy. Mainly, the role of corporate governance – marketing strategies alignment committee will be to improve on regular basis the organizational reputation and marketing success by ensuring that the latter complies with the policies, culture and initiatives advocated by the organization (by the board of directors) to the
community. Again, the corporate governance – marketing strategies alignment committee should act as a public policy committee whose role is to review policies and programs, to ensure that the operations of the organization remain aligned with the expectations of the customers (Naciri, 2009). Further, the committee should align the board of governance best practices and discuss the relevance of ethical guidelines and the constant updating and monitoring of possible conflicts of interest relating to corporate governance and relationship marketing strategy. In addition, the committee should monitor the marketing success and the aspects that are acting as hurdles to the marketing success (Naciri, 2009). In short, corporate governance – relationship marketing strategy alignment committee should provide a forum for monitoring transactions between the organization and related parties such as customers, suppliers, and workers to make sure that they take place in the normal business environment or conditions.

2.5 Chapter Summary

In this dissertation, chapter two has served as the literature review by providing information on theoretical review as well as the analysis of the prior literature on corporate governance and marketing strategies. Mainly, the identified theories that relate with the interplay between corporate governance and marketing strategies include agency theory, stakeholder theory, and stewardship theory. Again, the chapter discusses customer trust, customer relationship, business value, and brand reputation to bring out the effects, inherent problems, and desired solutions to problems associated with the impact of corporate governance on marketing strategies in the telecommunication sector. Next is "Chapter Three" which is research methodology. In particular, chapter three provides the methods and approaches used to conduct the research study.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the method used in the study. The division of the chapter is in the following sections: Research design, Population of the study, Sample frame, Sampling Technique, Sample size, Instrumentation, Pilot Test, and Data Analysis.

3.2 Research Design

The study has adopted a descriptive research design whereby both qualitative and data collection approach, are implemented in the process of developing the research proposal. Descriptive research design used in the case because the needed information is collected without changing the environment; thus, it demonstrates relationships and describes the world, as it exists (The U.S. Department of Health and Human Services [HHS], n.d.). The purpose of using the quantitative approach was to enumerate statistical data; while, the qualitative approach is to deal with opinions and viewpoints collected in the study (Creswell, 2003). In other words, the qualitative approach relied on previous standpoints relating to the aspects discussed in the project.

A case study (in this instance of Bharti Airtel Kenya) was preferred because it enabled the researcher to have an in-depth understanding of the factors reviewed in the study. The importance of a case study is as outlined through studies done by Young (1960), Kothari (1990), Daniel and Sam, (2011). In particular, the researchers agree that a case study is a very powerful form of qualitative analysis that involves a careful and complete observation of a social unit irrespective of what type of unit is under study. In other words, it is a method of study that drills down rather than cast wide.

3.3 Target Population

The target population of this research was 288 employees and 5.3 million customers of Bharti Airtel (Kenya). The workers emanate from three main categories: senior management, middle management, and operational staff. On the other hand, customer’s categories are two:
individual customers and corporate clients. Table 3.1 and Table 3.2 below show the target population of the employees and customers, together with their various categories.

**Table 3.1 Target Population (Staff)**

<table>
<thead>
<tr>
<th>STAFF</th>
<th>No of Staff</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>19</td>
<td>6.6%</td>
</tr>
<tr>
<td>Middle Management</td>
<td>51</td>
<td>17.7%</td>
</tr>
<tr>
<td>Operational staff</td>
<td>218</td>
<td>75.7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>288</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Source: Bharti Airtel, 2016)

**Table 3.2 Target Population (Customers)**

<table>
<thead>
<tr>
<th>CUSTOMER</th>
<th>No of customers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>5,100,000</td>
<td>96.2%</td>
</tr>
<tr>
<td>Corporate</td>
<td>200,000</td>
<td>3.8%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,300,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Source: Bharti Airtel, 2016)

**3.4 Sampling Frame**

The population of the study comprised of the levels of employees' responsibilities and customers' categorization in Bharti Airtel. In particular, the target population constituted the employees of Bharti Airtel working as senior management officials, middle management workers, and operation staff, and, customers (both individual and corporate clients). The researcher, in the sampling process, combined more than one sampling technique. Notably, stratified sampling engaged in order to ensure that all representative areas are included in the survey (Särndal, Swensson, & Wretman, 2003). Again, purposive sampling employed to
ensure that the research project identified the sample units, which have the research requirements (Palys, 2008). The research project also used random sampling, to allow for objectivity and snowballing (Black, 2011). Different departments participated under each stratum then a simple random sampling employed to select a representative sample to represent the whole procurement division.

3.5 Sample and Sampling Technique

3.5.1 Sampling Technique

The sample used included randomly selected customers and employees of Bharti Airtel in all categories of the target population. The researcher strived to have a sample, which is a representation of the population.

The sample population was based on Yamane (1967) formula. Mainly, this formula is used because it is not only a simplified formula of proportions but also because it takes into account the acceptable sampling error. In short, Yamane (1967) formula is a simplified formula to calculate sample sizes. See the formula below.

\[ n = \frac{N}{1 + Ne^2} \]

Notably, \( n \) is the sample size, \( N \) is the total population, and \( e \) is the desired level of precision. Mainly, the formula depends on several assumptions: a 95% confidence level and \( p = 0.5 \) is the estimated proportion of an attribute that is present in the population (Israel, 1992). In calculating the sample size \( N = 5,300,288 \), and \( e = 0.087 \)

\[ n = \frac{5,300,288}{1 + 5,000,288(0.087)^2} \]

\[ n = 132.114 \]

Therefore, \( n \approx 132 \)
Note: The $e = 0.087$ as the desired level of precision selected because the population was too large. Besides, a small size sample required for convenience purposes in terms of costs and time.

The sample size was 132, which the researcher selected using stratified random sampling. Mainly, the researcher relied on this approach in order to ensure that each category of participants in the study is proportionally represented (Särndal et al., 2003).

