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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the problem

Corporate social responsibility (CSR) is a corporate behavior and management philosophy that increasing number of communications service providers need to adopt (Caroll & Shabanna, 2010). There are other sources of definitions for CSR, but a more commonly used term is “actions firm design to improve social or environmental conditions” (Mackey, Mackey, & Barney, 2007). According to (Du & Sen, 2010) “it is a commitment to improve the wellbeing of the society through discretionary business practices and contributions of corporate resources”. From the definitions, outcome of CSR is not just aiming towards societal well-being, but rather implying that communication service provider firms need to design certain business practices to achieve CSR. This clearly indicates that CSR rather than focusing on being ethical only has now had a shift to being strategic and with the telecommunication industry as the unit of analysis rather than society.

A definition that reflects how CSR has become fully strategic is defined by (Hill, Daryl, & Todd, 2007) it is “actions that enhances a firm’s competitiveness and reputation”. This definition is more suitable for the rest of the research. CSR occurs by contributing some set of resources, resources such as people or money, for the social benefit of the firm, environmental improvement or to comply with legislations. (Moon & deLeon, 2007). Despite CSR not being a new concept, its popularity has had a major increase in firms globally. It is also considered to in a firm’s long-term interest to be socially responsible (KPMG, 2011). When a telecommunications service provider enhances the societal environment in which it exists and operates, it directly contributes to the wealth and development of that society. In the long-term, it increases the market size in the form of new customers (Caroll & Shabanna, 2010).

CSR has increased in popularity as major firms in Europe, Asia and the United States of America, perceive that CSR cannot only improve their brands, but also their reputation and financial performance (KPMG, 2011). A study reported that 70% of international CEO’s believe that CSR is very vital for a firm’s profitability level to increase (Vogel, 2005).
CSR embodies some norms that stakeholders regards as being fare, and also promoting activities towards the welfare of the society (KPMG, 2011). CSR can be divided further into purely philanthropic activities without intention to gain (Maak, 2008) and also, with the goal of some strategic intent, intents such the improvement of the reputation of the firm or performance enhancement (Bansal & Roth, 2000). It is reported that firms have strategic intent towards CSR, and now engage in CSR to benefit as it is considered to be a long-term investment that can lead to competitive advantages (Caroll & Shabanna, 2010). These are some of the reasons CSR is being addressed from a strategic perspective.

CSR is empirically supported to provide a direct and indirect impact on a firm’s performance. Direct impact can appear in a form of positive financial performance, while indirect impact can enhance brand image and or market reputation (Wood, 2010). Since strategic management concept entails a systematic analysis of internal and external factors which is associated with customers and the firm itself, it supports the design of optimal management practices, which in turn supports the alignment of the firm’s level policies and strategic priorities.

Today, corporate social responsibility (CSR), a firm’s commitment to maximize long-term economic, societal and environmental wellbeing through business practices, policies and resources, is a strategic imperative. Spurred by the thinking of leading strategy, management and marketing scholars e.g., (Kotler & Lee, 2005), most forward-thinking firms across the globe are approaching CSR as not merely their ethical responsibility to society and the environment, but instead a way to achieve their strategic objectives, enhance competitive advantage while at the same time bettering the world (i.e., creating joint value for the firm and society). In line with this emerging perspective, more and more companies are engaging in initiatives that try to improve public health, safety, the environment or community wellbeing through the active participation of key stakeholder groups such as consumers. Kotler & Lee (2005) call such initiatives corporate social marketing initiatives, labeling them ‘best of breed’ among alternative corporate social initiatives in terms of their ability to improve consumer wellbeing while at the same time helping achieve strategic goals such as market development and increased sales.

An important strategic objective for many firms/brands is to gain a competitive advantage over their often formidable rivals. Thus, it is not surprising that a recent large scale study of CFO’s,
investment professionals, CSR managers (Quarterly, 2009) revealed that “strengthening competitive position” is a key impetus for firms to engage in strategic CSR. Yet, even as the debate on CSR has shifted decisively from “whether” to “how” (Smith 2003), there exists little conceptual clarity regarding when, how and why firms might be able to achieve their strategic goals, such as gaining a competitive advantage, through their CSR actions. This is due in part to the disparate perspectives the different disciplines have brought to their examination of strategic CSR. Researchers in management (encompassing strategy and organizational behavior) have typically focused on macro and micro level issues such as the link between CSR and firm financial performance (Godfrey & Jared, 2009), finding such a link to, notably, be positive but equivocal. In contrast, marketing researchers have adopted a markedly micro-level perspective to understand when, why and how consumers respond positively to CSR, engaging in pro-brand behaviors e.g. (Du & Sen, 2010).

Consequently, while the notion that CSR can lead to competitive advantage is implicit to current thought in management, there is scant insight into the actual consumer-level dynamics underlying a company’s ability to use CSR as a strategic competitive lever. Conversely, while marketing has focused on the when, why and how of customer reactions, extant CSR work in this discipline has focused on single firm/brand contexts (Sankar Sen, Bhattacharya, & Korschun, 2006) neglecting the role of competition in the strategic returns to CSR.

The competition for increased customers among the telecommunication firms in Nairobi, Kenya is fierce. The competition is not limited to new customers, but to keep existing customers. This fierce competitive environment has led to telecommunication operators expose customers to a wide variety of services and offers from competing firms. Strategic implementation of CSR could provide competitive edge over rivals which could ensure the long-term growth and the survival of a firm in the future. To support this view Dolnicar (2007) notes that consumers purchase decisions are positively influenced by social responsible initiatives. However, CSR initiatives needs to be executed diligently to ensure the continuous existence of companies.

1.2 Statement of the problem
Telecommunication Companies have realized their obligations to the society in terms of responsible business practices, and are trying to become good corporate citizens by taking their
economic, ethical, and altruistic responsibilities (Idowu & Parasolomou, 2007). However, study on what the public expect firms to do on CSR, and how much firms are expected to do is still limited. The business world still knows little about what to do and how to practice CSR strategically. Managers are confused about what CSR initiatives to choose and how much to do with them (Mohr & Webb, 2005). Not only managers, but also consumers are quite confused about CSR and consumer’s knowledge of different firm’s CSR is rather limited (Carrigan & Attalla, 2001).

Common responses to corporate social responsibility such as charity donations and CSR reports tell the public what good deeds have been done by a company. A lot of published research papers talk about CSR, but still there are few practical guidelines to businesses on how to address CSR innovatively. However, no single study has been done on consumer’s awareness of CSR, consumer's attitudes toward CSR and the impact of CSR on consumer behavior in the telecommunication industry. Therefore, the problem reflects the critical importance to know what kind of CSR initiatives are favored the most by consumers and how these CSR initiatives affect consumer behavior.

In order to address CSR innovatively and strategically in the telecommunication industry, it is necessary to know more about how well organizations engage in CSR in the telecommunication industry and what customer’s attitudes are towards implemented CSR.

1.3 Purpose of the Study
The purpose of the study is to investigate how CSR can be used strategically to gain competitive advantage in the telecommunication industry, in Nairobi, Kenya.

1.4 Research Questions
The study will be guided by the following research questions:

1.4.1 What are the factors that influence telecommunication companies to engage in CSR activities?
1.4.2 What are the main challenges facing the mobile telecommunication company in the implementation of CSR?
1.4.3 How does the practice of CSR influence competitive advantage among telecommunication operators?
1.5 **Significance of the Study.**

1.5.1 **Mobile Telecommunication Network.**

This study will focus on how the mobile telecommunication industry will use CSR as a tool to strengthen their competitive advantage over rival telecommunication industries.

1.5.2 **Scholars and Academicians**

The research will add more information to the study of CSR in the mobile telecommunication industry. Also, it will identify gaps in this field since a lot of work hasn’t been done on this area.

1.6 **Scope of the Study**

This study is focused on organizations in the mobile ICT industry, specifically the mobile telecommunications service providers, based in Nairobi, Kenya. The data collection will be done in the period between October and November 2016 based on questionnaires to service users who directly / indirectly engage in CSR activities.

1.7 **Definition of Terms.**

1.7.1 **Corporate social responsibility**

This is defined as actions firm design to improve social or environmental conditions (Mackey, Mackey, & Barney, 2007).

1.7.2 **Telecommunication**

The transmission of information by means of electromagnetic signals over copper wires, coaxial cables, fiber-optic strands, or the airwaves (harvard, 2011).

1.7.3 **Information and Communications Technology (ICT).**

This an umbrella term that includes any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as videoconferencing and distance learning (Rouse, 2016).

1.8 **Chapter Summary**

The purpose of the study is to identify how effective CSR can be used to gain competitive advantage in the mobile telecommunication industry. The scope of the research is focused on
the public and customer of the service and their perception of implemented CSR from the telecommunication service industry.

Chapter Two of the study will review in detail the literature related to corporate social responsibility. Chapter Three will focus on the research methodologies to be used, that is, research design, population and sampling, the data collection methods. Chapter four provides the finding and results of data gathered and chapter five will discuss in depth findings, discussions, and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter gives the available literature on the concept of strategy. It also looks at the strategy implementation as a process in management and highlights on the importance of the same in the management process. The chapter addresses the challenges that organizations are faced with even as they embark on “action” phase and ways in which they address the challenges. The chapter also looks at corporate social responsibility strategies and how the organizations utilize them in creating sustainable competitive advantage over other players in the industry.

2.2 Challenges Faced By Organizations in the Implementation of CSR

2.2.1 Concept of Strategy
According to Bateman and Zeithaml (1990), a strategy is a pattern of actions and resource allocations designed to achieve the organization’s goals. The strategy that an organization implements attempts to match the skills and resources of the organization to the opportunities found in the external environment. Thompson et al (2008) describes a company’s strategy as the management’s action plan for running the business and conducting operations. The crafting of a strategy represents the managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company’s financial and market performance. Jack Welch, former CEO, General Electric refers to strategy as “making clear-cut choices about how to compete.” Joel Ross and Michael Komi say “without a strategy, the organization is like ship without a rudder” (Thompson, 2008).

