EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMME ON FINANCIAL PERFORMANCE IN TELECOMMUNICATION INDUSTRY: A CASE STUDY OF SAFARICOM

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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

UNITED STATES INTERNATIONAL UNIVERSITY

AFRICA

SPRING 2018
STUDENT’S DECLARATION

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

Signed: ___________________________ Date: ___________________________

Asha Ajuu Saidi (ID 631358)

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

Signed: ___________________________ Date: ___________________________

Mr. Kepha Oyaro

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT
The main objective of this study was to establish the effects of corporate social responsibility programs on the profitability of Safaricom Company limited. The research was guided by the following specific objectives; first to establish the effects of CSR programs on health, second to establish the effects of CSR programs on education and third to establish the effects of CSR programs on environment.

The methodology entailed use of descriptive research design. The study targeted a population of 100 employees of Safaricom Limited. The study employed stratified random probability sampling and convenience non-probability sampling methods to select a representative sample of 100 respondents. This was to ensure that the data collected was more representative. The study applied a questionnaire as a data collection tool which comprised of both open and closed ended questions. Data was analyzed using of descriptive and inferential statistics. Statistical Package for Social Sciences (SPSS) and MS Excel were used to analyze data.

In the first research objective, the study stated effects of CSR programs on health how it affects the financial performance of the firm, the second research objective also states the effects of CSR program on education and how it affects the financial performance of the organization and the third research objective also stated the effects of CSR program on environment and how it affects the financial performance of the firm.

The study established that CSR health initiatives enhanced the quality of work delivered by employees and engagement with mean of 4.26 and standard deviation of 0.445. CSR education initiatives strengthens employees professional and interpersonal skills with mean of 4.38 and standard deviation of 0.803 and CSR on environment increased appeal to investors and financial analysts with mean of 4.33 and standard deviation of 0.794. The study further established that health CSR (p<0.05), education CSR (p<0.05) and environmental CSR (p<0.05) all significantly influenced performance of telecommunication industry.

The study concluded that health CSR significantly affects financial performance of telecommunication industry in Kenya. CSR health initiatives increased financial profitability of Safaricom. CSR on health initiatives helped attract the right pool of
employees and boost employees’ morale besides enhancing brand and reputation. CSR on education was significant predictor of financial performance of telecommunication industry in Kenya. CSR education initiatives also helped in attracting the right pool of employees and boost employees’ morale besides increasing the productivity of employees. CSR education initiatives also helped in enhancing public appeal and brought diversity to the workplace. There was statistically significant relationship between environmental CSR and financial performance of telecommunication industry in Kenya. CSR on environment increased appeal to investors and financial analysts besides increasing sales due to changing buying behavior (more environment conscious customers). CSR on environment also led to environmental sustainability and enhanced reputation of the organization.

The study recommended that the top management of all telecommunication firms in Kenya should strengthen their health CSR to improve productivity of their employees and therefore enhancing performance. Health CSR should also be used in attracting quality management to make informed decisions for performance of telecommunication firms in Kenya. As health CSR significantly affects performance, a substantial budget should be set aside to invest in health care programs and this will improve performance of telecommunication firms. As a significant predictor of financial performance, the top management of all firms in Kenya in all industries besides telecommunication should embrace education CSR to improve on their financial performance. Policies should be put in place to guide more investment in environmental CSR initiatives in Kenya among all firms that engage in either manufacturing or service and this would lead to significant improvement in financial performance. The top management of telecommunication firms should put up CSR programs on environmental to increase employee’s satisfaction and loyalty thus having effect on their productivity which influences the firm’s profitability.
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DEDICATION

I dedicate this research work to my family parents Abdullahi Ramadhan Said and Hawa Omar for instilling in me the discipline and moral standing.
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<td>Communication Authority of Kenya</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>EASE</td>
<td>East Africa Security Exchange</td>
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<tr>
<td>EPS</td>
<td>Earnings per shares</td>
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<td>NSE</td>
<td>Nairobi Stock Exchange</td>
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<td>R &amp; D</td>
<td>Research and Developments</td>
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<tr>
<td>ROA</td>
<td>Return on assets</td>
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<td>ROE</td>
<td>Return on equity</td>
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<td>ROI</td>
<td>Return on investment</td>
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CHAPTER ONE

1.0. INTRODUCTION

1.1. Background of the Study

According to Crane, McWilliams, Matten, Moon, and Siegel (2008), the idea of corporate social performance was developed from work of Berle and Means (1932) and Bowen (1953). This emphasized Corporate Social Responsibility and the accountability business to society. CSR had become to mean ‘something’, but not always same thing to ‘everybody. A further attempt to define CSR in the 1980’s was criticized in the 1990s retaining ambiguity (Clarkson, 1995). Through the roots of the concept that we know todays as CSR have a long and wide-ranging, it is mostly a product of the 20th Century (Crane et al., 2008).

Moreover, evolution of the CSR concept has a long history associated with how it impacts on organizations’ behavior and during this period there were increased concern about welfare of the employee and the firms because of the impact they have on the societies (Carroll, 2008). This transformation is aptly illustrated by Lee (2008) example of Ford Motor Company, which states that in 1919, the ford shareholders agreed to the decision of the Supreme Court of Michigan to grant Dodge brothers their request for maximum dividends. This decision derided Henry Ford’s (company president and principal stockholder) intention to reinvest the company’s accumulated profits on plant expansion and stated that the purpose of his company was to serve society: in 1999, Henry Ford’s great-grandson, William Clay Ford JR tried again to convince the company’s shareholders of the importance of business as a service to society. At this time, however, the younger Ford not only faced no lawsuits, but also received considerable support from various stakeholders, including shareholders (Moura-Leite & Padgett, 2014).