### 3.5.2 Sample Size

The researcher sampled customers and employees in each category using stratified random sampling technique. These categories included senior management, middle management and operational staff for employees, and, individual and corporate for customers. This technique was appropriate since the researcher was able to increase the statistical accuracy and provide adequate data for analyzing the various categories (Särndal et al., 2003). The sample size is as shown in Table 3.3 below:

**Table 3.3 Sample Size**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Population</th>
<th>Sample Size</th>
<th>Percentage as per Total Sample of 132</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CUSTOMERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>5,100,000</td>
<td>75</td>
<td>0.0015%</td>
</tr>
<tr>
<td>Corporate</td>
<td>200,000</td>
<td>27</td>
<td>0.0135%</td>
</tr>
<tr>
<td><strong>STAFF</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top management</td>
<td>19</td>
<td>3</td>
<td>15.79%</td>
</tr>
<tr>
<td>Middle Management</td>
<td>51</td>
<td>10</td>
<td>19.61%</td>
</tr>
<tr>
<td>Operational</td>
<td>218</td>
<td>17</td>
<td>7.80%</td>
</tr>
<tr>
<td></td>
<td>5,300,288</td>
<td>132</td>
<td>0.0024.9%</td>
</tr>
</tbody>
</table>

(Source: Author, 2016)
3.6 Data Collection Instruments and Methods

3.6.1 Data Collection Instruments

The study used both primary and secondary data. According to Thyer (2010), the use of both primary and secondary data is imperative as secondary data complements the primary data by defining the agenda for future research questions requiring primary collection. In particular, secondary data analysis identifies gaps in the knowledge base and suggests problem formulations, hypotheses, and research methods that require primary collection. Notably, the primary data collected was through the administration of questionnaires to sampled employees and customers of Bharti Airtel. On the other hand, secondary data (information) obtained was from journal articles, books, websites, and past reports. The questionnaire framed was in English because it is the most common language spoken in the telecommunication sector in Kenya. The questionnaires included both structured and unstructured questions in order to yield qualitative and quantitative data respectively.

3.6.2 Data Collection Procedure

The primary purpose of identifying data collection procedures was to make sure that the collection of data done was through the administration of various data methods. The main method of data collection was the use of questionnaires that were administered as described above. Permission requested from the relevant authorities in order to obtain a research permit. After that, the research instruments were tested to make proper adjustments for reliability purposes. The appropriate language used as to allow a free flow of information and understanding between the researcher and the respondents. Collected data was stored carefully after each exercise.

3.7 Pilot Testing

To enhance the validity and reliability of the research instruments, the questionnaire was pre-tested on 10 participants (five employees and five customers) sampled randomly taking into account the cost as a factor. The pre-test done was to check poor wordings of questions, ambiguity and inappropriate sequencing of questions. This exercise was to enable the researcher to improve the instruments accordingly.
3.8 Data Processing and Analysis

The questionnaires were examined and edited to ensure that all the required data, was coded for analysis. Field observations compiled as well. Qualitative data were derived from the variables in question one. The variables were mainly operational variables on respondents. The data for these variables was subjected to in-depth content analysis. This involved searching for broader meanings of the responses, summarizing and working out categories, using common themes that are relevant to the research questions (Bell, 1999).

This study used a content analysis approach as one of the quantitative methods. Information from quantitative data summarized and analysed using appropriate simple percentage, based on frequency. Again, a scale-based approach used to analyse the data attained from questionnaires. The data was analysed again using ANOVA to determine the significant of the effect of corporate governance via the review and approval of marketing strategically based programs. Besides, the study used descriptive statistics as measurement for analysis and the results presented by the use of tables, bar graphs, and pie charts.

3.9 Chapter Summary

Chapter 3 has served as the research methodology by giving methods and approaches of conducting the empirical study of the research project. In particular, the chapter provides information on research design, target population, sampling frame, sampling technique, sample size, data collection instruments and methods. Notably, questionnaires identified as the data collection instruments. In addition, the chapter reviews data collection procedures, pilot testing as well as data processing and analysis. Next is chapter four, which is results and findings. Mainly, chapter four provides the empirical findings of collected data.
CHAPTER FOUR

RESULTS AND FINDINGS

4.1 Introduction

In this chapter, the research project presents the empirical findings of data collected through questionnaires. Mainly, the results and findings of the data analysis are presented via the outcome (regarding interviewees' perceptions), and the corresponding percentages (attitudes of respondents towards effects of corporate governance on marketing strategies, problems of aligning corporate governance and marketing and solutions to problems of aligning corporate governance and marketing).

4.2 Response Rate

The questionnaires contained different questions ranging from general to categorized questions. Section A contained general questions such as management level and years of experience in the company. On the other hand, the subsequent sections (B, C, and D) included specific questions on the three variables that include towards effects of corporate governance on marketing strategies, problems of aligning corporate governance and marketing and solutions to problems of aligning corporate governance and marketing.

Out of 132 questionnaires printed and distributed to the chosen respondents, only 120 questionnaires had complete information and returned within the deadline. Mainly, this implies that 90.9 percent was the response rate. Notably, response rate means that the collected data is primarily a representative sample. Again, significant representation means that a researcher can use the data to address the research objectives more adequately. The comprehensive response rate based on category and target respondents, represented in the table below.
Table 4.1 Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Target respondents</th>
<th>Responses</th>
<th>Response Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual customer</td>
<td>75</td>
<td>71</td>
<td>94.7</td>
</tr>
<tr>
<td>Corporate customer</td>
<td>27</td>
<td>23</td>
<td>85.2</td>
</tr>
<tr>
<td>Top management</td>
<td>3</td>
<td>3</td>
<td>100.0</td>
</tr>
<tr>
<td>Middle management</td>
<td>10</td>
<td>8</td>
<td>80.0</td>
</tr>
<tr>
<td>Operational staff</td>
<td>17</td>
<td>15</td>
<td>88.2</td>
</tr>
<tr>
<td>Total</td>
<td>132</td>
<td>120</td>
<td>90.9</td>
</tr>
</tbody>
</table>

(Source: Author, 2016)