A company’s strategy is all about how the management intends to grow the business, how it will build a loyal clientele and out-compete rivals and how each functional piece of the business will improve the company’s product offerings and competitive approaches to generate a revenue stream and have an associated cost structure that produces attractive earnings and return an investment. Managers face three central questions in evaluating their company’s business prospects (Thompson 2008). These include: What is the present situation, where does the company need to go from here and how should it get there? The first question prompts
managers to evaluate industry conditions and competitive pressures, the company’s present performance and market standing, its resource strengths and capabilities and the competitive weaknesses. The second question pushes managers to make choices about the direction the company should be headed which includes what new or different customer groups and customer needs it should endeavor to satisfy, what market positions it should be staking out and what changes in its business make up are needed. The third question challenges managers to craft and execute a strategy capable of moving the company in the intended direction, growing its business and improving its financial and market performance.

2.2.2 Challenges of Strategy Implementation

Strategy implementation involves establishing programs to create a series of new organizational activities, budgets to allocate funds to the new activities and procedures to handle the day to day details. Any new strategy will likely involve a sequence of new programs and activities that may conflict with the existing practices and activities. Managers are faced by a problem to decide how quickly change should proceed and in what order change should take place. They also need to decide whether to start a new site and whether the proposed systems are stable and coherent. The Budget process begins after the programs have been developed. Planning a budget is usually the last real check a corporation has on its selected strategy. Sometimes an ideal strategy may become impractical after the implementation programs are costed in detail.

Wheelen and Hunger (2008) argues that in most cases, due to changes in the environment in which a strategy is being implemented the planned budget may be surpassed by the actual. This is because the environment is dynamically changing as a result of factors such as inflation, technology and economic factors. Standard operating procedures must be developed after budget approval. These are organizational routines by which organizations accomplish much of what they do. They must be updated to reflect any changes in technology and in strategy. Consistency of the procedures is necessary to ensure that they are affected to the letter which in turn requires policies (Wheelen and Hunger, 2008). Changing current procedures in order to implement new strategies is not easy especially due to the resistance to change that is normally inculcated by the personnel. This can be challenging to the organization to motivate and encourage the staff to cooperate.
2.2.3 Corporate Social Responsibility Challenges

The designing and implementation of Corporate Social Responsibility requires long-term commitment and vision from managers, posing a major challenge to organizations (Faulkner, 1995). The high rate of low-income earning communities across the world makes it difficult for communities to adequately support companies that carryout CSR as they spend a greater portion of their earnings on food (Euromonitor, 2006; World Bank, 2007). The implementation of CSR can be very challenging as a result of the numerous needs of society (Baughn et al., 2007).

2.3.4 Failure to engage stakeholders

Most Corporate Social Responsibility programs are not context specific and for that matter the need for individual companies to invest in context specific Corporate Social Responsibility programs. Businesses or organizations to a large extent fail to engage stakeholders on key social issues to be addressed by their Corporate Social Responsibility programs. This does not only pose as a challenge to organizations but it also turns to hinder the successful implementation of Corporate Social Responsibility interventions (Van Marrewijk, 2003).

According to Weihrich et al (2010), corporate social responsibility refers to the serious consideration of the impact of the company’s actions on society. Thompson et al (2008) discusses the concept of social responsibility as the essence of socially responsible business behavior with which a company should balance strategic actions to benefit shareholders against the duty to be a good corporate citizen. Company managers are obligated to display a social conscience in operating the business and specifically take into account how management decisions and company actions affect the wellbeing of employees, local communities, the environment and society at large. Demonstrating social responsibility entails undertaking actions that earn trust and respect from all stakeholders thus operate in an honorable and ethical manner, striving to make the company a great place to work, demonstrate genuine respect for environment and trying to make a difference in bettering society.

Thompson et al (2008) suggests that there are five components of a socially responsible business behavior. These actions form a company’s social responsibility strategy and they
include actions to ensure the company has an ethical strategy and operates honorably and ethically. They also include actions to promote workforce diversity, actions to protect or enhance the environment, actions to enhance employee wellbeing and make the company a great place to work and also actions to support charitable causes, participate in community service activities and better the quality of life. A debate on CSR is whether a manager’s efforts to promote the interests of the stakeholders are at odds with their duty to safeguard shareholders’ interests. To the extent that firms are not social agencies and that their primary function is to serve as economic enterprises, it is certainly true that firms cannot take on all the social problems of the world, though on the other hand failing to heed to certain CSR imperatives may be self-defeating in the long run.

The key is then to strategize with CSR. Peng (2009) argues that the three perspectives on strategy can shed light on CSR with relatively little adaptation and extension. These considerations that form the scale and scope of CSR activities include: Industry based considerations, the five forces framework bring about competition on CSR. They include; rivalry among competitors, threat of potential entry, bargaining power of suppliers, and buyers as well as threat of substitutes. The more concentrated an industry is, the more likely competitors will recognize their mutual interdependence based on old ways of doing business and the incumbents can resist CSR pressures. The more the number of rivals, the more difficult it becomes to sustain a united front against CSR pressures. Incumbents can also raise entry barriers to deter potential entrants through more superior products that are difficult for new entrants.

Organizations can turn threats into opportunities by embracing CSR challenges through selective but preemptive investments and sustained engagement thus making their CSR activities a source of differentiation rather than an additional item of cost. Resource based aspect involve value, rarity, limitability and organizational capabilities consideration (Peng, 2009). The CSR related resources can include tangible technologies and processes or intangible skills and attitudes. There has been no conclusive evidence of a direct positive link between CSR and economic performance and previous studies show different results. Thus the assumption is that not every firm’s economic performance is likely to benefit from CSR. The strategic response framework consists of reactive, defensive, accommodative and proactive
strategies. From a CSR perspective, the best firms employ a proactive strategy by constantly anticipating responsibility and endeavoring to do more than is required.

Organizations are made up of individuals who first and foremost enjoy some rights and exercise duties and responsibility because they are citizens of a country. Organizations are therefore faced with numerous stakeholders toward whom it has numerous responsibilities. The boundlessness of stakeholders with which organizations work with may render CSR meaningless. The problem of CSR may not be due to it pertinence but instead the individual personal values and responsibilities of the people that make the social organization. The existence of CSR is impossible if people do not have sufficient competence and exercise maturity in a socially responsible way. It is therefore imperative for society and companies to train individuals towards the acquisition and attainment of such competencies and maturity essential for the successful design and implementation of Corporate Social Responsibility. The concept of CSR and stakeholder are interrelated which had warranted the need for an assessment of the correlations between business and society. Managers of organizations play an essential role in the way their images are lifted with regards to their social and environmental performance.

The growing consciousness people have of their leverage power could therefore drastically change the responsibilities businesses have toward society. In the efforts of organizations to mature towards greater responsibility, people should first reflect on their own position, behavior, value-system and expectations within organizations and society. This will better enhance the design and implementation process of CSR interventions to the overall benefit of both the organizations and stakeholders concern (Kakabadse, 2005).

According to (Jonker & Schoemaker, 2004), companies working on CSR require the development of appropriate capacities and skills to make decisions and behavior broader, deeper and richer toward their stakeholders but contrary to this view, most companies lack the appropriate skills needed to effectively carry out Corporate Social Responsibility.

2.3 Factors Influencing Telecommunication Industries to Engage in CSR Activities.

The primary role of business is to produce goods and services that society wants and needs. According to Coldwell (2001), a business only contributes fully to a society if it is highly
efficient, highly profitable and has socially responsible agendas. Based on the literatures
definition of CSR, CSR behaviors are not constant over time or space. Social expectations and
pressure for specific types of CSR have varied over time and are contingent on the nature of
the company (Richardson, Welker & Hutchinson, 1999). A study by Windsor (2001) showed
that social responsibility is achieved when the corporation conforms to the prevailing norms
and expectations of social performance in a given society.

Some academics have sought out to explain the reasons for why companies choose, or should
choose to, engage in CSR. The literature on this matter is described from a vast amount of
perspectives and under several names and guises. Pressure (Matten & Moon, 2008)
justifications (Porter & Kramer, 2006), arguments for (Werther & Chandler, 2006) and
motivations (Idowu & Parasolomou, 2007) are just a few examples of how reasons for CSR
engagement is described. It would be impossible to provide a full overview of all theoretical
reasons for engagement. Nevertheless, this section will provide a description of some of the
most prominent and recurring reasons, complemented with some important microeconomic
theories that can help to describe why companies engage in CSR.

2.3.1 Direct Economic Profits

There are situations when CSR clearly illustrate a strategy for profit maximization, and can
create a direct positive impact on profits, by either increasing revenue or cutting costs. These
benefits are often expected to occur in the short run, and therefore differs from many other
CSR benefits that are expected to occur in the long run.

Direct economic profits can be made through improving environmental practices. This could
be exemplified by a company that invests in cleaner and more efficient production technology
receives lower production costs. This consequently implies higher profits, simultaneously as
improving its environmental performance (Utting, 2000). Moreover, improved environmental
practices can also make the company eligible for eco-subsidies from the government. Typical
examples of these are subsidies for renewable energy, bio-fuels, organic farming, and low
carbon technologies (Visser, 2013).

2.3.2 Consumers
The consumer influence on why companies engage in CSR is multifaceted. As economic theory proclaims, the firm is to supply the market with what consumers demand. A consumer will buy the good that provides the highest utility for the consumer, the consumer’s individual preferences, taste, and budget constraint (Perloff, 2009). Many surveys show that consumers proclaim valuing CSR into their buying decisions (Vogel, 2005) and consumers are described to avoid what they consider irresponsible (Hopkins, 2003). To meet demands and expectations for CSR therefore becomes important for companies to capture additional customers and/or more satisfied customers (Matten D., 2006).