It is interesting to note that shareholders of Ford Motor Company responded differently in the two periods. According to Lee (2008), the meaning and business implications of CSR in 1999 was much more palatable to shareholders than the one advocated in 1919. In 1919, the concept of CSR was vaguely framed in moral and macro-social terms, such that shareholders could not see how it served their interest or how it was related to the performance and management of the corporation. For this reason, the Dodge brothers envisaged to tangible benefit in running a business with
the greater public good in mind. In 1999, CSR had already been coupled with the strategy literature and its relationship with market outcome had been made more explicit, which probably influenced shareholders’ behavior (Moura-Leite & Padgett, 2014).

Martin (2002) developed the “virtue matrix” as a framework for how socially responsible behavior enters business practice. The matrix is framed by four quadrants. The two bottom quadrants include socially responsible conduct in which corporations engage by choice, by following norms and customs, or by compliance to existing laws or regulations. Those actions both promote social responsibility and enhance shareholder value. On the other hand, the two quadrants of the matrix include the strategic and structural frontiers, which include activities whose value to shareholders is either clearly negative or not immediately apparent. The boundaries between the different categories of socially responsible conduct are porous, since a change in the law or in common practices can cause an activity to migrate from the upper quadrants to the bottom ones.

However, academics and business managers have noticed how corporate social responsibility (CSR) has been transformed from an irrelevant and doubtful idea to a high-ranking topic on research agendas (McWilliams, Siegel, & Wright, 2006). Hul-Ming (2010), noted that more than 50% of global executive identify CSR as their top priority. CSR has also become one of the most orthodox and widely accepted concepts in the business world during recent years (Carroll & Shabana, 2010). Therefore, companies all over the world are now integrating CSR into all aspects of their business (McWilliams et al., 2006). Furthermore, economic globalization substantially increases pressures on multinational corporations to address Social responsibility issues (Smith, 2009).

In the past decade, directional signals point to increased corporate giving and investment in cause sponsorship, increased corporate reporting on social responsibility initiatives, the establishment of a corporate social norm to do good, and a migration from giving as an obligation to giving as a strategy (Kotler, Hessekiel, & Lee, 2012). Corporate social responsibility reporting is nearly ubiquitous among the largest companies and is growing rapidly around the world. Klynveld Peat Marwick Goerdeler (KPMG) (2011) established that 95 percent of Global fortune 250
companies reported on corporate responsibility activity. That’s more than double the level KPMG found in 2002. Almost half of the Global fortune companies report gaining financial value from their CSR initiatives, KPMG reported. There is a dramatic increase in CSR activities, more than 1000 companies all over the world engage in CSR; this is shown by the issue of the CSR reports by the companies this is highlighted in the research conducted by (Tsoutsoura, 2004).

However, company differs in how it implements CSR, the differences depends on such factors as the specific company’s size, the industry involved, the firm’s business culture, stakeholder demands, and how historically progressive the company is in engaging in CSR. Some companies focus on a single area, which is regarded as the most important for them or where they have the highest impact or vulnerability-human rights, for example, or the environment-while others aim to integrate CSR in all aspects of their operations. For successful implementation, it is crucial that the CSR principles are part of the corporations’ values and strategic planning, and that both management and employees are committed to them. Furthermore, it is important that the CSR strategy is aligned with the company’s specific corporate objectives and core competencies (Tsoutsoura, 2004).

Not forgetting to look at CSR on Kenya perspective, Different companies have engaged in different CSR initiatives with the motive of enhancing performance in terms of increased market shares, revenues, and employee performance. Many companies have engaged in CSR activities especially in the banking industry, retail industry, automotive industry and communication industry (Mwancha & Ouma, 2017). For instance, equity bank in Kenya have engaged in different community and environmental CSR activities. Being a responsible citizen, Equity carries the following CSR activities; Education and leadership, under this initiative, they offer scholarship to bright and needy students who have lost either or both parents or whose parents cannot afford to pay at all that is they have come up with the following programs, ‘Wings to fly’ which sponsors needy but bright students in secondary education drawn from all the 47 counties, University sponsorship program which sponsors one boy and girl who perform best in their districts where the bank has operations for university education and leadership mentoring, agriculture initiative, under this initiative, they support agriculture by reaching out to Kenyan farmer to transform them from peasants farmers to small scale commercial farmers by
providing livestock insurance, mifugo biashara, kilimo biashara, uvuvi biashara, value chain financing for maize & sorghum. Health initiative, being in partnership with other stake holders the bank has sponsored free medical camps and treatment to various communities and individuals that is ‘operations eardrop’ in Garissa. environmental initiatives, under this, they support environmental programs through financing and employee partner potion, they also promote and sponsors rehabilitation efforts of the environment for example restoring the Mau forest, planting trees, street lighting, supports the green revolution (Githinji, 2015).

In automotive industry, over the years, Toyota Kenya Ltd has continued to contribute to societal and environmental well-being in many areas such as health, education, social welfare and public safety. For instance, Toyota Kenya had a program known as leadership and management program; this was done in partnership with Strathmore University & Rafiki wa Maendeleo trust with a theme ‘Many little people in many small places undertaking many modest actions can transform the world’ they have contributed Ksh 1,000,000 towards supporting the initiative. The overall objective was to strengthen the capacity of Rarieda district’s primary and secondary school head teachers, to become leaders who can provide the management needed for their schools to cope with demands of teaching governance and accountability. Moreover, they had another program called Kwale district eye center; this is a community-based program responsible for increasing awareness of eye health community through schools, religious centers, local government administration, village health committees, youth and women groups. Toyota Kenya gave a donation of Kshs 1,000,000 towards the program. A contribution of 1,000,000 was also contributed to SOS children’s village towards food, health, clothing and books for the needy. They have also supported The Mater Heart Run by contributing 100,000 towards supporting children suffering from heart disease and require heart surgery (Toyota Report, 2012).