4.3 General Information of Respondents

The questionnaire included the age (in terms of age group) and management level of interviewees. Based on the response, 80 percent of respondents at senior management level were aged between 30 and 40 years. In particular, 14 percent of respondents in senior management level were aged above 40 years. Again, 88 percent of middle level managers were aged between 30 and 34 years. Mainly, only 7 percent and 5 percent of the respondents were aged above 40 years or less than 25 years respectively. Further, 31 percent and 36 percent of the general staff respondents were aged between 20 and 24 years, and, 25-29 years respectively. In this regard, more than 50 percent of respondents were made of vibrant young individuals. Considerably, the data on age and management level was important in determining the perceptions and attitudes towards variables under the study.
Table 4. 2 Management Level and Age of Respondents

<table>
<thead>
<tr>
<th>Level of management</th>
<th>Age</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20-24yrs</td>
<td>25-29yrs</td>
</tr>
<tr>
<td>Senior management</td>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>Middle management</td>
<td>5%</td>
<td>14%</td>
</tr>
<tr>
<td>Operational staff</td>
<td>31%</td>
<td>36%</td>
</tr>
<tr>
<td>Total</td>
<td>12%</td>
<td>19%</td>
</tr>
</tbody>
</table>

(Source: Author, 2016)

On years of service, or work experience, 39 percent of respondents were under employment for the company (Bharti Airtel) from 6 to 8 years. On the other hand, 35 percent of the respondents had worked for the company from 3 to 5 years. Again, the findings show that 15 percent of respondents had worked for the company from 0 years to 2 years. Further, 10 percent and 2 percent of respondents were under employment for Bharti Airtel for 9 years to 11 years, and, 12 and above years respectively.

Fig 4. 1 Years of Service at Bharti Airtel

(Source: Author, 2016)

On gender, out of 120 completed questionnaires, there were 78 male and 42 female respondents. Notably, in the top ranks there were fewer female responds compared to male respondents in the same capacity. For instance, there were only 2 women in top management.
and middle management out of the possible 13. The comprehensive analysis of women is presented in the table below.

**Table 4.3 Gender**

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Respondents</th>
<th>Respondents (Female)</th>
<th>Respondents (Male)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual customer</td>
<td>71</td>
<td>26</td>
<td>45</td>
</tr>
<tr>
<td>Corporate customer</td>
<td>23</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Top management</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Middle management</td>
<td>8</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Operational staff</td>
<td>15</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>42</strong></td>
<td><strong>78</strong></td>
</tr>
</tbody>
</table>

(Source: Author, 2016)

The table below presents a comprehensive data analysis of respondents in terms of management level and years of service.

**Table 4.4 Management Level and Years of Service**

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Age</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0-2yrs</td>
<td>3-5yrs</td>
</tr>
<tr>
<td>Senior management</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>Middle management</td>
<td>4%</td>
<td>40%</td>
</tr>
<tr>
<td>Operational staff</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15%</td>
<td>35%</td>
</tr>
</tbody>
</table>

(Source, Author 2016)

**4.4 Effects of CG on RMS**

This section reviews the qualitative and quantitative data as views of respondents on the effect of corporate governance on relationship marketing strategies used in Bharti Airtel in regard to the review and approval of marketing initiatives by corporate governance
stakeholders such as BOD, shareholders, auditors and so forth. The effect of corporate governance on customer relationship and trust on marketing strategy at company level were determined through questions anchored on the likelihood of review and approval of relationship marketing based programs such as education, health, employment volunteerism, and the environment. The table below shows the frequency (the employees interviewed) and respective percentage. The higher percentage implies that corporate governance elements (education, health, employment volunteerism, and the environment) have a significant effect on marketing strategies in Bharti Airtel.

Fig 4.2 Effects of CG Initiatives on RMS at Bharti Airtel

(Source: Author, 2016)

4.4.1 Education

The empirical findings of the study show that corporate governance has substantial effects on the relationship marketing strategy adopted by Bharti Airtel. According to the figure 4.2.1, a significant number of respondents (37%) believe that corporate governance stakeholders such as BOD are likely to review and approval education programs as an approach of enhancing relationship marketing strategy in terms of capturing new markets and sustaining the current ones at Bharti Airtel. Notably, the findings show that the company’s BOD, and other stakeholders mandated with corporate governance of Bharti Airtel have continued to approve strategies that enhance relationship marketing. Notably, the respondents agreed that Bharti Airtel considers education as a foundation for social investments that assist in the realization of individual and communal dreams and the development of the society. The company BOD
has continued to review and approve education-affiliated programs to promote its relationship marketing strategy in order to gain market presence in Kenyan telecommunication sector by empowering the young minds for a better tomorrow. Again, the respondents have noted the importance of the “Airtel Internet program enables the communities and students in Kenya to broaden their learning through free access to educational material and other learning information available online so they can do more to be successful in life” (Airtel, 2016, para. 13).

Besides, a significant number of students continue to enjoy free internet connectivity program, free 24-hour access to the internet, an unlimited amount of educational information and material available online in order to broaden their learning. Overall, the company's internet and education initiative have profound and positive life effect for schoolchildren via better access to education. Relying on company information, some respondents cited that a significant number of institutions (over 90 public and private schools, hospitals, two police stations and organizations such as Albinism Society of Kenya) have benefited from internet and education initiative by the company (Airtel 2016). Again, they noted that the corporation intends to connect more than 1 million students by the end of FY2016 with the internet.

Apart from the internet, respondents noted that Airtel (2016) improves education through other initiatives such as donations of school bags (Silala School Bag donations), Solar Lamps donations (40 solar lamps to Tala SA primary school and St. Mary’s Tala primary school), and school books donations (Baobab Children’s Home) and furniture donations in several schools. Notably, Airtel started feeding program, paying teachers salary at Mogra Star Academy Mathare in order to motivate teachers and enable students to concentrate on education. Overall, such the company approval and execution of education related initiatives have enabled Airtel to maintain a substantial size of the market in Kenya telecommunication sector.