Differentiation when engaging in CSR can create a comparative advantage for a company. As microeconomic theory states, if the company successfully manage to differentiate its offer to the market in a way that customers want, then the company will be facing imperfect competition. In this situation revenue can be increased, when the charged price exceeds the marginal cost of production. This situation where differentiated or rare products are supplied is called monopolistic competition and implies that the company becomes less of a price taker, and more of a price setter (Perloff, 2009). As explained by McWilliams & Siegel, many authors have developed the concept of CSR as a differentiation strategy that can be used to sustain a competitive advantage (2011).

Differentiation can also be used as a mean of reaching niche markets that the company would otherwise not have access to. Crane exemplifies this by explaining that a company can choose to differentiate on basis of ethical products to serve a niche market where customers have strong ethical preferences (2008). Although differentiation can also be used to serve a bigger market, and as Crane points out, most companies choose a more mainstream orientation instead of a niche ethical differentiation, to serve a greater market where they believe the customers' ethical concerns to be secondary to other considerations when purchasing. However, secondary does not imply that these companies should ignore the influence of ethical differentiation, since this element is typically one of the elements in the portfolio of differentiating factors that are crucial to gain a significant market share in the mainstream markets (Crane, 2008). As means of creating a competitive advantage towards less responsible firms communicating to customers, branding, and reputation, is important. CSR can be, and has been, used as a way of strengthening the brand and improving the reputation (Whitehouse, 2006) which can attract
customers. Consumers encompass the power to punish companies that are not acting in a way that they consider responsible.

Blowfield & Murray explains that consumption today play a pivotal role in our social life and personal identities, likewise brands has gain a role not significantly different from the role of religion or ideology in previous eras (2008). As Kendall, Gill & Cheney proclaims there are many way for consumer action, both as individuals and collectively, that can force companies to act more responsibly. Among these actions are a selection of internet based options, telephone calls, boycotts, social movement alignment e.g. anti-sweatshop, and military actions etc. Many of these actions have successfully come to change corporate behavior, and it can be concluded that contemporary consumerism presents a possibility for political action (2007). Hence, CSR can be a way of managing the negative risks of consumer actions associated with acting in a non-responsible way.

2.3.3 Economic Reasons

The economic reasons of CSR are reasons that connects to the basic economic principle of profit maximization, explained in the introduction. However, this principle is in the literature of CSR most often not raised as the main reason itself. The words are rephrased, and in the literature of CSR we identify how profits can be increased through CSR initiatives. Many proponents of CSR proclaims the direct and indirect economic benefits of engagement. The business case has therefore become one of the most embraced reasons to why companies engage in CSR (Matten, 2006) and it is said to be impossible to exaggerate the importance of the contemporary claim of a business case's existence (Vogel, 2005). The business case of CSR states that the returns of a social or environmental investment or initiative are larger than the costs associated with it (Elizabeth Kurucz & Wheeler, 2008). This view sees companies as rational actors with activities driven solely by efficiency and profitability (Brown, Vetterlein, & Roemer-Mahler, 2010) which is in accordance with the view of firms in microeconomic theory (Perloff, 2009). Furthermore, the CSR proponents of the economic drivers point out that firms engage in CSR since they perceive the engagement creating benefits that exceed the costs (Branco & Rodrigues, 2006) and accordingly the business case interpret the same idea as the economic principle of profit maximization. Many of the economic reasons can be seen as sound business practice, hence one could argue that companies would engage in these initiatives.
regardless of naming it CSR or not. This may be true, however it does not change the fact that these actions still falls under the scope of CSR since these voluntary initiatives benefits society and environment.

2.3.4 Company’s policy guidelines and Regulations.

In Kenya CSR is more of a voluntary based function. In fact there is neither legal provision nor policy guideline at government and also at the sector level. It is only at the corporate level where CSR policies are emerging in Kenya. Systematic accounting is demanded for CSR programmes to prove that they are complementary to overall business objectives of the firm. This has led to a raise of social audit (Peace, 2000). The primary drivers of the most business leaders is keeping the regulatory processes at bay and satisfying the compliance requirements. Successful competitors will be those whose directors look at long-term as well as short-terms issues and take all factors influencing companies’ relationship into account. Organization should always put the compliance match up to the objectives and values of organization companies should consider dependence on the Information Communication Technology (ICT) and internet has become virtually irreversible. Some groups use internet to promote their position and have used viruses into place to prevent organization destruction to damage companies. This implies that regulation on internet has to be among other issues to be regulated and the most important ones would include: employment laws, taxation, social welfare, environmental controls and pollution, transport, wage rates, waste, packaging, health, safety, energy, equality and ethics and human rights. Employment law is the key and organizations need to build up employee’s loyalty and attract the best workers. Taxation is a common regulatory tool and can lead to transferring production or service support into specific region where incentive for economic generations can be available. Energy is one of the key issues of most business venture and thus a region with low cost indigenous fuel suppliers provides attractive manufacturing locations. The fair treatment of workers will improve the output and the performance which overall may balance initial cost considerations and help to develop long-term sustainable programmes. In the same way health and safety is something to be considered because it affects the company directly in that an employee cannot work in unsafe place (National Intelligence Council, 2002).
2.4 Effects and Practice of Corporate Social Responsibility Influence Competitive Advantage?

According to Porter and Kramer (2006) there is a link between CSR and competitive advantage. The link that is made by these authors is difficult and does not give a clear insight in how CSR affects competitive advantage. They mention that CSR and competitive advantages are linked, but they do not mention in what way. Jonker and Roome (2005) state in their article that CSR can provide firms with a unique chance for competitive advantage. Branco and Rodrigues (2006) argue that firms engage in CSR because they think that it might give them some kind of competitive advantage. Business cannot be seen separately from the society in which the firms exist and operate. Lately, as firms integrate CSR voluntarily in their operations, it is interesting to understand the motivation of the firms to engage in CSR activities, or so called social responsibility activities. Of course there are some drivers behind the emergence of CSR in firms operations, such as expectations of stakeholders, but CSR also has to yield some financial performance for firms. Porter and Kramer (2006) explains that CSR allows firms to increase financial performance. Therefore managers must treat CSR as they treat all of their investment decisions (McWilliams & Siegel, 2011)

Social responsibility has become a strong and irreversible part of corporate actions. When managed effectively, CSR programs and projects can create significant benefits in terms of reputation and returns as well as the motivation and loyalty of employees. CSR can also contribute toward strengthening valuable partnerships (Pearce & Doh, 2005). Husted and Allen (2001) state that CSR strategies can create competitive advantages if used properly, pointing out that there is a positive association between strategic social responsibility actions and competitive advantage. Ashley (2002) states that CSR is currently a source of competitive advantage that companies should employ in the quest for greater competitiveness and better results. According to Barney (1991), the creation of competitive advantage occurs through the implementation of strategies that add value and create benefits for one company when another company fails to do so.

Competitive advantage can be achieved through internal resources or a group of internal resources from the firm. However, to obtain this advantage, the resources must be (1) valuable, exploring the opportunities and neutralizing threats to the environment of the firm; (2) rare,
not being present in any rival or potential rival company; (3) inimitable, so that others cannot imitate them; and (4) non-substitutable, meaning they do not have strategic equivalents (Barney, 1991).

In the CSR field, the emphasis on internal resources is expressed in a large number of studies (Castelo & Rodrigues, 2006). CSR can be considered an internal resource of the firm. Applying the definitions developed by Barney (1991), in order to create competitive advantage, CSR actions should be valuable, rare, inimitable and non-substitutable. It can also be said that CSR is a group of resources, as it encompasses different dimensions that can be considered internal resources, such as corporation values, business ethics, the relationship with stakeholders (Donaldson & Preston, 1995) social projects, corporate reputation, etc. Business managers face two other dimensions related to strategic CSR:

Centrality and specificity (Burke, 1995). Centrality is high as far as CSR actions are coupled with corporate mission. Specificity is high when CSR action imitability faces barriers that are difficult to overcome. On the other hand, centrality is low when CSR actions are far from corporation core activities and specificity is low when these actions are easily replicated. A company can create social projects connected to its core business that are valuable, rare and inimitable, thereby creating competitive advantage (Burke, 1995). Thus, a group of intangible resources, such as good corporate governance, efficient execution of innovative social projects and ethical management in business, can be a differentiating source of competitive advantage. However, it is important to say that there is only the creation of competitive advantage through CSR if the benefits to society really exist, as such benefits should be implicit to the philosophy of social strategies (Husted & Allen, 2001). To be a source of competitive advantage, CSR actions should create real and consistent results for society. Increased concern with external aspects as an internal value to strategic social decisions leads to reflection regarding courses of action, analyzing and anticipating the effects of the corporation behavior while predicting the potential positive or negative consequences. According to Zadek (2005), for companies in which CSR is rooted, it is not difficult to meet new market expectations, such as dealing with corruption, human rights, environmental management in the supply chain, etc.

2.4.2 Building Corporate Social Responsibility into Strategy
Strategy serves as a foundation for a business firm’s creation, while establishing its position in the market, its competitiveness and its on-going existence. To achieve these aspects, planning/programming is required in order to craft or formulate and renew/change strategy as conditions warrant. However, this exploration is not process-driven. That is, the interest is in how CSR might be more fully integrated into the strategy of the firm, not in what steps a firm should take to formulate strategy. In this sense, the following discussion is not sequential but rather examines the constituent components of strategy and how CSR might be built into each component. Following such an approach would be expected to lead to a tighter integration of CSR with strategy, but the purpose is not to posit the correct path to take or process to follow. In fact, integrating CSR more fully with strategy is likely to be an emergent pattern over time, rather than a time-bound, easily prescribed path (Yanne & David, 2004).

2.4.3 Corporate Social Responsibility and competitive advantage

Competitive advantage is gained when organizations perform better than their competitors in the same industry. In order for organizations to outwit competition and succeed in the market place, they must possess some kind of advantages compared to their rivals. According to Porter (1985), an organization that is able to consistently report above average profit in the industry has a competitive advantage. Competitive advantage involves choosing a favorable position within the industry and maintaining it in the long-run relative to competition (Porter, 1990).