In communication industry, Safaricom had been practicing CSR initiatives for a while to improve their standards and ensuring a sustainable environment. The company came into being in 2000. Safaricom’s customer base is at 25.2 million with 96% on prepaid services. Safaricom provides customers with a range of integrated telecommunication services, including mobile and fixed voice, SMS, data, the internet, and M-PESA. This range of services is provided to both individual and corporate/enterprise customers. Over 94% of their customers are registered M-PESA
users. Safaricom’s network is on 2G, 3G, 4G and WiMAX technology. As at March 2016, it covered 95% of the population on 2G and 78% on 3G (Safaricom, 2016). Safaricom achieved 467 4G sites across 20 Counties offering high-speed internet. Rolled out 3,236km of own fiber in the major metro areas to date. M-PESA runs on the upgraded, stable and robust (G2) system with over 23 million registered users. The firm continues to leverage its distribution network which has a wider reach. This enables them to be accessible to their loyal and growing customer base. Most of Safaricom’s revenue comes from service revenues: Voice, M-PESA, Mobile Data, Messaging, Fixed Data and another service (Emergency top up fees) revenue. The company also gets other income from the sale of devices and lease of infrastructure (Mwancha & Ouma, 2017).

Some of the CSR initiatives that Safaricom has engaged in according to the Safaricom (2016a), some of the initiatives include economic empowerment, disaster relief, education, art and culture, education, health, environmental conservation, and employment as well as sports and water. Since its founding, the company has invested in Ksh 1.8 billion towards sponsorship of the listed programs and other humanitarian programs. In terms of economic empowerment, the company has partnered with different charitable institutions to support different community-based programs with the objectives of supporting economically the less privileged (Mwancha & Ouma, 2017). According to Safaricom Foundation (2014), the company CSR strategy indicated 15 economic empowerment projects as part of the corporate responsibility strategy 2014-2017. Some of the major projects include Northern Rangelands Trust, a community-led initiative aimed at wildlife conservation and community development in Northern Kenya (Safaricom Foundation, 2014). Another economic empowerment program is the Bethsaida Children’s’ Home project in Nakuru aimed at providing rehabilitation, rescue and reintegration survive to young street boys aged 6-14 years by transforming their lives through small scale income generating projects (Safaricom Foundation, 2014).

In addition, Safaricom has heavily invested in education CSR initiatives. For instance, Safaricom established African Braille Centre to support children impaired visually with Integrated Education programs and special schools. The company provides educational materials, equipment, and devices and provides learning and teaching materials that enable the children with visual impairment to write Braille (Mwancha
Again, Safaricom Foundation (2014) notes that the company has supported Salvation Army Joy Town Secondary School by providing wheelchairs and educational materials to the people with walking disabilities. Similarly, the company has a gender violence recovery center that supports people who have been exposed to gender violence to recover, especially women.

CSR activities at Safaricom have proven to be beneficial to Safaricom in several ways. First, through these initiatives, the company has been able to acquire the largest market share of 70% of the Kenyan telecommunication industry as noted by (Phillips & Gully, 2015). Similarly, the increase in customer base has brought about increased sales volumes for prepaid and post-pay services contributing to the increased profitability. However, at some point, an organization needs to inquire how their CSR initiatives have strategically placed them in a position that allows them to enhance their performance through goal achievement. Therefore, the need to answer the question: “what the necessary strategic CSR initiatives are?” “How has CRS worked towards financial performance improvement in terms of profitability, increased sales, market share and the brand of the company?

1.2. Statement of the Problem

As per research studies, corporate social responsibility has become an important area of focus for companies today. According to Balmer and Greyser, (2006) they stated that “although there are many discussions about CSR still not much is known about CSR and firm’s financial performance.” However, Cochran and Wood, (1984) in their recommendations called for more empirical evidence on the association between CSR and financial performance. Later, many studies were conducted on different industries, and the results do not seem to agree, therefore, there are still conflicting results.

Different scholars still have different views on whether to adopt CSR or not, whether CSR affects financial performance or not. According to Crane et al. (2008) a long tradition of scholars has examined this proposition, both theoretically (Carroll 1979, Swanson 1995, Wood 1991) and empirically (Cochran & Woods, 1984) primarily with a focus on conceptualizing, specifying, and testing some relationship between CSR and financial performance. The results are decidedly mixed: a firm that dedicates resources to fulfilling what are perceived to be its social responsibilities will
financially perform either better, worse, or the same as it might have done otherwise, depending on which studies we line up and consult.

According to DiSegni, Huly, and Akron (2015), studies (Bradgon 1972, Vance 1975, Aupperle, Carroll & Hatfield 1985, Ullmann 1985) that indicate the existence of a negative relationship between CSR and financial performance have argued that high responsibility results in additional costs that put the firm at an economic disadvantage compared to other, less social responsible firms. Higher costs are expected to decrease the cash flow left within the firm. Serafiem and Ioannou (2010) also observed that some corporate social responsibility initiatives are costly and may have a negative effect on firm’s profit margin.

However, those that have concluded a positive relation have argued that additional costs are potentially compensated for a range of direct and indirect benefits which, overall, results in a positive association of social responsibility and financial performance. One such beneficial factor, partially mentioned, is that social responsibility improves employee and customer goodwill as an important outcome of social responsibility, along with higher employee morale and productivity (Davis 1960, Campbell & Kamlin 1997, Becchetti & Ciciretti 2009). Garriga and Melle (2004), argued that corporate social responsibility increases financial performance, at least in the long run. Margolis, Elfenbein, and Walsh (2009) concluded that there is a positive relationship between corporate social responsibility and financial performance. Other scholars like Griffin and Mahon (1997) summarized 66 results on the relationship between CSR and financial performance and found that 33 results indicated a positive relationship and 20 results indicated a negative relation.