4.4.2 Health

On health, 24% of the respondents believe that corporate governance stakeholders at Bharti Airtel such as BOD are likely to review and approval health programs as an approach of
promoting relationship-marketing strategy, which entail the involvement of employees through corporate governance, and promoting customer relationship and trust. Notably, the respondents identified initiatives such as “Africa United against Ebola Campaign” and “Beyond Zero Campaign Half Marathon” as some of the undertakings the company BOD had approved in order to gain markets among communities involved. In particular, Bharti Airtel Divas took part in the Beyond Zero Campaign Half Marathon, an initiative of the First Lady Her Excellency Margaret Kenyatta aimed at enhancing maternal healthcare in a Kenyan population. The respondents noted that Bharti Airtel BOD approval and participation in such efforts was not only to promote the success of the undertakings but also to promote its brand among the communities in terms of empowerment of women and other neglected individuals in the society.

4.4.3 Employee Volunteerism

On employee volunteerism, 14 percent of respondents believe that corporate governance stakeholders at Bharti Airtel such as BOD are likely to review and approval employee volunteerism programs as an approach of promoting relationship-marketing strategy and promote its brand among Kenyan population. According to the respondents, the corporate governance at Bharti Airtel understands the current situation whereby children grow up while facing with numerous social issues and challenges associated with difficult life transitions as they pursue their dreams of attaining education goals. Occasionally and through corporate governance, Bharti Airtel has continued to approve the use of mentorship to reach out to its customers via encouraging and supporting young individuals in their learning journey, protecting them from pressure associated with life challenges and ensuring that they become the best. Notably, the respondents cited Airtel Spirit initiative as a pillar of encouraging a selfless giving of time at an individual and corporate level whereby 12 respondents advocated to have participated in the mentorship of young children. Again, the companies’ executive to portray the company as a partner of community that cares for their welfare hence influence the marketing strategies adopted by the company approved Airtel Mentorship Program to benefit individuals of all ages. In other words, employee voluntarism as reviewed and approved via corporate governance has influence Bharti Airtel to adopt
marketing strategy that portray the company as a supporter of welfare in the society hence enhance customer relationship and trust.

4.4.4 The Environment

On the environment, the 25% respondents believe that corporate governance stakeholders at Bharti Airtel such as BOD are likely to review and approval environmental initiatives programs as an approach of promoting relationship-marketing strategy. Notably, the respondents noted numerous initiatives, which the company executive has reviewed and approved for initiation initiated or taken part in order for consideration as an entity, which cares for the people. For instance, the respondents noted the company's approved the support of I-Afrika biogas project used for producing environmentally friendly fertilizer and at the same time cutting cost in fuel and electricity expenses. Together with Rotary Club of Nairobi East, the company executive approved the company to take part in safe water harvesting project to offer Enkeriyan Primary School in Kajiado County and neighbouring community clean drinking and cooking water. In this regard, Bharti Airtel promoted itself in the market as a company that promotes a safe environment through the production of clean and cheaper energy sources to the needy individuals in the communities.

4.4.4 Summary: Effect of CG on RMS using ANOVA

<table>
<thead>
<tr>
<th>Anova: Single Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUMMARY</strong></td>
</tr>
<tr>
<td><strong>Groups</strong></td>
</tr>
<tr>
<td>CG</td>
</tr>
<tr>
<td>RMS</td>
</tr>
<tr>
<td><strong>ANOVA</strong></td>
</tr>
<tr>
<td><strong>Source of Variation</strong></td>
</tr>
<tr>
<td>Between Groups</td>
</tr>
<tr>
<td>Within Groups</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
The ANOVA test applied to test the incremental effect of corporate governance on relationship marketing strategy via the review and approval of marketing relating programs such as education, health, employee volunteerism and the environment initiatives. The data collected was for 120 respondents through a scale of 1-10 in which 1 means weak relationship while 10 stands for strong relationship. The table above shows that the p value is 0.035128, which is smaller than 0.05. Therefore, the p value obtained indicates that there exists a significant effect of corporate governance on overall relationship marketing strategy.

4.5 Problems of Aligning CG and RMS

4.5.1 Knowledge about the Effects of CG on RMS

The findings are as presented in the figure below

Fig 4.3 Knowledge about the Effects of CG on RMS among Airtel Workers

(Source: Author, 2016)

The findings on the knowledge the workers of Airtel Kenya have on corporate governance show that only 42 percent of the respondents understood the role corporate governance plays in promoting relationship marketing strategy used by the company, and in particular in marketing and enhancing the brand of the company. In particular, this was demonstrated by their explanation of the term corporate governance. Specifically, many ticked “Yes” about their understanding of the corporate governance. Mainly, this implies that 58 percent of workers at Bharti Airtel lack knowledge about corporate governance entails and its role in
marketing. Notably, of all senior management who responded to the questionnaire, only 61 percent understood the role that corporate governance plays in an organization. In this regard, 39 percent of senior management do not understand the role, which the corporate governance plays in an organization including its use as a marketing strategy. Finally, the respondents identified provision of free internet to schools, police stations, among other as some of the initiatives that Bharti Airtel Kenya should undertake to be considered as acts of good corporate governance.

Again, the results show that only 45 percent of middle management (the level that encompasses marketing department) understands the role of corporate strategy in an organization. In particular, 55 percent of middle management employees of Airtel considered the expenditure of company revenues on corporate governance initiatives like health, education, and the environment as wastage of company revenues citing that such involvements do not bring direct sales. On operational staff, only 19 percent of respondents understood corporate governance and its roles. Notably, 81 percent of operational staff respondents cited that they do not care about corporate governance citing that their work is simply to carryout daily orders as designated by their seniors. Overall, a significant number of individuals cannot connect the correlation between corporate governance entails.

4.5.2 Attitudes toward the Effects of CG on RMS

Notably, even the respondents who understood corporate governance, the attitudes towards it were ambivalent. In particular, the respondents and even those from marketing department had mixed and contradictory ideas regarding the influence corporate governance on marketing strategies an entity uses. Such attitudes limit the level at which company through corporate governance reviews and approve relationship marketing strategic related programs. The chart below shows the analysis of corporate governance based on the degree of optimism.
4.4 Attitudes on the Effects of CG Initiatives on RMS among Airtel Workers

The findings as per chart show that a relatively significant number of respondents (11 percent) are uncertain whether corporate governance reviewed and approved initiatives (such as education, health, employee volunteerism and environment) influence or do not influence relationship marketing strategy in at Bharti Airtel. Again, 28 percent (7 percent strongly don't agree, 9 percent don't agree, and 12 percent relatively don't agree) of respondents including senior management, middle management, and operational staff do not agree with the idea that corporate governance reviewed and approved initiatives is important in promoting employee involvement as a marketing strategy used by the company. As such, it is considerably hard to convince such individuals that corporate governance through the review and approval of initiatives is essential in formulating other marketing strategies let alone relationship marketing strategy. Hence, they do not see the rationale behind the company’s BOD need to approve initiatives that make the entity incur costs to pursue its related projects such as health, education, and the environment.