There are several sources of competitive advantage (Reed & Robert DeFillippi, 1990). These sources can be as many as there are activities in the organization. According to Jones (2000), there are two broad sources of competitive advantage; the “hard” factors that include physical facilities, production schedules, type of technology employed e.t.c. and the “soft” factors that include the organizations culture, knowledge available within the organization, worker and manager experience, etc.

According to Meehan et al (2006) CSR can be integrated in the organization’s strategic management process and be a source of competitive advantage. It can be a key ingredient in the overall organizational success rather than a means of draining its resources. Such actions can lead to a change in consumer attitudes towards the organizations and the products and services that they produce and market. Negative consumer perception may lead to consumers boycotting some brands. Businesses are giving their CSR activities a lot of publicity through
favorable media coverage in order to achieve competitiveness (Luo and Bhattacharya, 2006). The stakes are higher in financial institutions because the clients normally have a higher involvement with those institutions (Matule-Vallejo et al, 2011).

Studies have shown that banking institutions that have embraced CSR practices have been able to reap benefits from these initiatives. Collado-Munoz and Utrero-Gonzalez (2011) studied the relationship between financial performance and CSR. Their findings indicate that banks have been able to obtain a better strategic position in the market together with higher profit margins and higher demand due to positive consumer perceptions and as a result of their CSR initiatives. When banking institutions become socially responsive, this enables them enhance their public image and build their reputation which will in turn make them attract high quality employees, change higher tariffs as well as put them at an advantage when negotiating deals. It will also enable them attract more clients thereby increasing their customers. Such programs can also play a big role in attracting more investors that will lead to their stability in the long-run as well as winning them public trust (Brettel & Arendt, 2010).

2.4.4 Corporate philanthropy and competitive advantage

According to Ricks (2005), Corporate Philanthropy is “a discretionary responsibility of a firm that involves choosing how it will voluntarily allocate resources to charitable or social service activities in order to reach marketing and other business-related objectives of which there are no clear social expectations as to how the firm should perform”. This definition is in line with Carrol’s (1979) fourth level of CSR which identifies philanthropic activities of organizations through programs like contributions to the arts, education or community. Corporate philanthropy falls within the organization’s ethical and social commitments. These are values that organizations subscribe to comprising of ethical and social standards as evidenced in their mission, organizational objectives and organizational culture (Meeham, 2006). According to Porter and Kramer (2002), “Strategic Philanthropy” involves organizations’ giving charitable contributions to society with an aim of generating organizational good-will, good publicity and also boosting employee morale. All these can be sources of competitive advantage. One of the earliest forms of “strategic philanthropy” is “cause-related marketing” whereby organizations concentrate on a single cause or a single organization over time. Such practice can improve the
reputation of the organization as it links itself with the qualities of an admired corporate partner (Porter & Kramer, 2002).

Another form of corporate philanthropy involves giving time and expertise to local non-profit organizations through a form of partnership by way of Employee Volunteer Programme (EVP) (Vaidyanathan, 2008). Through this programme, organizations sponsor their employees to work with these organizations towards some cause. Employee Volunteering Programme can lead to several benefits including reaping returns from the market due to the organization’s commitment to the cause, meeting social and economic objectives simultaneously and also attracting and maintaining high quality employees (Vaidyanathan, 2008). These programmes can also add value to the organization by improving the reputation and credibility of the organization thereby enhancing the organization’s public image. According to Clemes et al (2010), one of the reasons why customers switch banks in a competitive banking environment is the reputation created by a bank among its customers. When a banking institution has a good reputation, it creates a positive image among its customers and this can lead to corporate success. CSR can play a big role in building trust, reputation and hence increase customer retention and acquisition. What customers talk about among themselves about an organization is important to business success (Clemes et al, 2010). It is important for the banking institutions to understand how their social programmes are likely to influence consumer perceptions about them for their corporate philanthropy activities to have a meaningful impact on their positive reputation (Lee et al, 2012). According to Porter and Kramer (2002), organizations can use corporate philanthropy efforts to increase their competitive advantage as corporate philanthropy aligns the social goals of the organization with economic goals of profitability thereby creating long-term business success.

2.4.5 Employee centered Corporate Social Responsibility and Competitive Advantage

It does not only take the provision of quality products and services for organizations to gain public support. The type of employees an organization has is also a major factor. Therefore it is prudent for organizations to develop responsible and ethical staff (Yeung, 2011). According to Brammer and Millington (2007), CSR policies can lead employers to form favorable perceptions of the organization. Such policies influences employee commitment to the organization as they make them feel proud to be associated with the good that the organization
does to its constituents and may make them more eager to share the “good deed” that the organization does with others outside the organization (Stawiski et al, 2010). Tsai et al (2006) say that employees should be encouraged to learn new and innovative ways of relating with customers as this will be beneficial to both the customers and the organization due to the positive feedback gained from the consumers. The end result will be a fulfillment of the organization’s responsibilities towards society. The staff has to be committed in their work in order to establish an organizational culture devoted to provision of quality service to consumers (Michalos, 2006).

This gains confidence from the consumers leading to customer satisfaction hence becoming a source of competitive advantage. Harrison (2000) points out that individual performance is influenced by “knowledge, skill and the environment”. He says that poor performance is caused by several factors among them poor working conditions, lack of information or skills, inadequate working tools and poor motivation and/or incentives. Employees can be actively involved in CSR activities not only on the responsible organizational labour practices like health and safety, fair remuneration, training, discrimination, work/life balance, e.t.c. but also as a group that can commit personal resources to make contributions to CSR activities (Haski-Leventhal, 2012). They can commit their personal resources through participating in voluntary fundraising to assist particular causes within the community or make direct contributions through pay-roll deductions. These contributions can then be channeled to a particular cause. They can also volunteer their time and expertise in local non-profit programmes through employee volunteering programmes. Such involvement by employees can lead to their moral satisfaction, organizational commitment and business success. Employee-centered CSR can be looked at from the perspective of organizational justice theory (Cropanzano, Bobocel, & Rupp, 2001).

Previous studies on organizational justice have dwelt on how employees perceive the treatment of both the self and others by the organizational stakeholders and also how the organization treats the external stakeholders. (Rupp, 2011). While deriving from organizational justice studies says that employees will “look in”, “look around” and “look out” when forming perceptions about organizational justice. “Looking in” refers to how employees perceive the treatment of self by stakeholders, including the organization, the supervisor, coworkers,
“Looking around” refers to the interactions between the organization’s members and how these interactional processes lead to collective justice perceptions. “Looking out” refers to how organizational employees perceive the treatment of others by the organization. They are formed when employees witness an organizational affiliate fall victim to injustice. This is often third-party in (justice) perceptions. Positive perceptions formed by a “looking in” employee can boost organizational attractiveness, attract high quality potential employees, lead to employee organizational commitment, job satisfaction and improved employee performance (Booth, Park, & Glomb, 2009). Positive perceptions formed by a “looking around” employee can lead to psychological feelings of belongingness (Rupp, 2011) and provide opportunities for more employee involvement in CSR activities like employee volunteerism and personal contributions to various causes (Herman Agunis & Glavas, 2012).

Such activities will tighten the bond between the employees and employers leading to overall organizational success. Third-party justice (“looking out”) can be viewed from the moral perspectives whereby organizations are expected to do the right things to their external stakeholders (Rupp, 2011). When employees perceive anything to the contrary, they are bound to react negatively hence affect the organization’s performance in one way or another. According to Palazzi and Starcher (2006), employee-centered CSR can take several forms. These include management creating a good working environment whereby employees are developed so as to realize their potential. Empowering employees especially the middle management and also establishing good communication channels throughout the organization are other forms. There should be a balance between work, family and leisure for employees to be more productive in the long-run. Continuing employee education and training, job security and profit sharing to enhance employee turnover can also be implemented. The results of such actions include improved organizational performance through increased profits and productivity and higher quality of life in the workplace. They can also make the more skilled and committed employees to be retained in the organization. Studies also show that employee satisfaction can lead to customer satisfaction (Palazzi & Starcher, 2006).

2.5 Chapter Summary.

To sum up the multifaceted reasons consumers comprise as reasons to why companies engage in CSR; the profit maximizing strategy for meeting the demands of consumers can both be
seen as a way of increasing revenue when finding, attracting, and satisfying customers today, but also as a way of managing risk, reputation, and brand for the future.

From this overview of the evolution of CSR thought, we can draw the conclusion that it has evolved from returning profits to society to creating shared value with stakeholders in order to improve the environmental and social corporate sustainability. The collateral activity that CSR was at the beginning has become part of the core corporate strategy. Financially, philanthropic expenses have turned into investments with shared value creation ends. Friedman criticized CSR for its capacity to spoil corporate value assuming that it was limited to philanthropic expenses that enhanced the managerial ego. Nevertheless, capitalism has found the way of integrating CSR into value creation. In effect, even if CSR does not maximize earnings directly, it contributes to the end that profit maximization had assigned in old valuation methods: value creation, and competitive advantage.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter looks at the general structure of research methodology conducted. The chapter details the research design, target population as well as the sampling techniques used in the study. In addition, data type and data collection process and instruments used are explained. It also details the research procedures for the study.

3.2 Research Design
For the purpose of the research, descriptive analysis will be used. A descriptive study is one in which information is collected without changing the environment. This implies that nothing is manipulated. These are sometimes referred to as correlational or observational studies (Cooper, Schindler, & Sun, 2014). A descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way (Malhotra, 2007). According to Mugenda and Mugenda the research design attempts to describe such things as possible behavior, attitudes, values and characteristics. In this study, a descriptive research design was used. According to Mugenda and Mugenda (2003), a descriptive survey design enables a researcher to gather, summarize, present and interpret information for purposes of clarification.