On the other hand, there are many studies that deduced no significant direct link between CSR and financial performance. For example, McWilliams and Siegel (2001) observed that the financial performance of CSR firms is not significantly different from that of a control sample, when per capita R&D expenditure is added to the other regressors. Other articles, like of Anderson and Frankel (1980), found inconclusive results regarding the impact of CSR on financial performance.

However, effects of CSR programs and financial performance have been studied in Kenya, mostly in financial institutions listed in the Nairobi stock exchange. In telecommunication industry, not much has been tackle. Wanjala (2011) studied
factors that influence social responsibility in commercial banks-Kenya and found that profitability was one of the factors that influence CSR practice in banks. Nkaiwaei (2011) studied the relationship between social accounting practice and profitability in the oil industry- Kenya and found that profitability was one of the factors that determine CSR. Okoth (2012) studied the effects of CSR on financial performance of commercial banks in Kenya and he realized that CSR influenced financial performance. However, despite its appeal, the fundamental problem existed between shared values ideas between those of the company and the society and communities that an organization should be responsible to. There existed a tension between business goals and environmental/social goals, bringing about the problem of the study on whether by achieving the environmental and social goals through strategic CSR the organizational performance goals are achieved (Mermod & Idowu, 2013). Thus, there was need to conduct a study to investigate if substantive public value creation through CSR had any payoff that is both distant and uncertain. To investigate this, a choice of Safaricom had been taken. The choice of this company was because there was no study according to the researcher’s knowledge that had been conducted in Kenya relating to CSR initiatives in the telecommunication industry, especially Safaricom Limited. Also, considering the increased growth in market share and revenues, the researcher would like to know if this growth had been because of CSR programs.

1.3. General Objective
The general objective of the study was to determine the effects of corporate social responsibility on financial performance of the telecommunication industry, a case study of Safaricom Limited Company.

1.4. Specific Objectives
The study sought to determine the following specific objectives:

1.4.1. To determine the effects of health CSR programs on financial performance of the firm.
1.4.2. To determine the effects of education CSR programs on financial performance of the firm.
1.4.3. To determine the effects of environmental CSR programs on financial performance of firm.
1.5. Significance of the Study

1.5.1. Investors

The study would be of value to investors interested in investing in Safaricom. Understanding the effects of CSR and financial performance would help the investors in designing and determining the allocation of their portfolio to maximize returns (Carroll, 1979), thus the study will help the investors maximize their profits by investing in firms that make decisions based on ethical concerns (Mnyampi, 2016).

1.5.2. Corporate Companies

The company would get a better understanding of CSR and the managers of Safaricom would be able to make more informed decisions on whether to adopt CSR. Friedman (1970), stated that CSR activities always come at the expenses of shareholders and employees, thus, managers should only undertake CSR if it increases its shareholders’ value.

1.5.3. The Government

The government will benefit from this report as it will have identified the CSR initiatives that the company engages in and evaluate the economic value of the CSR initiatives in the country with regards to poverty eradication, promotion of better health care and promotion of education to the less fortunate communities. In addition, the report will help them identify how Safaricom has fared in ensuring sustainability in conducting its business, which is a legal requirement.

1.5.4. Customers

With the increase concerns of customer exploitation, customers are now concerned about ethical consumption. Customers will like to know how the company has fared in ensuring that it supports the well-being of the local communities as well as ensuring that they operate in a sustainable way. With this research, the customers will be enlightened about the initiatives of the company which is important in their choice for ethical buying.
1.5.5. Scholars

Finally, the study will contribute to the existing literature in the field of strategic management and responsible business operations. In this case, the study will serve as source reference of how strategic management in the organization can be linked to the CSR for organizational performance. Scholars may use this study as a foundation for their research or explore the gaps that have been left by this study.

1.6. Scope of the Study

The aim of the study was to determine the effects of CSR programs of financial performance. However, in telecommunication industry, the major companies include Safaricom, Airtel and Orange. To select the most appropriate company, the researcher identified the largest company among the three and the one that had engaged in most of CSR initiatives. On this basis, the largest company and one that engaged in the largest number of CSR initiatives was Safaricom (Safaricom Foundation, 2014). Thus, the study focused on the effects of CSR programs on financial performance at Safaricom Limited. Safaricom Company has branches all over the country. Now Safaricom has outlets across the country (Safaricom, 2016a). The study was conducted at the company headquarters in Westlands, Nairobi-Kenya.

1.7. Definition of Term

1.7.1. Corporate Social Responsibility

This refers to actions done by an organization with the sole purpose of improving the well-being of the community in which they operate without expecting profit from them (Johnson, Whittington, & Scholes, 2010). They are actions which are beyond the legal provisions of law in furthering its interests. It is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources (Alexander, 2010).

1.7.2. Financial Performance

Financial performance refers to firm output within a given period measured against previous outcomes or industry outcomes (Wheelen & Hungger, 2012). It shows how well the organization has been able to utilize the resources at its disposal to generate wealth for the shareholders (Alexander, 2010).
1.7.3. Shareholders

This is an individual harboring financial interest in a given organization by their resources invested in the form of capital for shareholding (Freeman, Wicks, & Parmar, 2004). They are basically the legal owners of a given entity.

1.7.4. Employee’s Productivity

Commonly referred to as workforce productivity, it is the output of employees at a given of time assessed through the evaluation of the efficiency of the workers or a group of workers (Vertigans & Idowu, 2016).