4.6 Solutions to Problems Associated with Effects of CG Initiatives on RMS

4.6.1 Involving Main Stakeholders

Considerably, the respondents have overwhelmingly agreed that company's primary stakeholders such as employees, suppliers, customers, shareholders, board of directors, the
management, and the community should take part in the review and approval of initiatives by corporate governance regarding relationship-marketing strategy.

**Fig 4.5 Involving Main Stakeholders in CG Review and Approval of RMS Initiatives**

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>88%</td>
</tr>
<tr>
<td>Suppliers</td>
<td>52%</td>
</tr>
<tr>
<td>Customers</td>
<td>61%</td>
</tr>
<tr>
<td>Shareholders</td>
<td>96%</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>92%</td>
</tr>
<tr>
<td>Management</td>
<td>100%</td>
</tr>
<tr>
<td>The Community</td>
<td>79%</td>
</tr>
</tbody>
</table>

(Source: Author, 2016)

Statistically, all respondents (100 percent) agreed that the management has to be present during the review and approval of marketing strategy related programs by other corporate governance stakeholders. Notably, most of the interviewees noted that the management's makes decisions on the day-to-day running of an organization and thus, their policies, contributions and resources are crucial to the success of corporate governance in influencing marketing strategies. On a different vein, 96 percent of respondents agreed that shareholders should participate in the exercise of reviewing and approving initiatives relating to relationship marketing by other corporate governance stakeholders. In particular, they agreed that shareholder's contributions are essential considering that they are the owners of the entity and the costs incurred during corporate governance activities emanate from the pocket. Thus, shareholders are likely to make significant contributions that will not only benefit the company in terms of financial and market strength but also themselves.

Notably, 92 percent of respondents agreed that the board of directors should participate in the exercise of reviewing and approving initiatives relating to relationship marketing by other corporate governance stakeholders. Specifically, the respondents noted that the board of directors acts as the overseer of the company on behalf of the shareholders. In this regard, their involvement means the representation of the interests of shareholders. Again, 88% of
the respondents noted that junior employees should take part in the reviewing and approving initiatives relating to relationship marketing by other corporate governance stakeholders. In particular, they noted that junior employees present the face of a company through their contact with immediate customers, and thus their contributions have a significant impact on the sales. On community, 70 percent of the respondents agreed that the community through some representatives should take part in the reviewing and approving initiatives relating to relationship marketing by other corporate governance stakeholders. Notably, the community should suggest the corporate governance activities, which the company should figure out on how to implement them as marketing strategies for its products and services.

Besides, 61 percent and 52 percent of respondents noted the importance of including the customers and supplier respectively. On customers, the respondents cited them as the ultimate goal of corporate governance as their action determines whether a marketing strategy has succeeded or failed. On the other hand, the suppliers will influence the manner in which customers respond to marketing strategy considering their impact on the quality of products and services provided. Overall, the participation of most of the stakeholders in the formulation of corporate governance will have a positive and significant influence on the marketing strategy adopted by the company.

4.6.2 Setting up Standing Committee

Fig 4. 6 Setting up Standing Committee

(Source: Author, 2016)
On setting up a standing committee of reviewing and approving relationship marketing strategy based programs, 74 percent of all respondents agreed that the establishment of committee was necessary to handle issues that relate to both corporate governance and marketing strategies. Mainly, the respondents noted that a standing committee would eventually resolve emergency issues and in particular conflicts between corporate governance policies and marketing strategies concerning expenditures that do not have direct income generation. On different aspects, 93 percent, and 86 percent support the establishment of a standing committee for the sake of monitoring conflicts (between corporate governance and marketing objectives) and promoting brand marketing respectively. On these two issues, the respondents considered them as the most important in business since a business cannot operate well without having a proper stakeholders' relationship and at the same time making desirable profits.

Notably, 84 percent and 81 percent support the establishment of a standing committee in order to promote board of directors (BOD) best policies and update policies of the company respectively. Such acts, according to the respondents, will streamline the corporate governance practices and marketing strategies embraced by the company. Again, 79 percent and 71 percent support the establishment of a standing committee in order to promote ethical policies (within the company and outside the company) and reserve entity reputation. In short, a standing committee will oversee and control the moral behaviours of the employees in order to enhance the company’s perception among the customers and the community.

4.7 Chapter Summary

Chapter four in this research project has served as the results and findings section by providing the empirical findings on the effects of corporate governance on relationship marketing in telecommunication sector through data collected from Bharti Airtel Kenya. In this regard, the chapter helps to comprehend the inherent effects of corporate governance on relationship marketing in telecom industry from the standpoint of Bharti Airtel Kenya. The findings (through either simple percentages or ANOVA) shared through tables and graphs. Notably, lack of knowledge and attitude identified as the main problems associated with effects of corporate governance on relationship marketing. On the other hand, setting up
standing committee and involving all relevant stakeholders are the most desirable solutions to overcome previously identified problems. Next is "Chapter Five" which presents the summary, conclusions, and recommendations of the research project.
CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings and conclusions based on the response attained from the response of the interviews. Again, in this chapter, the research project presents necessary recommendations (based on the objectives) of the study as well as the areas for further studies.

5.2 Summary

The purpose of the study was to investigate the impact of corporate governance on marketing strategies in Bharti Airtel Kenya. The specific objectives of the study were as follows. To establish the effects of corporate governance on relationship marketing strategy about its review and approval of marketing based programs by independent directors. To determine the problems associated with the effects of corporate governance on relationship marketing strategy concerning its review and approval of marketing based programs by independent directors. To establish the desirable solutions to the problems associated with the effects of corporate governance on relationship marketing strategy concerning its review and approval of marketing based programs by independent directors.