The purpose of adopting a descriptive research design was to specifically obtain an in-depth response in order to achieve a better understanding of the phenomenon under study and the relationship between the study variables. A case study design is an attempt to collect data from an identified group of persons with the objective of determining the strategies that have been put in place to enhance competitive advantage using CSR in Nairobi, Kenya (Mugenda & Mugenda, 2003).

The study adopted a mixed methodology, that is, a qualitative as well as quantitative approach, examining the influence of the adoption of CSR in the telecommunication industry, its effects and benefits to the organizations. It also looked at the influence of the factors of strategic CSR in the organizations. The characteristics of groups of numbers representing information or data are called descriptive statistics.
A survey is defined by Malhotra and Birks (2007) as a method of collecting data from people, about who they are, how they think and what they do. The independent variables in this study is organization structure, leadership and environment whereas the dependent variable is effects derived from adoption of strategic CSR.

3.3 Population and Sampling Design

3.3.1 Population

A population is the total collection of elements on which the study would like to infer. A population element is the individual from which measurement is taken (Cooper & Schindler, 2014). A population is defined as the units to be studied in terms of time as well as the boundaries of territory (Yang & Miller, 2008).

3.3.2 Sampling Design

In order to achieve the research objective, survey questionnaires will be used to collect data. The population of the study will be residents in Nairobi, the questionnaire is open for all users of the mobile network operators. This will provide in-depth information on how CSR is perceived and how it can be used by Airtel Kenya to gain a wider market in Nairobi, Kenya.

3.3.2.1 Sampling Frame

A sampling frame is a list of elements from which the sample is actually drawn and closely related to the population (Cooper and Schindler, 2014). It can also be defined as the complete list of all the cases in a population from which the sample is drawn (Mark Saunders & Thornhil, 2007). The idea of sampling is to select some elements in the population that may draw conclusions on the entire population (Cooper and Schindler, 2014).

The idea of sampling is to select some elements in the population that may draw conclusions on the entire population (Cooper and Schindler, 2014). In this study, the criterion for selecting the companies was obtained from Communications Authority of Kenya (CAK) report. This will ensure that the sampling frame is current, complete and relevant to the study.

3.3.2.2 Sampling Technique

Stratified random technique will be used in the study. According to Sarandokos (2005), the probability sampling procedure is the target population, divided into a number of strata and a sample drawn from each stratum. The results from the study can be weighted and combined
into appropriate population estimates (Cooper & Schindler, 2014). Reasons why stratified random stratified sampling is chosen is to increase a sample’s statistical efficiency. To provide adequate data for analyzing the various sub populations or strata and to enable different research methods and procedures to be used in different strata.

The population will be divided among users of telecommunication operators in Nairobi, Kenya. Which are: Safaricom, Airtel, Equitel Mobile, and Orange Mobile Network.

3.3.2.3 Sample Size

The sample size is a smaller set of the larger population (Cooper & Schindler, 2014). Determining sample size is a very important issue for collecting an accurate result within a quantitative survey design. It may be argued that the sample must be carefully selected to be representative of the population and the need for the researcher to ensure that the sections in the analysis are accurately catered for (Mugenda & Mugenda, 2003). According to (Communication Authority of Kenya, 2016), the number of mobile subscribers in Kenya rose to 39.7 million subscribers at the end of June 2016.

A sample size can be processed from the following formula based on Thornhill, Lewis and Saunders (2012). $n = p\% \times q\% \times \left(\frac{Z}{e\%}\right)^2$

Where $e\%$ is the margin of error required, $Z$ is the Z value commensurate to the level of confidence required, $P\%$ is the proportion belonging to the predetermined category and $q\%$ is the proportion not belonging to the pre-determined category. Considering a most dire outcome imaginable where $p$ is 50%, at a 90% level of certainty, and within an error of give or take 5%; $n = 50 \times 50 \times (1.96/5)^2 = 269$ respondents. Since the population is less than 10,000, a smaller sample size can be used without affecting the accuracy. This is called the adjusted minimum sample size (Saunders, Lewis, & Thornhill, 2012). It is calculated using the following formula:

$n' = \frac{n}{1 + (n/N)}$

Where $n'$ is the adjusted minimum sample size, $n$ is the minimum sample size (as calculated above) and $N$ is the total population.
n’ = \frac{269}{1 + \left(\frac{385}{m}\right)} = 68 \text{ respondents. A minimum sample size of 68 is therefore required for this study.}

3.4 Data Collection Methods

The data to be relies on primary data only. The data will be collected by structured questionnaires that will be sent out to the target audience.

A questionnaire is an instrument used to collect answers to questions collect factual data. It gathers information or measures. It is a series of written questions / items in a fixed, rational order a self-report data collection instrument that is filled out by research participants. The structured questionnaire contained close ended questions. A well designed questionnaire would give appropriate data which answers your research question. It minimizes potential sources of bias and will more likely be completed.

The questionnaire has will have a section of close ended questions, as well as a section of questions with a 5 point Likert scale rating, which will be coded in accordance with each variable of the study. A Likert scale is the sum of responses to several Likert items. These items are usually displayed with a visual aid, such as a series of radio buttons or a horizontal bar representing a simple scale. A Likert item is a statement that the respondent is asked to evaluate in a survey.

The questions are carefully designed and posed in a language readily understood by the audience. That way one ensures correct and to the point responses from the one answering the questions.

3.5 Research Procedures

A pilot test on the questionnaire will be conducted to establish its validity and reliability. A pilot test will be conducted using random sampling approach. The results from the pre-test will be analyzed using SPSS and the results will be used to improve the results.

The refined questionnaire will be administered to the target population of the sampling frame elements within the respective strata under survey through self-administered questionnaire using either mail or self-dropping and picking upon completion. This will ensure confidentiality, anonymity and accuracy of the respondents.
3.6 **Data Analysis Methods**

Data analysis is the process whereby data collected is reduced to a more controllable and convenient size whereby the researcher can identify trends or patterns, apply statistical techniques and summarize the data (Cooper & Schindler, 2014).

The data gathered will be analysed using descriptive and inferential statistics. General distribution which includes frequency and percentage, measure of central tendency which include the mean, median, mode, skewness and kurtosis. Correlation will be used in inferential analysis.

3.7 **Chapter Summary**

Chapter three has been more concerned with the research methodology to be used in the study. It explains the research design and the population framework and the sample designs to be used. Additionally, the research instruments used have been highlighted. The research procedure, as well as the analysis methods used have been discussed in detail. Chapter Four will give an analysis as well as a summary of the findings of the research.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the results and findings of the study based on data gathered from respondents. There are different sections from the questionnaire, the first section covers general information with regards to the respondent’s demographic information, the second, third and fourth covers the aspects in which this research tends to fulfil. The survey was sent online and required response from 68 respondents. This was a return rate of 100%.

4.2 Background Information
4.2.1 Age of Respondents

Table 4.1 shows that majority of the respondents (55.9%) were male while 44.1% of the respondents are women.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>38</td>
<td>55.9</td>
</tr>
<tr>
<td>Female</td>
<td>30</td>
<td>44.1</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.2 Age

Table 4.2 shows that 32.4% of the respondents are between 28 – 32 years of age. This is the majority of the respondents, 22.1% are between 38 – 42 years, 20.6% are between 33 -37 years, 16.2% are between 23 – 27 years and 8.8% are between 43 – 47 years respectively.
Table 4.2: Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 - 27</td>
<td>11</td>
<td>16.2%</td>
</tr>
<tr>
<td>28 - 32</td>
<td>22</td>
<td>32.4%</td>
</tr>
<tr>
<td>33 - 37</td>
<td>14</td>
<td>20.6%</td>
</tr>
<tr>
<td>38 - 42</td>
<td>15</td>
<td>22.1%</td>
</tr>
<tr>
<td>43 - 47</td>
<td>6</td>
<td>8.8%</td>
</tr>
<tr>
<td>48 - Above</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2.3: Level of Education

Table 4.3 shows the level of education of each respondent, it can be seen that the highest 47.1% of the respondents have a bachelor’s degree, 44.1% are postgraduates, 4.4% have diplomas and the remaining 4.4% have completed a secondary education.

Table 4.3: Level of Education

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor’s Degree</td>
<td>32</td>
<td>47.1%</td>
</tr>
<tr>
<td>Post Graduate Degree</td>
<td>30</td>
<td>44.1%</td>
</tr>
<tr>
<td>Diploma</td>
<td>3</td>
<td>4.4%</td>
</tr>
<tr>
<td>Secondary Certificate</td>
<td>3</td>
<td>4.4%</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.3 Factors that influence telecommunication companies to engage in CSR activities

The first objective of the study was to primarily identify the education level and age level of the respondents. The subsection presents findings with regards to the various drivers of CSR and their impact in the telecommunication industry.

4.3.1 Corporate Social Responsibility Awareness

Figure 4.1 reveals that 60 (88.2%) of the respondents are aware of CSR as a terminology while 8 (11.8%) do not know what CSR is.
4.3.2 Relationship between profitability and CSR

Figure 4.2 reveals that 47 (70.1%) respondents agree that there is a relationship between CSR and profitability, 17 (25.4%) aren’t sure if there is and 3 (4.5%) disagree.

4.3.3 Mobile service operators

Figure 4.3 shows that 80.9% of the respondents use Safaricom as their preferred mobile service provider, 41.2% use Airtel, 13.2% use Orange and 2.9% use Equitel. It is also clear that 32
respondents use Safaricom network only, 18 use Safaricom and Airtel, 2 use Safaricom and Orange, 8 use Airtel only, 2 use Equitel only 1 use both Airtel and Orange and 3 respondent use only Orange network respectively.

Figure 4.3 Mobile Service Users

4.3.4 Drivers of Corporate Social Responsibility

Figure 4.4 reveals that majority of the respondents agree that the practice of CSR leads to an increase in profits.
Figure 4.4 Profit Maximization Using CSR

Figure 4.5 shows that 37 (54%) respondents agree that the practice of CSR attributes to building an organization's image making the organization more of a prominent figure.