1.8. Chapter Summary

Chapter one provided a broad background to the study on CSR programs on financial performance media transmission industry. Additionally, the problems, purpose, significance and the scope were examined as well as the specific objectives of the research. The next chapter will discuss the literature review relating to the study, chapter three will provide the research methods to be adopted for the study. In chapter four, the study findings will be presented while chapter five provide the summary, discussion and the study recommendations.
CHAPTER TWO

2.0. LITERATURE REVIEW

2.1. Introduction
This previous chapter highlighted the background of the study, the statement of the problem, purpose of the study, specific objectives, and significance of the study and scope of the study. This chapter looked at the literature review conducted on the specific objectives highlighted in the previous chapter. The first section discusses the effects of health CSR programs on financial performance. The second section discusses the effects of education CSR programs on financial performance whereas the third section covers the effects of environment CSR program on financial performance.

2.2. Effect of Health CSR Programs on Financial Performance
Health is essential to every being, according the theory of management and practices it is among the factors leads to motivation of employees in an organization, therefore according to Maslow’s Hierarchy of needs, Maslow’s studies into human motivation led him to propose a theory of needs based on a hierarchical model with basic needs at the bottom that is the physiological needs-food, water and shelter. The second need from the bottom of the hierarchy is personal safety-health, financial security, physically mentally and emotionally that provides individuals freedom to focus on their work and remain productive (Palmer, 2012). It is important for organizations to invest reliably on health schemes for their employees who will be able to perform better in a work environment that is concerned about their health and safety (Alinoor, 2016), thus more productivity that leads to increased profits.

Companies can benefit from variety of the CSR programs. CSR helps to attract and retain high quality employees, generate a positive corporate image, and enhance product evaluation via an overall evaluation of the firm (Moon, Crane, & Matten, 2005). As McWilliams et al. (2006) noted, CSR may be a strategic investment. According to Burke and Logsdon (1996), corporate social responsibility is strategic when it yields substantial business-related benefits to the firm, by supporting core business activities and thus contributing to the firm’s effectiveness in accomplishing its mission.
CSR Campaigns truly affect companies ‘financial performance in the real world, many corporate executives preach about the benefits of engaging in social impact, claiming that CSR is the ticket to enhanced financial success in addition to a safer, cleaner, healthier world (Tran, 2015). Health is increasingly becoming a focal point of CSR, largely due to the recognition that a healthy workforce and community are fundamental to the longevity of a business and success of an economy (McCartney, 2015). Many organizations typically implement CSR health initiatives organized along internal and external lines, often complementing and extending their business operations. Internal strategies may be implemented to improve the working environment, to reduce negative externalities or to establish access to facilities that are of relevance to the organization’s demographic and risk profile (McCartney, 2015).

Health has been considered one of the key points of focus in many CSR budgets of many organizations following increased recognition of the benefits of a healthy workforce and community in continued business existence and the economy at large. The CSR programs on health are tailored to either focus on internal or external boundaries with the aim of expanding the business operations and acceptability within the employee fraternity and community at large. Internal strategies mainly look at how to provide a conducive working environment for employees, aligning the healthcare facilities to the healthcare needs to the demographic profile of the organization (Kan, 2012).

According to McWilliams and Siegel (2001), the exponential increase in expenditures to enhance the social responsibilities of corporations in the past suggests managers find it an economic benefit from CSR programs, especially considering the financial objective of a corporation is to maximize shareholder’s wealth. Kotler and Lee (2005) stated that CSR initiatives are those that contribute to community employment, the environment, health, safety, education, community and economic development and other basic human needs and desires.

**2.2.1 Productivity of Employees and Financial Performance**

Organizations ought to be socially responsible to their employees. The employees are an organization’s greatest assets. Since the longevity of employees is influenced by
the lifestyle choices that they make, organization needs to offer tools and incentives that encourage employees to adopt or maintain healthy lifestyles. There also needs to offer a variety of health benefits aimed at protecting employees’ physical and emotional health (Asemah, Okpanachi, & Olumuji, 2013).

According to Johnson and Johnson (2010), employee’s health and wellness is very important, therefore organization should give a comprehensive benefits plan- Choices benefits program that allows them to design their own personalized benefits package for themselves and family members. These benefits are: medical, dental, vision, tobacco cessation, health account. Care account, a basic level of life insurance, accidents insurance, disability coverage, long term care insurance, group legal insurance, auto and home insurance, commuter benefits program (Kan, 2012). This will aim at promoting and maintaining employees’ physical, mental, and social well-being. Organization can procure occupation dust control on site to minimize health risks associated with excess dust.

By promoting the health and wellness of employees, health care costs would decrease, and productivity and engagement would increase (Johnson & Johnson, 2010). Research on the relationship between health and productivity finds healthy workers are more productive at work than unhealthy workers. Healthy workers rate their work performance as much higher than unhealthy workers and have far fewer short-term absences than unhealthy workers. Study conducted in Australia found that the healthiest employees are almost three times more effective than the least healthy, with healthiest employee working approximately 143 effective hours per month compared to 49 effective hours per month by the least healthy (Johnson & Johnson, 2010).

Kan (2012) noted that employees make up the lifeblood of an organization and ensuring their job satisfaction can lead to increased productivity and profit. When staff members are happy, they tend to have a positive attitude, a better ability to focus, are more apt to collaborate with others and have greater interest in their work. Minimizing turnover can result in cost savings, since the company is not expending resources to constantly hire and train new staff. With the proliferation of corporations that offer sizable perks, businesses must get creative to keep employees engaged.