The study adopted a descriptive research design whereby both qualitative and data collection approaches. The target population of this research was 288 employees and 5.3 million customers of Bharti Airtel Kenya. The sample population was based on Yamane (1967) formula due to its simplicity and consideration of sampling error. Both primary and secondary data were collected using documents such as questionnaires. Notably, data was analysed using appropriate simple percentage, ANOVA, tables, graphs and scale-based approach.

The findings of the study are as follows. On effects of corporate governance on marketing strategies, the review and approval of marketing related initiatives by corporate governance has been identified a major determine of relationship marketing strategy which an
organization embraces. For instance, marketing based programs such as education, health, employment volunteerism, and the environment, which through corporate governance principles are reviewed and approved, have been identified as primary relationship marketing strategy as companies use them to create awareness of the products and services, and at the same time promote their brand reputation.

On problems of reviewing and approving marketing strategies under corporate governance principles, a significant number of workers do not understand the concept of corporate governance. With only 42 percent of Bharti Airtel respondents understanding corporate governance, it is reasonable that most of the employees including those in senior management will make decisions (review and approve marketing programs) which are not congruent with the corporate governance policies and marketing strategic goals. Besides, it is evident that most of the workers in the company are ambivalent about the concept of corporate governance. In particular, some individuals' belief that corporate governance influences marketing strategies while others do not. In this case, such beliefs are likely to influence the employees' choice of decision regarding corporate governance or marketing strategies; hence, most likely create conflict between corporate governance and marketing strategies.

On solutions, leading stakeholders such as employees, suppliers, customers, shareholders, the board of directors, the management, and the community should take part in the decisions meant to review and approve relationship marketing based initiatives under corporate governance flagship. Such participation can be in the form of short surveys, questionnaires and so forth. Again, corporate governance and marketing strategies conflicting aspects to be handled by standing up committee. Notably, the committee should handle issues relating to corporate governance, marketing strategies such as entity reputation, brand marketing, BOD best practices, monitoring conflicts, and ethical policies, and updating policies.

5.3 Discussions

5.3.1 Effects of CG on RMS

The first objective is to establish the effects of corporate governance via the review and approval of initiatives such as education, health, employee volunteerism and environment
programs on the relationship marketing strategy of Airtel Kenya. In this regard, the research study dynamically analysed the influence of corporate governance via the review and approval of market-based initiatives such as education, health, employee volunteerism and environment programs on the involvement of employees as the marketing strategy of Airtel Kenya. Notably, the objective is in line with the broader research goal of the dissertation.

Mainly, the results showed that corporate initiatives namely education, health, employee volunteerism and environment programs have a significant impact on the relationship marketing strategy that Bharti Airtel uses to build its brand among the subscribers and other clients. These findings are consistent with studies done by Donald, Lyons, and Tribbey (1996) and Lindgreen (2008). In particular, Lindgreen (2008) consider the use of corporate governance initiatives as a form of relationship marketing strategy, which leads to the positive development of lifetime value of the company capital including profit, loyalty, revenue and so forth.

As Rangan, Chase and Karim (2012) note, corporate governance through its approval to implement programs that relate to social and environmental aspects, is nothing more than public relations campaign meant to boost their brand reputation. Thus, such a move is meant to dismiss held fundamental notion and distrust of corporation’s legitimate intention of doing anything more than increasing their profits and pursing the interests of shareholders. Notably, Saltaji (2013) points out that the management of companies should respect the interests of stakeholders, and from this point, corporate governance starts its fundamental role of creating or sustaining corporate trust in areas such as in products and stock markets.

Notably, the findings are consistent with Shen and Gentry (2012) about the impact of corporate governance mechanisms on the strategic decisions made by a firm. Notably, corporate governance has profound influence on relationship marketing strategies, which is part of strategic management. However, Capasso, Dagnino and Shen (2012) point out that there is always a tension in the relationship between corporate governance and relationship marketing strategy because they both have influence on each other. In this regard, it is imperative to inquire on how different stakeholders or actors are involved in the management of the effect of corporate governance on relationship marketing strategy.
5.3.2 Problems of Effects of CG on RMS

The second objective relates to the determination of the problems associated with the effects of corporate governance review and approval of relationship marketing strategy based initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy of Airtel Kenya. Comparing the results attained from the empirical study the lack of knowledge and attitudes upheld by employees were the primary determinants or sources of problems regarding the influence of corporate governance on relationship marketing strategy. These findings are congruent with the results of Davis (2016) Earl (1993) and Hilmer (1993) studies. Notably, Davis (2016) consider marketers attitude towards corporate governance as ambivalent, a significant number considering it as a remote compliance function that hinders their freedom of action. In particular, the findings of the study are congruent with numerous studies and literature.

According to Ferrell and Hartline (Ferrell, & Hartline, 2013), in some organizations marketing department does not hold a prominent position in the political hierarchy. This situation to some extent creates challenges for the marketing managers in acquiring resources and gaining approval of the marketing plan including relationship marketing strategic programs like education, health, employee volunteerism and the environment. The marketing manager, for instance, faces the difficulty relating to the failure of some executives who do not see the benefits of the proposed marketing initiatives (Ferrell, & Hartline, 2013).

In large organizations, there is a greater diversity of decision makers in both marketing departments and corporate governance. Notably, the addition of executive committee members and boards of directors creates multiple corporate decision makers who may be personally committed to a wide range of social and environmental based marketing strategies (Rangan et al., 2012). In this regard, there may be a lack of consensus between the best marketing strategies, thus making relationship marketing strategy as an option among many others. Thus, most of executive leaders in turn focus on the responsibility of balancing the interests of shareholders with corporate governance initiatives (Rangan et al., 2012). Therefore, relationship marketing strategy in organizations is considerably a secondary issue in regard to corporate governance functions.
In some cases, corporate governance does not embrace social and environment initiatives by choice, but due to social pressures (Rangan et al., 2012). For instance, some organization’s launch initiatives to fend off potential reputational damage. In another instances, corporate governance promote social and economic initiatives that are meant to repair corporate image after being sanctioned or penalized for ethical or regulatory infractions (Rangan et al., 2012). In this regard, some of the corporate governance initiatives do not promote relationship marketing strategy. Thus, it is extremely hard to determine effect of such corporate governance initiatives on relationship marketing strategies.