Figure 4.5 Organization Image Using CSR
4.4 Challenges facing the mobile telecommunication company in the implementation of CSR
The third objective of the study was to identify challenges on the implementation of CSR in organizations not only focusing on the telecommunication industry, but organizations in general.

4.4.1 Corporate Social Responsibility Funds Allocation and Evaluation of Corporate Social Responsibility Activities

Figure 4.6 shows that 74.6% of the respondents organizations do allocate separate funds for the implementation of CSR and 25.4% of the respondent’s organizations allocate separate funds for the allocation of CSR activities. Also, figure 4.7 shows that 75.8% of respondent’s organization do not evaluate CSR activities, while only 24.2% do.

Figure 4.6 CSR Funds Allocation
Figure 4.7 CSR Evaluation

4.5 Practice of CSR influence competitive advantage among telecommunication operators
The third objective of the study was to establish the impact of CSR practice in different organizations and what effect would it have to individuals in acquiring services.

4.5.1 Incentives given by organizations

Figure 4.9 shows that most organizations carry out seminars and workshops to encourage employee volunteering in the practice of CSR.

Moneytary Incentive
4.5.2 Adoption of Corporate Social Responsibility Practice

Figure 4.10 reveals that 31 of the respondents are indifferent on increased financial efficiency, 20 of the respondents agree that the adoption of CSR leads to financial efficiency, 5 strongly agree, 4 disagree and 2 strongly disagree on the practice of CSR leading to financial efficiency.

Figure 4.9 Adoption of CSR

4.5.2.1 Competitive Market Advantage

Figure 4.11 shows that 12 (17.64%) respondents strongly agree that the practice of CSR leads to competitive market advantage, 19 (27.94%) respondents agree, 28 (41.1%) respondents are indifferent, 1 (1.4%) disagree and 2 (2.94%) strongly disagree.
Figure 4.10 CSR Competitive Market Advantage

4.5.3 Acquisition of services offered by organizations that practice Corporate Social Responsibility.

Figure 4.10 shows that 77.6% of respondents prefer to buy products / services from organizations that practice CSR while 22.4% say they won’t. Prior to this information, figure 4.11 reveals that about 40.3% of the respondents agree to get services at a higher price from organizations that practice CSR and 59.7% say they will not purchase goods at a higher price.
4.6 Chapter Summary

This chapter presented the results and findings of the study on the research questions with regards to the data collected from the respondents. The first section covered the general information with regards to the respondents. The second third and fourth section covered the aspects with respect to the research objectives of the study. Chapter Five will discuss the findings; give the conclusion and make recommendations based on the findings.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter consists of four sections, namely summary, discussion, conclusions, and recommendations following that order. The first section provides a summary of the important elements of the study which includes the study objectives, methodology and the findings. The second section discusses the major findings of the study with regards to the specific objectives. The third section discusses the conclusions based on the specific objectives, while using the findings and results which are obtained in the fourth chapter.

5.2 Summary of findings
The purpose of this study was to investigate how CSR implementation can be used by the mobile telecommunication industry to gain competitive advantage over rival firms. The study was guided by the following research objectives: the factors that influence telecommunication companies to engage in CSR activities, the main challenges facing the mobile telecommunication company in the implementation of CSR, and how the practice of CSR influence competitive advantage among telecommunication operators.

This research adopted a descriptive research design. Structured questionnaires were used as the data collection tool. In this study, descriptive statistics such as frequency distribution and percentages were used to analyze the demographic profile of participants. The demographic data was tabulated using frequency and percentages.

Majority of the respondents have a bachelor’s degree (47.1%) while 44.1% of the respondents are post graduates. 4.4% of the respondents have a diploma certificate and the remaining 4.4% have a secondary school certificate. The study revealed that that majority of the respondents understand the terminology of CSR are aware of CSR as a practice and as well the true meaning of CSR. Respondents highly agree that mobile service operators who practice CSR should be profitable. The study further revealed that majority of the respondents agreed that they will purchase services from mobile service operators who practice CSR, but most respondents disagreed to pay higher prices for services by mobile service operators practicing CSR.
Despite response from respondents about the practice of CSR, most respondents say their organizations do not practice CSR, or do not allocate funds for CSR campaigns, but are willing to purchase services from mobile service operators who do.

The study further revealed that the practice of CSR leads to image building in the mobile service industry. The study furthered revealed that 55.8% of the respondents see the practice of CSR as an avenue for organizations to increase in profits. The data reveals that 55 of the 68 respondents use the service of Safaricom, while 28 of 68 of the respondents use Airtel mobile service. Only 9 of the 68 use Orange and 2 of the 68 use Equitel.

The study shows that most of the respondents claim their organizations invest mostly on helping the under privileged as a means of community investment initiative, followed by the provision of educational facilities. From the data collected, majority of the respondents indicate that there is a separate department that handles CSR within the organization. 30.8% of the respondents are neutral as they indicate that legal compliance does not play a major role as a driver in CSR.

The challenges faced within the organizations as represented by the respondents are that the organization doesn’t have separate funds for the allocation of CSR implementation, and majority of the respondents shows that CSR activities aren’t evaluated. The respondents also indicate that monetary incentives are given as incentives to encourage employee volunteers and also paid time offs.

Finally, majority of the respondents agree that in their opinion customer satisfaction and awareness are benefits in which organizations that practice CSR gain from.

5.3 Discussion

5.3.1 Drivers of Corporate Social Responsibility in the Telecommunication Industry.

The findings for this research indicates that the practice of CSR in organizations is an area that needs more attention and can be used to harness organizations economic and competitive influence. From the findings, 56.1% of the respondents indicate that their organization allocates a separate department for CSR activities, 19.3% for a noncommissioned officer, 22.8% for line department and 7% for foundation trust. When asked for the type of resources the organization provides most of the respondents indicated that 74.1% of the resource was
given in kind, 53.4% in volunteers and 32.8% in money. The introduction of certain programmes by respondent’s organizations has helped in the provision of health 72%, education 58%, training 52%, counselling 44% and preservation of programs 17%. As indicated this provides a basis for driving the implementation of CSR in other sectors. Being that most organizations intend on gaining competitive edge over rivals, proper CSR implementation can give competing service industries an edge in gaining market share and increased awareness.

According to Porter and Kramer (2006) there is a link between CSR and competitive advantage. The link that identified by these authors is difficult and does not give a clear insight in how CSR affects competitive advantage. Although they mention that CSR and competitive advantages are linked, but they do not mention in what way. Jonker and Roome (2005) state in their article that CSR can provide firms with a unique chance for competitive advantage. Branco and Rodrigues (2006) also argue that firms engage in CSR because they think it might give them some kind of competitive advantage over rival business or organizations. Business cannot be seen separately from the society in which the firms exist and operate. As firms integrate CSR voluntarily in their operations, it is interesting to understand the motivation of the firms to engage in CSR activities, which the data collected helps understand the drivers of CSR in organizations and interpreting the data to the mobile telecommunication industry.

The study reveals that the practice of CSR leads mostly to image building followed by increasing awareness. Companies that proactively engage with sustainable development agenda and its advocate in the investment world should generate support, interest and understanding among investors. This will ultimately ascribe a premium to share price. CSR makes companies attractive to both mainstream investors and to the fast growing ethical-investment sector. Many investors now believe that social and environmental risk management improves a company’s market value in the long term. (Adeyanju, 2012).

The existence of corporate social responsibility today is mostly the result of longstanding social pressure that has eventually resulted in widespread corporate initiatives designed to muffle the noise, but also attempt to provide a solution to problems. (Tran, 2015) The question of whether or not CSR can be profitable is still up for debate, this research finds that generally, the relationship between CSR and profits has not yet been aligned.
The mobile telecommunication industry compete on a “who is cheapest” in tariffs and thus find little flexibility to pursue social impact initiatives if it does little to support the bottom line. Only time will tell if corporate social responsibility will eventually become a profitable undertaking for the majority of these industry.

What is clear, though, is that corporate executives have a growing concern with appearing more socially conscious and consumers have a growing demand for companies to more closely align themselves with the public good. Whether or not these goals will ever meet in the middle and result in profitable and socially invested firms and satisfied consumers has yet to be discovered.

The study reveals that most of the respondents are aware of CSR as a terminology, and agree that there is a relationship between profit and CSR by practicing organizations. In the telecommunication industry, from data collected from the respondents, majority of the respondents understand the true meaning of CSR and indicate that the major drivers of CSR are image building, increasing awareness and achieving or accomplishing the vision and philosophy of the company. The mobile telecommunication industry aims to ensure they have as many mobile subscribers, with more respondents aware of CSR and what it stands for, the implementation of the practice of CSR in the mobile industry will lead to more recognition from mobile subscribers.

5.3.2 Corporate Social Responsibility Challenges

The second objective of the study was to identify the challenges facing Mobile Telecommunication companies in the implementation of CSR. The designing and implementation of Corporate Social Responsibility requires long-term commitment and vision from managers, posing a major challenge to organizations (Faulkner, 1995). Pearce and Robinson (2011) observed that to ensure success, the strategy must be translated into guidelines for the daily activities of the firm’s members. From data gathered, the mobile telecommunication industry should not have any trouble in fully implementing CSR activities. Rather, from the responses gathered, most of the respondents have identified gaps in the implementation and practice of CSR which needs to be addresses.

According to Wheelen & Hunger (2008), since the firm’s strategy is implemented in a changing environment, successful implementation requires strategic control. The study reveals
that 74.6% of the respondents indicate that their organizations do not have separate allocations of funds for the implementation of CSR activities within their organization. While 75.8% of the respondents indicate that their organizations do not evaluate CSR activities. Without separate allocation of funds for the implementation of CSR activities and not evaluating of CSR activities, assessing the impact of CSR will be difficult.