Health and wellbeing programs make organisations look and feel good: - One of the main reasons employers report implementing health initiatives is because it is ‘the
right thing to do’. When management expresses concern for workers and demonstrates a willingness to invest in them the relationship between employer and employee is likely to improve. Demonstrating a sense of corporate social responsibility can also improve the organisation’s image with the public and can help an organisation become an “employer of choice (Wesley Corporate Health, 2006).

Optus is one Australian company that has invested in a health and wellbeing program since 2004 as a key mechanism to engage and support their staff. Optus enjoy a high status as an employer of choice and have also halved their injury rates over this time (Australian Government Comcare, 2010).

2.2.2 Employee Engagement

According to Crowther, Thwaites, and Zhou (2004), health and wellbeing programs make staff feel valued and positively impact on workplace culture: -Health and wellbeing programs help to attract quality employees who value personal health and wellbeing and assist in retaining existing staff members. For instance, 60% of employees surveyed by the American Association of Occupational Health Nurses (2003), regarded wellness programs as a good reason to remain with their employer. Roll out of programs has the potential to improve workplace culture as well as workplace health by developing a closer congruence between employer and employee values—increasing the satisfaction level of employees.

According to Crowther et al. (2004) further noted that health and wellbeing programs are associated with increased employee engagement, creativity and innovation. Global research has found that when employee health and wellness is managed well the percentage of engaged employees’ increases from 7% to 55%.

2.2.3 Quality Management and Motivation of Employees

As suggestion made by Kotler and Lee (2013) stated that since the popularization of CSR in 1970’s, a link between the concept of CSR and the financial performance has raised interests on practitioners and researchers. Therefore, being responsible socially, the management benefits from being able to process the needed skills in managing a company that is superior. This results in financial performance of the company that is superior.
Crowther et al. (2004) noted that health and wellbeing programs make organizations look and feel good. One of the main reasons employers report implementing health initiatives is because it is ‘the right thing to do’. When management expresses concern for workers and demonstrates a willingness to invest in them the relationship between employer and employees is likely to improve (Australian Institute of Health and Welfare, 2010).

Organizations with CSR Health and well-being programs attain competitive advantage by receiving the benefit of attracting quality employees (McWilliams & Siegel, 2001), who value personal health and wellbeing and assist in retaining existing staff members (World Economic Forum, 2007). This eventually generates a positive corporate image for the organisation by enhancing the product of the firm and increasing productivity in the long run and ultimately to improved financial performance of the organisation (Moon et al., 2005).

However, CSR could also increase motivation for those employees who are motivated by a better working environment, by practicing in voluntary activities, etc. Regardless, employee motivation and retention could result in increase in productivity and cost savings. The company might also be more attractive to future employees (Weber, 2008). Competition for skilled employees is increasing as noted in the 2011 survey of Australian employers which established that 82% of respondents report their organisations have a gap in their workforce skills, up from 76% in 2009/10 (Australian Institute of Health and Welfare, 2010). Where a gap in skills exists the organisation’s, existing employees are reported to suffer from higher stress and lower morale. Another knock-on effect is the loss of higher performing employees, in what can become a vicious cycle. Skills Australia warns of significant shortfalls between the numbers of qualified people available and that required in the workforce by 2015, even under conservative modelling. They conclude that in the most likely scenario long-term economic growth will be threatened if the relevant issues are not addressed (Australian Institute of health and welfare, 2009).

2.2.4 Enhancing Profitable Partnerships

Good CSR program on health also leads to profitable partnership which eventually translates to profits and this has positive effects on financial performance of the organization. For instance, McDonald’s, the world’s largest chain of fast food
restaurants, McDonald’s creates a sustainable supply chain by “purchasing from suppliers that follow practices that ensure the health and safety of their employees and the welfare and humane treatment of animals (McDonald, 2012).

Evidence suggests that a firm’s reputation with various stakeholders can be influenced by its CSR performance. CSR performance is considered an effective way of securing the trust of investors (Hul-Ming, 2010). Organizations that are good initiative in conducting CSR program on health tends to attract investors to invest in the organization; this will generate good returns to the organization thus a positive effect on the financial performance of the organization.

2.2.5 Enhanced Brand and Reputation

A brand is defined by Smith (2013) as a product of an organization’s strategy, image, mission or activities. The corporate brand is the one that acts as the distinguishing factor from the competitors and acts as the orientating factor to the customer's mind. As further noted by Wolf, Issa, and Thiel (2015), a brand is what customer thinks about an organizational product represents the organization in terms of employees, and what the organization stands for. A good example given by this author is a brand like Apple when apple comes to the mind of customers two things emerge; these are quality and simplicity through innovation but at the same time premium pricing. However, Weber (2008) indicates that customers are loyal to brands if it creates a positive perspective in their mind. For instance, some customers would still buy Apple laptops and other products even with a high price because their royalty lies in prestige and quality.

On the other hand, branding is a marketing practice used by an organization to create a name, design or symbol that identifies the product of an organization and differentiates it from other competitor products (Vertigans & Idowu, 2016). Branding is naturally a strategy that aims at creating a competitive edge for business by putting a company brand as business premises to the target customers. Brands tell customers what they expect from the product that will be produced and differentiates their expectations with brands of another competitor. The brand that brings higher positive impacts on customers is mostly the one that is favoured by customers because customers believe that such brand is reliable.
Further, while the foundation of an organizational brand is the packaging, logo, promotional materials and their websites, Phillips and Gully (2014) noted that branding goes beyond just that. In fact, the author states that what the organization does extra above other competitors is what makes the customers buy from a given brand and disfavour the other. This goes back to strategically supporting the community, taking initiatives to preserve the environment and other recognizable activities that help build a strong brand. The brand strategy is achieved through five simple ways, how the brand is built, what is the purpose of building the brand, where the brand is supposed to be built, when and to whom the brand will be communicated, or the brand message will be given (Mullerat & Brennan, 2011). While all the others are done effectively, CSR has proved to be one channel that has been employed by organizations to communicate the brand strategy. The use of CSR has had a different effect on the brand growth.