5.3.3 Solutions to Problems of Effects of CG on RMS

The third objective relates to the establishment of desirable solutions to the problems associated with the effects of corporate governance initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy adopted by Airtel Kenya. Overall, the findings suggest that the involvement of all stakeholders, and the establishment of a standing committee to handle any emerging issues as the primary solutions of curbing corporate governance and relationship marketing strategy issues. Mainly, these results are congruent with Akinpelu (2012), Davies (1999), Keay (2007) and Naciri (2009) studies. Notably, corporate governance and market involve a broad range of stakeholders, who participate in influencing, controlling, regulating and managing firms, productive networks, and associations (Akinpelu, 2012). According to Davis (1999), such stakeholders/agents have diverse goals and objectives, which an organization has to satisfy in order for consideration as being successful.

The findings on solutions laid down by in the study are in line with arguments of numerous studies and scholars. Notably, marketing managers are entitled to take part in the review and approval of the current and anticipated levels of organizational resources that should be used for marketing initiatives. According to Ferrell and Hartline (2013) study, such a review and approval entails an analysis of financial, human and experience resources, as well as any resources the firm might hold in key relationships with supply chain partners, strategic alliances, or customer groups. An essential aspect of this analysis is to gauge whether the availability or level of these resources is likely to change in the near future (Ferrell, &
Hartline, 2013). Besides, additional resources might be used to create competitive advantages in meeting customer needs. In this regard, when the marketing manager expects resources level to decline, he or she must find ways to compensate when establishing marketing goals, objectives, and strategies for the upcoming initiatives.

During the review and approval of marketing based strategies under corporate governance, stakeholders and in particular marketing managers must examine current and future situations regarding customers in the firm’s target markets (Ferrell, & Hartline, 2013). In short, information needs collecting that covers current and potential customers, the prevailing needs of current and potential customers, the basic features of the firm and competitor’s products perceived by customers as meeting their needs and anticipated changes in customer needs. Thus, such aspects need consideration in the review and approval of relationship marketing strategy under corporate governance principles.

5.4 Conclusions

This research project bases was on a case study of Bharti Airtel (or simply Airtel). Notably, Bharti Airtel was chosen main because of the company's tough experiences in terms of high competition in the market from Safaricom and the manner in which the company has continued to use corporate governance initiatives as the primary tool for promoting its relationship marketing and in particular, enhancing its products and services to its customers and subscribers. Mainly, the research projected has relied on a sample of 120 employees in Bharti Airtel Kenya. The results division was into three sections based on the underlying objectives of the research study.

On the establishment of the effects of corporate governance via the review and approval of relationship marketing initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy embraced by Airtel Kenya, the findings demonstrate a significant effect on the former's initiatives on the latter. In particular, 37 percent, 24 percent, 14 percent and 25 percent of the respondents noted that, the review and approval of marketing initiatives under corporate governance has significant effects on relationship marketing strategy at Bharti Airtel Kenya. Thus, corporate governance should promote through numerous aspects.
On the determination of the problems associated with the effects of corporate governance via review and approval of education, health, employee volunteerism and environment programs on the relationship marketing strategy embraced by Airtel Kenya, the lack of knowledge about, and attitudes towards corporate governance effect on relationship marketing identified significantly as the biggest problems. For instance, only 42 of all respondents understood the consequences of corporate governance on relationship marketing strategy. In short, a significant number of Airtel employees do not have the knowledge about what corporate governance entails.

Besides, on the establishment of the desirable solutions to the problems associated with the effects of corporate governance review and approval of initiatives on the relationship marketing strategy embraced by Airtel Kenya, both the establishment of a standing committee and the involvement of all stakeholders were identified as the most efficient solutions. Notably, all respondents supported the inclusion of management team of the company. Overall, all concerned stakeholders and agents must take part in the aspects relating to corporate governance and marketing strategies.

5.5 Recommendations

5.5.1 Recommendations for Improvement

The study done was on three primary objectives and as such, the following recommendations relate each one of them

5.5.1.1 Effects of CG on MS

Notably, the first objective is the establishment of the effects of corporate governance review and approval of initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy embraced by Airtel Kenya. As such, this research project recommends that respondents and in particular employees of Airtel Kenya to exposed to review and approval of numerous fields touching on corporate governance and relationship marketing initiatives (such as education, health, employee volunteerism and environment) so that they can learn from first hand on how they influence the relationship marketing strategy. Mainly, this is considering that respondents only choose
one or avoided some corporate governance initiatives despite others important impact on relationship marketing strategy.

5.5.1.2 Problems of Effects of CG on MS

The second objective is the determination of the problems associated with the effects of corporate governance concerning review and approval of relationship marketing initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy embraced by Airtel Kenya. As such, this research study recommends Airtel Kenya to undertake on the job training about the effects of corporate governance in terms of data analysis, review, and approval on initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy. Such undertaking will not only provide employees with sufficient knowledge but also change their attitude towards the effects of corporate governance initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy.

5.5.1.3 Solutions to Problems of Effects of CG on MS

The third objective was the establishment of the desirable solutions to the problems associated with the effects of corporate governance review and approval of relationship marketing initiatives such as education, health, employee volunteerism and environment programs on the relationship marketing strategy embraced by Airtel Kenya. As such, this research project recommends the establishment of a standing committee and the involvement of several stakes in decision making relating to corporate governance and relationship marketing strategies. In particular, a standing committee is necessary for explaining the underlying effects of certain corporate governance on relationship marketing strategy the company pursues.

5.5.1 Recommendations for Further Studies

This study has mainly studied the effects of corporate governance on relationship marketing strategy about its review and approval of marketing based programs by independent directors as well as underlying problems and appropriate solutions. Mainly, the research focuses on
Bharti Airtel Kenya only. In this regard, suggestions regarding other studies should be done on other companies such as Safaricom and orange Kenya in order to understand the underlying effects and problems of corporate governance on relationship marketing strategies in the entire industry. In addition, the study recommends future studies need to be on the influence of other aspects corporate governance such as capital and dividend policies to determine how they influence relationship marketing through allocation of resources.