Organizations operate in a dynamic environment and have to employ unique strategies in order to gain sustainable competitive advantage over other players in the industry. These organizations also employ strategies to ensure that their efforts are well focused and directed towards the company’s mission and vision. However, as organizations embark on the implementation of these strategies, they are faced by challenges emanating from the micro environment, the macro environment and the industry in which they operate. (Maina, 2012).

However, 32% of the respondents report CSR activities to the board of directors, 36% to the employees, 30% to customers, 10% to suppliers and 19% to the government. This values should be greater than what is currently indicated. This does not only pose as a challenge to organizations but it also turns to hinder the successful implementation of Corporate Social Responsibility interventions (Van Marrewijk, 2003). Reporting CSR activities is crucial as it provides more information of activities being done by organizations and improves relationship, which provides stakeholders a sense of commitment and dedication in the implementation of CSR. These challenges indicated can be utilized and enhanced by the mobile service industry, to create awareness and proper dissemination of activities to the stakeholders and community of social responsible acts will provide the right feedback which may be used to ensure a larger market, recognition and edge.

The study reveals that majority of the respondents agree that their organization introduced programmes like health and education to assist not only the employees, but families and community members. This can be classified as taking initiatives towards awareness and recognition. However, the study reveals that majority of the respondents disagree that their organizations do not evaluate the activities of CSR. Organizations today understand that CSR contributes to social progress and are intended to enhance corporate images. They may be trying to build goodwill or preserve their operations, but they don’t honestly expect that their contributions will solve major social problems like hunger, poverty, floods or earth slides.
Companies must be also be willing to explicit their full capabilities to find and implement solutions to social problems, even if the company has nothing to do with creating the problem. On those social issues where companies have reasons to be involved, whether they are motivated by reputation or profit. Therefore, companies view CSR as being vulnerable. An external risk to be managed with the least possible investment, rather than an opportunity for valuable social impact or competitive differentiation.

Mobile telecommunication companies need to align CSR with their operations in a way that allows them to operate in a cost-efficient and competitive manner in order to secure their position in the face of augmented local and global competition. Positive impact of CSR seems to be particularly evident with regards to human resources, risk and reputation management and innovation.

Companies with low brand image in a competitive business environment therefore engage more in CSR to enhance its image. The opposite may also be true that if a company is complacent of its brand image in the business environment it may tend to engage less in CSR. The current study also found on the changes in engaging CSR is that the perceived image in respondents respective organizations and equating to the Mobile Telecommunication sector it may be high, and therefore do not see the need to engage in the practice of CSR.

5.3.3 Practice of Corporate Social Responsibility

Finally, the third specific objective of the study was to examine the practice of CSR in achieving competitive advantage among the companies. Hillman & Keim (2001) argued that Corporate Social Responsibility can play a vital role in creating and sustaining value-creating relationships between organizations and their primary stakeholders. The study reveals that incentives given by organizations to the employees to participate in CSR related activities, majority of the respondents indicate low motivation in this area. The finding of this study confirms of other researchers. For example, Porter & Kramer, (2006) found that the business case perceives CSR engagement is a source of opportunity, innovation and competitive advantage (Porter & Kramer, 2006). The research indicates that incentives given to employees are 11% for paid time off, 5% is given as monetary incentives, 16% as non-monetary incentive, and 13% indicate the attendance of a seminar or workshop. CSR does not solely involve giving the public, but also providing for the internal resources as well. An organization is as powerful
as its internal staff and resources, providing a strong foundation and wellbeing for the internal resources is critical. This can be seen as in the case of resource based view (RBV) which is a model that sees resources as key to superior firm performance. If a resource exhibits value, rarity, imitability and organization attributes, the resource enables the firm to gain and sustain competitive advantage. The research also indicates that to improve employee welfare and labor relations, 10% of the respondents organization practice the use of support systems, 16% use stable relations, 19% preserve diversity policy, 19% prevent discrimination and 26% use a friendly office layout. This information provides us with an insight to the common internal practices of CSR which needs to be above average. The data gathered has indicated that employee welfare needs to be enhanced which may lead to a more productive environment.

It is reported that firms have strategic intent towards CSR, and now engage in CSR to benefit as it is considered to be a long-term investment that can lead to competitive advantages (Caroll & Shabanna, 2010). Strategy serves as a foundation for a business firm’s creation, while establishing its position in the market, its competitiveness and its on-going existence. However, the practice of CSR should be conducted with the premise of adding value to the public, but does that also apply to the employees? The study reveals that in improving employee welfare and labor regulations, organizations seldom provide support systems, stable labor relations and prevention of discrimination (gender, ethnicity, nationality). Internal CSR practices views a business organization’s commitment to improving the lives of its staff, through such practices as talent development, employee rights, diversity management and work safety and health, which are positively linked to emotional and normative commitment of employees, thus influencing their perceptions about the organization and their willingness to be productive, thereby bonding the human resources of an enterprise to form a cohesive workforce, that is, social capital, thus serving as a competitive advantage firms can bench on (Saeed and Arshad, 2012).

Respondents were asked to rate their opinion about the adoption of CSR practices by their organizations in which majority of the respondents (41%) are indifferent that the adoption of CSR will promote corporate image / loyalty, however 26% agree otherwise. Respondents also indicate that the competitive market advantage is another reason why their organizations adopt CSR with 45% of respondents agreeing to this and 41% being indifferent about it. In relation
to the adoption of CSR practices, 52% agree that the adoption leads to organization values, culture and mission. Now this depends on the mission of the organization, however it’s clear that the adoption of CSR has over an average towards increase financial efficiency as 36% of the respondents agree as in the case of their organizations and 5% disagree, while 45% are indifferent. This shows that organizations are aware of the positive impact on the adoption of CSR and can lead to a strategic advantage if nurtured properly.

Further analysis reveals that CSR can be an integral element of a firm’s business and corporate level differentiation strategies. Therefore, CSR should be considered as a form of strategic investment. Even when it is not directly tied to a product feature or production process, CSR can be viewed as a form of reputation building or maintenance. A strategic implication of CSR is that it is possible to generate a set of predictions regarding patterns of investment in CSR across firms and industries. The propensity of firms to engage in strategic CSR depends on two factors: the intensity of competition in the market and the extent to which consumers are willing to pay a premium for social responsibility. Companies use Corporate Social Responsibility as a strategic for their long-term survival and also it tends to give them a competitive advantage over their competitors (Cohen and Prusak, 2001). Despite information from respondents in Nairobi, most of the respondents disagree on paying a premium on services from organizations that practice CSR. Notwithstanding, engaging in CSR can help organizations gain competitive edge over rivals and in this case, the telecommunication service providers, which using CSR as a strategic tool, can aid in getting market recognition and maintaining lasting relationship with current and new clients.

5.4 Conclusion
5.4.1 Drivers of Corporate Social Responsibility in the Telecommunication Industry.

The study concludes that organizations that practice CSR will have more brand recognition and increased awareness from the general public. For this research, the mobile telecommunication service providers are constantly trying to get as many client from the other, with the adoption of CSR by any of the mobile service provider, this can lead to a competitive strategic advantage. Also, the practice of CSR leads to recognition from global investors. Most investors like to be linked with organizations that are recognized for providing economic solutions, the practice of CSR can drive foreign investors to actively get involved with CSR
practicing organizations which ultimately leads to more recognition from the global perspective. Not only will the mobile service operator gain local recognition, but also have an international presence.

5.4.2 Corporate Social Responsibility Challenges.

The study concludes that majority of the organizations do not have separate allocation of funds for the implementation of CSR activities, and also majority of the respondents indicate that CSR is not evaluated in their organizations, this needs to be addressed. Separate allocation of funds makes it easier to track CSR activities and also provides organization’s to evaluate the impact in which CSR has on the company’s public presence. From the data gathered, most of the respondents agree that the practice of CSR leads to recognition and image building. Since most of the respondents all understand what CSR does to the community, the full adoption of CSR by mobile telecommunication service providers and reporting of the activities to not just internal staff but to the public may lead to more awareness.

5.4.3 Practice of Corporate Social Responsibility

Finally the study concludes that CSR influences brand recognition, but does not necessarily mean increase in profits. However, from a strategic point, brand recognition enables organizations gain awareness and create more opportunities in gaining most of the targeted audience.

Companies are not in business to save the world, their resources exist to generate profits and reward shareholders. Offensive CSR can distinguish a company’s reputation but cannot protect it; defensive CSR can protect a reputation but cannot distinguish it. Both are necessary to succeed in today’s business climate. (Militaru & Ionescu, 2006).

5.5 Recommendation

5.5.1 Recommendations for Improvement

5.5.1.1 Drivers of Corporate Social Responsibility in the Telecommunication Industry

The study recommend that mobile service operators incorporate CSR in their strategic planning process. An effective strategic process includes constant identification and resolution of
community’s problems. This gives room for continuous brand recognition and awareness from
the general public towards the mobile service providers.

5.5.1.2 Corporate Social Responsibility Challenges

The study recommends allocation of funds and evaluation of CSR activities by mobile service
providers who do not allocate enough resources towards CSR. This is because monitoring of
CSR will enable the organization have full assessment of the impact in which they provide
sustainability to the public and provide detailed report to investors and the general public.

5.5.1.3 Practice of Corporate Social Responsibility

5.5.2 Recommendation for Further Studies

Today, it appears that neither corporate executives nor consumers completely understand this
venture into CSR: executives are still working to understand how CSR can and should be
applied to appease all involved parties and consumers need to make clear how they truly feel
about CSR and signal their preferences more consistently. Through repeated interactions in the
marketplace, both sides will come to an agreement as to the most effective and efficient way
to tackle CSR.