Tsoutsoura (2004) notes that many benefits can be identified; firstly, socially responsible companies have enhanced brand image and reputation. Consumers are often drawn to brands and companies with good reputations in CSR related issues. A company regarded as socially responsible can also benefit from its reputation within the business community by having increased ability to attract capital and trading partners. Reputation is hard to quantify and measure; it is even harder to measure how much it increases a company’s value, but since companies have developed methods to measure the benefits of their advertisement campaigns, similar methods can and should be able to be applied in the case of corporate reputation. Socially responsible companies also have less risk of negative rare events (Asemah et al., 2013).

Both image and reputation can influence the competitiveness of a company and hence have a beneficial effect. Research has shown that CSR can have a positive impact on both, especially on reputation on a more long-term basis (Weber, 2008). Enhanced brand and reputation will lead to increase in revenue from higher sales and market share through product or service. For example: McDonald’s impacts the well-being of their consumers by “listing calorie information on restaurant and drive-through menus nationwide,” (Palmer, 2012). By conveying information about how products have been manufactured, companies may increase market share relative to competitors that
are poor corporate citizens (Mbithi, 2015) Consumers may value this CSR so highly that they are willingly to pay more for products (Mbithi, 2015).

2.2.6 Cost and stakeholders’ risk Reduction

Investing in CSR program on health may reduce the associated costs on recruiting training and replacing the workforce if they efficiently utilized CSR strategy to enhance employment commitments. Additionally, Isaksson and Steimle (2009) established the relationship between CSR and performance in terms of reduced risk and cost in large companies in China. The study established that companies, which have invested in CSR activities, stand to gain from increased levels of sales because of increase market share value and share volumes. As a result, the cost of production and distribution is reduced.

CSR program on health helps the organisation operate according to the stakeholders’ satisfactions this will enable to receive a fair share of return thus leading to a positive influence on financial performance. Moreover, it reduces shareholder’s risks because higher market shares reflect a higher performance of the business in terms pf providing back to customers in the form of supporting community health CSR. CSR program on health helps the organisation operate according to the stakeholders’ satisfactions this will enable to receive a fair share of return thus leading to a positive influence on financial performance (Isaksson & Steimle, 2009).

2.2.7 Customer Loyalty

CRS programs increase the ability to attract competent employees in the business as evidenced in the study by (Porter & Kramer, 2011). The authors stated that by involving activities of CSR, the attraction of good talent is experienced which increases the advantage of the competition of a business and makes the production processes more efficient. Efficiency leads to the satisfaction of the customer, which promotes the loyalty of the customer hence enhancing sale levels in the organization. In the long term, productivity is achieved because the relation of the employees is improved from the activities of the CSR which leads to the financial performance being increased because of organizational capacity that is increased. The relationship that exists between financial performance and CSR is formed because of the employer being committed to upholding corporate governance and upholding the human rights
to ensure good working conditions of the employees, which improves their morale causing increased long-term productivity and thereafter financial performance that is increased, such as investment in the assets returned (Mwancha & Ouma, 2017).

The effect of CSR health activities on organization performance has been expounded by several scholars. For instance, Lam and Lim (2016) sought to establish the way CSR affected the level of customer loyalty among commercial banks in Hong Kong. The study examined how CSR as mediated by perceptions on service quality and trust affected the overall performance outcomes. It was noted that CSR activities contributed to positive organizational reputation which had a positive influence on performance (McDonald, 2012).

By educating the community on health aspects, McWilliams et al. (2006) noted that organizations gain, the community would appreciate such organizations and freely consume the products of the organization in a loyal manner thus improve the overall performance. Health care programs promote the level of loyalty among the community to organization’s products and service offering.

2.3. Effects of Education CSR Programs on Financial Performance
According to Juscius and Snieska (2008), economic theory reflects that the degree of association of CSR in education to financial performance of the firm is positive. By considering factors like costs in relation to advantages like make advantage and reputation advantages the overall financial gain turns out positive for a company which invests on the education of its employees. Businesses have begun to take a more targeted approach in their corporate social responsibility programs and are seeking to impact areas that have a correlation with their own business goals. For many businesses, education is an important part of their plans, since the needs exist in all geographic areas, across all subject areas, and for all kinds of people. The bottom line is that educational outreach efforts have the capability to make a real and lasting difference for all players involved (Chopra & Marriya, 2013).

When companies get the “where” and the “how” right, philanthropic activities and competitive advantage become mutually reinforcing and create a virtuous circle. Corporate philanthropy may be used to influence the competitive context of an organization, which allows the organization to improve its competitiveness and at the
same time fulfill the needs of some of its stakeholders. For example, in the long run, charitable giving to education improves the quality of human resources available to the firm. Similarly, charitable contributions to community causes eventually result in the creation and preservation of a higher quality of life, which may sustain “sophisticated and demanding local customers (Porter & Kramer, 2006).

Corporations are getting involved in education sector for a number of reasons, including Improved financial performance, building a positive reputation and goodwill among consumers, employees, investors, and other stakeholders; Increased ability to attract and retain employees developing brand recognition, whether to increase consumer loyalty, boost sales, or establish the company as an industry leader, easier access to capital; building a more educated workforce; raising consumer awareness about a particular issue; and fulfilling a company mission or mandate (Chopra & Marriya, 2013). Students, schools, and the public can benefit from the experience and expertise that corporations bring to the table, particularly if the groups works together to ensure the right needs are being met on both ends (Porter & Kramer, 2006).