5.6 Chapter Summary

Chapter five in this research project has provided the summary, conclusions as well as recommendations and areas of further research. In this regard, the chapter helps to comprehend what the dissertation reviews. It provides précis of matters that have been addressed in the previous chapters. Besides, the chapter has provided recommendations regarding each question dealt with by the dissertation. Finally, the chapter has provided areas of further research mainly on aspects that have been partially or not yet been explored.
REFERENCES


Moiz, J. A. (2012). How is corporate governance utilized to meet the strategic marketing goals of an organization. *Centre for Enterpreneurial Development, CED*.


APPENDIX I: COVER LETTER

YVONNE ANYANGO

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA (USIU-A)

P.O. BOX 14634, 00800.

NAIROBI

Dear Respondent,

I am carrying out research on the impact of corporate governance on marketing strategies in Kenya. This is in partial fulfilment of the requirement of the Master of Business Administration at the United States International University.

Bharti Airtel employed as a case study, which you are a part of the lucky respondent chosen. The result of this study will provide the management with the necessary information for enhancing the company’s corporate governance.

This is an academic research and confidentiality is strictly emphasized, your name will not appear anywhere in the report. Kindly spare some time to complete the questionnaire attached.

Thank you in advance,

Yours sincerely,

Yvonne Anyango.
Thank you for agreeing to provide responses to this questionnaire. The research undertaking is as a partial requirement for the award of a Master in Business Administration (MBA) at United States International University. The purpose of the research is to collect data on the “Effects of Corporate Governance on Marketing within Telecommunication Sector in Kenya: A Case Study of Bharti Airtel Kenya.” Thus, the survey data report in a summary manner and treated with utmost confidentiality. Notably, the findings use, will be for academic purposes only.

The questionnaire is divided into four (4) sections with brief questions. Kindly respond to all questions. Thank you in advance for your cooperation.

For any further inquiries, please feel free to contact:

Yvonne Anyango (0738 150 699)

SECTION A: GENERAL INFORMATION

1. What is your gender? (Tick appropriately)
   Male □
   Female □
2. What is your age (in years)? ................................
3. Which management level do you serve? (Tick appropriately)
   Upper Management □
   Middle Management □
   Lower Management (operational staff) □
4. Number of years in the business
   Less than 1 year □
SECTION B: EFFECTS OF CORPORATE GOVERNANCE IN TERMS OF REVIEW AND APPROVAL OF MARKET BASED INITIATIVES (EDUCATION, HEALTH, EMPLOYEE VOLUNTEERISM AND ENVIRONMENT PROGRAMS) ADOPTED BY AIRTEL

1. The effects of corporate governance in terms of review and approval of initiatives on marketing strategies anchored to corporate social responsibility, customer relationship and customer trust. By using a scale of 1 to 5, rank how you think the following relationship marketing based initiatives influence the decision by corporate governance stakeholders to approve after review at Bharti Airtel

   Education

   Health

   Employment volunteerism

   The environment

Note: 1 = insignificant, 2 = relatively insignificant, 3 moderate significant, 4 = considerably significant, and 5 = strongly significant.

2. Provide a brief explanation of your chosen element

3. Where possible, provide some examples of initiatives that the company under corporate governance has reviewed and approved relating to each element as a marketing strategy

Education

...
SECTION C: PROBLEMS ASSOCIATED WITH THE EFFECTS OF GOVERNANCE IN TERMS OF REVIEW AND APPROVAL OF RELATIONSHIP MARKETING INITIATIVES (EDUCATION, HEALTH, EMPLOYEE VOLUNTEERISM AND ENVIRONMENT PROGRAMS) ADOPTED BY AIRTEL KENYA

1. Corporate governance is broad aspect in company management. Do you know what the term corporate governance means?
Please explain what you understand by the term corporate governance. (Note: your explanation will determine your knowledge about corporate governance)

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2. Do you think corporate governance is important to Bharti Airtel Kenya’s relationship marketing?

Yes

No

Explain

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3. Provide examples of initiatives that Bharti Airtel Kenya should undertake to be considered as acts of good corporate governance.

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4. Do you think corporate governance influences marketing strategies? Rate and explain your answer?
SECTION D: SOLUTIONS TO PROBLEMS ASSOCIATED EFFECTS OF GOVERNANCE IN TERMS OF REVIEW AND APPROVAL OF RELATIONSHIP MARKETING INITIATIVES (EDUCATION, HEALTH, EMPLOYEE VOLUNTEERISM AND ENVIRONMENT PROGRAMS) ADOPTED BY AIRTEL KENYA

1. Do you think it is prudent to involve main stakeholders in the review and approval of corporate governance with marketing strategies?

Yes

No

2. The main stakeholders of Bharti Airtel include employees, suppliers, customers, and shareholders, board of directors, the management and the community. Kindly, tick all stakeholders you believe should participate in the review and approval of corporate governance and marketing strategies.
3. Kindly, provide the rationale why each stakeholder of your choice (question 2 above) should participate in the review and approval of corporate governance and marketing strategies.

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4. Many studies, experts, executives and scholars support the idea of setting up a standing committee to handle issues relating to corporate governance and marketing strategies. Do you agree with such opinion? Explain.

Yes  

No   

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66
5. Standing committees are established to carry out numerous activities including promoting entity reputation, brand marketing, board of directors best practices, monitoring conflicts, advancing ethical policies and upgrading policies. Based on your knowledge, kindly tick which roles should standing committee do to handle issues relating to corporate governance and marketing strategies in Bharti Airtel.

<table>
<thead>
<tr>
<th>Role</th>
<th>Ticked</th>
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<tbody>
<tr>
<td>Entity reputation</td>
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<tr>
<td>Brand marketing</td>
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<td>Board of director’s best practices</td>
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<tr>
<td>Monitoring conflicts</td>
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<td>Advancing ethical policies</td>
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<td>Upgrading policies</td>
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6. Based on your choices (in question 5) kindly explain your reasoning

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