The study further recommends the need for additional studies to be conducted on individual
mobile telecoms service providers to get additional understanding of CSR initiatives and assess
the impact of the set initiatives in the mobile telecoms not just in Nairobi, but the entire Kenya.
The study also recommends for additional studies to be carried out to examine other factors
that influence the adoption of CSR among the mobile service operators in Kenya.
REFERENCES


Idowu, S. O., & Parasolomou, I. (2007). Are the Corporate Social Responsibility Matters Based on Good Intentions or False Pretences? An empirical study of the motivations behind the issuing of CSR reports by UK companies. *Corporate Governance*.


KPMG. (2011). KPMG international survey of corporate responsibility reporting. KPMG.


Appendix I:

Dear Sir/Madam,

**RE: REQUEST TO PARTICIPATE IN A RESEARCH STUDY**

I am a graduate student at the United States International University. I am carrying out a research as part of my degree program requirements. The aim of the study is to determine how corporate social responsibility can be used as a strategic tool to gain competitive advantage in the telecommunication industry in Nairobi, Kenya.

Given your unique experience and understanding about CSR, you have been selected as one of the respondents. Your role in this study will only involve completing a questionnaire. The questions to be asked will relate to your experience and opinions about CSR in your area of specialization. This research is aimed at allowing you to provide details about your honestly opinion.

Kindly note that any information you give will be treated with confidentiality and shall, at no point, be used for any other purpose other than for this project. All responses shall be analyzed in an aggregate manner and no individual identification of responses shall be reported. Your assistance will be highly appreciated. I look forward to your prompt response.

Thank you for your support and participation.
SURVEY QUESTIONNAIRE PROFORMA ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The purpose of this research is to determine how CSR can be strategically incorporated as a tool that provides competitive advantage in the mobile communication industry, Nairobi, Kenya.

Please note that any information you give will be treated with confidentiality and at no instance will it be used for any other purpose other than for this project. This questionnaire is to be filled in its entirety and with as much details as possible. All responses will be analyzed in an aggregate manner and no individual identification of responses will be compiled or reported.

SECTION 1: DEMOGRAPHIC INFORMATION

1. Gender
   Male [ ] Female [ ]

2. Location:

3. Designation ________________________________

4. Age __________________________

5. What is your highest level of education?
   Primary Certificate [ ] Diploma Certificate [ ]
   Secondary Certificate [ ] Bachelor’s Degree [ ]
   Postgraduate Degree [ ]

SECTION 2: Drivers of CSR in the Telecommunication Industry

1. Are you aware of CSR as a terminology?
   [ ] Yes [ ] No

2. How clear to you is its true meaning?
   [ ] Very clear [ ] Somewhat clear [ ] Indifferent (d) Not clear [ ] Not clear at all

3. Do you think that there is a relationship between profitability and CSR?
   [ ] Yes [ ] No

4. What mobile service network do you use?
Please rank the following drivers of CSR according to you:

(1 - Strongly Disagree; 2 – Disagree; Neutral – 3; 4 - Agree; 5 - Strongly Agree)

| 1 | Increase in profits |
| 2 | Image Building |
| 3 | Vision and philosophy of the Company/Organization |
| 4 | Legal Compliance |
| 5 | Rising International Standards |
| 6 | Increasing Awareness |
| 7 | Community Pressure |

5. Has your company / organization invested in any of the following areas as part of its community investment initiatives? (Please tick whichever applicable)

<table>
<thead>
<tr>
<th>Community Investment Initiatives</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Helping the underprivileged</td>
<td></td>
<td></td>
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<tr>
<td>3 Local Heritage</td>
<td></td>
<td></td>
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<tr>
<td>4 Youth Development</td>
<td></td>
<td></td>
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<tr>
<td>5 Poverty Alleviation</td>
<td></td>
<td></td>
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<tr>
<td>6 Working for Disability</td>
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<td></td>
</tr>
<tr>
<td>7 Conservation of Nature</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Games and Sports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Promotion of Culture</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 3. CSR Challenges

6. Please tick (whichever applicable) the strategy you have for CSR implementation in your organization/company:
   [ ] A separate Department [ ] Non Commissioned Officer [ ] Line Department
   [ ] Foundation Trust

7. Does your company/organization have separate allocation of funds for CSR Implementation?
   a. Yes    b. No

8. What type of resources do you provide? (Please tick)
   e. Others please specify _________________

9. Has your organization / company introduced any of the following programmes to assist employees, their families or community members? (please tick)

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
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<tr>
<td>Training</td>
<td></td>
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<tr>
<td>Counselling</td>
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<tr>
<td>Preservation Programmes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Does your Company / Organization evaluate CSR activities?
11. To which stakeholders do your Organization report CSR information?

<table>
<thead>
<tr>
<th>SI.No.</th>
<th>Stakeholder</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Board of Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Suppliers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Government</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Does your Company / Organization raise awareness within the Company/Organization in relation to the above CSR issues through:

<table>
<thead>
<tr>
<th>SI.No.</th>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Training and Awareness Programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Internal Communication (e.g. Bulletins, Intranet etc.)</td>
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</tr>
<tr>
<td>3</td>
<td>Management Briefings</td>
<td></td>
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<tr>
<td>4</td>
<td>Others(specify)</td>
<td></td>
<td></td>
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</tbody>
</table>

SECTION 4: Practice of CSR

1. To encourage 'Employee Volunteers, what are the kinds of incentives given by your Company / Organization:

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>Never</th>
<th>Sometimes</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid time-off</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monetary Incentives</td>
<td></td>
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<tr>
<td>Non-Monetary Incentives</td>
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<tr>
<td>Seminars, Workshops</td>
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</tbody>
</table>

2. To improve Employee welfare and labor Relations, do your Company / Organization practice the following:
### 3. Does your Company / Organization communicate the 'Policy' to the stakeholders?

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>Never</th>
<th>Sometimes</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td></td>
<td></td>
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<tr>
<td>Suppliers</td>
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<td></td>
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<tr>
<td>Employees</td>
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<tr>
<td>Investors</td>
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<tr>
<td>Community</td>
<td></td>
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</tbody>
</table>

### 4. Rate your opinion about the following items for adoption of CSR practices by your Company: (Please tick the statement of your agreement or disagreement with the following statements by choosing the corresponding assertions from strongly agree-5 to strongly disagrees)

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Indifferent</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote Corporate Organizational Values, Culture, Mission &amp; Coals</td>
<td></td>
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<tr>
<td>Competitive Market Advantage</td>
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<tr>
<td>Pressure from Stakeholders</td>
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</tbody>
</table>
5. Rate your opinion about the benefits of CSR to the following stakeholders of a company/ an organization (please tick):

(1 - Strongly Disagree; 2 – Disagree; Neutral – 3; 4 - Agree; 5 - Strongly Agree)

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>1. Build customer</td>
<td></td>
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<td>2. Customer satisfaction &amp; Awareness</td>
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<td>3. Quality product at an affordable rate</td>
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<tr>
<td>4. Retention of employees</td>
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<tr>
<td>5. Support work-life balance</td>
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<tr>
<td>6. Motivate and improve employees’ morale and</td>
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<td>7. Corporate donor ship and volunteerism</td>
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<td>8. Support social integration</td>
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<td>9. Developing employment and infrastructure</td>
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<tr>
<td>10. Greater efficiency and less waste</td>
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<tr>
<td>11. Avoid excessive regulation</td>
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<td>12. Attract green and ethical investment</td>
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<td>13. Environmental friendly products and services.</td>
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<td>14. Compliance with regulations and standards (ISO etc.)</td>
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<td></td>
<td></td>
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<tr>
<td>15. Protection of natural resources</td>
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</tbody>
</table>

Do you prefer to buy product/services of the companies which practice CSR?

(a) Yes   (b) No
6. Do you have the willingness to pay higher prices for products/services of companies/organizations which practice CSR?

(a) Yes (b) No

If yes, please add any further comments on your opinion/suggestions about CSR:

_________________________________________________________

Date:

Thank you for completing the survey
### APPENDIX II: RESEARCH BUDGET

<table>
<thead>
<tr>
<th>Budget Line Items</th>
<th>Cost (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Proposal Development</strong></td>
<td></td>
</tr>
<tr>
<td>• Materials</td>
<td>500</td>
</tr>
<tr>
<td>• Printing</td>
<td>500</td>
</tr>
<tr>
<td>• Photocopying</td>
<td>200</td>
</tr>
<tr>
<td><strong>2. Data Collect (Field work)</strong></td>
<td></td>
</tr>
<tr>
<td>• Photocopying</td>
<td>5000</td>
</tr>
<tr>
<td>• Travelling</td>
<td>3000</td>
</tr>
<tr>
<td>• Research Assistant</td>
<td>1500</td>
</tr>
<tr>
<td><strong>3. Data Analysis and Interpretation</strong></td>
<td></td>
</tr>
<tr>
<td>• Data Analysis</td>
<td>5000</td>
</tr>
<tr>
<td><strong>4. Report Writing and Dissemination</strong></td>
<td></td>
</tr>
<tr>
<td>• Report Writing</td>
<td></td>
</tr>
<tr>
<td>• Binding and Dissemination</td>
<td>4000</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td>19700</td>
</tr>
</tbody>
</table>
### APPENDIX III: IMPLEMENTATION SCHEDULE

<table>
<thead>
<tr>
<th>Research Activities</th>
<th>Start</th>
<th>Finish</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Proposal Development</td>
<td>July 1(^{st}) 2016</td>
<td>August 5(^{th}) 2016</td>
<td>1 month 5days</td>
</tr>
<tr>
<td>b. Data Collection</td>
<td>October 12(^{th}) 2016</td>
<td>October 30(^{th}) 2016</td>
<td>18 days</td>
</tr>
<tr>
<td>c. Data Analysis and Interpretation</td>
<td>November 10(^{th}) 2016</td>
<td>November 22(^{nd}) 2016</td>
<td>12 days</td>
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<tr>
<td>d. Report Writing</td>
<td>November 25th</td>
<td>November 28th</td>
<td>3 days</td>
</tr>
<tr>
<td>e. Report Dissemination</td>
<td>December 1st</td>
<td>-</td>
<td>-</td>
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