Companies looking to contribute to public school education, for instance, must consider the many demands that schools and educators face daily – time constraints, tight budgets, technology access, standardized testing, and explicit curriculum standards – as well as the unique places where outside help is needed. If they address the right needs, businesses can make a tremendous impact (Alinoor, 2016). By providing highly engaging resources, by building in strong connections with instructional needs, and by effectively marketing the resources, more and more companies are simultaneously meeting educational goals and their own business goals. Parents are enthusiastic about the industry involvement, too, so long as it’s positive and productive.

2.3.1. Improved Productivity and Financial Performance

According to Ocran (2011), CSR investment in Education ensures lifelong learning and participation of workers, who are granted equal opportunities by the investors in restructuring the company and managing change. Employees who feel approved of and appreciated increase their productivity in industrial production which in turn leads to the company achieving its economies of scale.
According to Kan (2012), Employees are highly valued by the company as they provided with opportunities to develop and advance their careers, well-regarded compensation, benefits and employee programs. Johnson and Johnson (2010) has a School of Personal and Professional Development and e-University for employees to take classes. Training and development are accessible globally and are available at the individual, team and organizational levels.

To ensure the success and growth of employees the organization should provide many opportunities and a unique environment for career development and performance management. Employees also get to develop a personal customized development plan and receive personal coaching from senior executives so that they can learn more about the company and understand how they contribute to the overall success of the company (Johnson & Johnson, 2010).

2.3.2. Bringing Diversity to the Workplace and Financial Performance

Having CSR on Education also brings diversity at work place. According to Kan (2012), he states that Johnson & Johnson are committed to bringing diversity to the workplace as they believe that it is the key success as it would help create innovative ideas, develop talents, gives the company a diverse insight on health products and needs. Johnson & Johnson has a global office of diversity and inclusion, which includes Equal Opportunity and Work/Life practices. Then they also have the Johnson and Johnson, Diversity University that provides online resource to employees to help them understand and value diversity and the benefits of working together. The company also has many guidelines such as the Equal Employment Opportunity Policy, Harassment Policy, Policy on the Employment of Young Persons and Guide for Resolving Employee Disagreements to assure that their employees are treated fairly and equally (Kan, 2012).

2.3.3. Innovation of Products, Services and Financial Performance

One of the strategic success factors linked to innovation, which refers to the ability of the company to the market introduces a new generation of product of the required quality, in parallel with the improvement of the performance of existing models. To achieve success in the modern business environment innovation is essential because
from the company requires the continuous creation of innovation solutions to rapidly adapt to changing consumer demands (Randelovic, Stevanovic, & Dukie, 2015).

Ability to develop new products or processes that fully meet the need of consumers provides to enterprise a large competitive advantage allowing to differentiation of their offer and charging a higher price, or reduction of their production costs below the levels of competition (Randelovic et al., 2015).

2.3.4 Strengthen Employee Professional and Financial Performance

An employee volunteer program can sometimes be considered an informal training technique because it provides employees with opportunities to strengthen their professional and interpersonal skills (Ross, 1997). In other words, volunteer programs offer employees with opportunities to develop skills that they might not ordinarily develop in their current position within the company (Chiang, 2010).

Workplace volunteer programs could develop employees’ teamwork skills, communication skills, event management skills, and leadership/interpersonal skills. Volunteer programs have been so helpful in promoting employee development (Caudron, 1994). Geroy, Wright, and Jacoby (2000) also indicated that employee volunteer programs have gained great popularity because more and more companies realize that these activities may help enhance employee morale and increase productivity.

2.3.5 Enhancement of Public Appeal and Financial Performance

CSR in education acts as reliable public relation tool for the company. It plays a significant role in improving an organization image which eventually impacts on its performance by creating better opportunities for partnerships and attracting the right pool of employee who see opportunities for growth even as the company grows (Kim & Reber, 2008). Education as a CSR also plays a role in mitigating adverse impacts of an organization on the environment and society at large. Companies like those in the oil and gas industry improve their reputation and boost business by investing in education that allows its employees and the company to act more responsibly in their production processes. A well- educated team of employees is more likely to create innovations to offer solutions in managing production processes of a firm responsibility (Ocran, 2011).
A company which is recognized for investing in the lives of future generations has advantage of gaining recognition and earning a good reputation. A good company name translates into more clientele who feel obliged to be part of the initiative by supporting the firm in purchasing its products and advocating for the company which eventually leads to more profits (Palmer, 2012). Safaricom in Kenya has invested heavily in the community it serves in education and talent development of the youth (Safaricom Limited, 2014) in the long run the entertainment clips developed by the company are watched by clientele who pay the company for internet bundles and the young generation are also motivated to purchase better phones to keep up with their entertainment lifestyles. This is a plus for Safaricom financially and in building a reputation that will last (Alinoor, 2016).

2.4 Effects of Environment CSR Programs on Financial Performance

Effective sustainable program includes sustainable products, pollution, recycling and clean energy. Sustainable efforts are based on a single principle: to minimize the environmental footprint of a corporation’s operations and maximize sustainability (Palmer, 2012). Stakeholder theory supports the idea that there are people outside the organisation (key communities) that have expectations for the firm, and that it is in the best interest of the organisation to meet these expectations. One of the most common examples of meeting the expectations of key communities is when organisations take steps to make their product and operations environmentally friendly. Often the motivation to be more environmentally friendly has to do with building the firm’s reputation with these very stakeholders, which is believed to lead to increased financial performance (Foote, Similä, Vikingsson, & Stevick, 2010).

Organisations need to cater for the environment where they carry out their operations to earn the goodwill of their stakeholders and this in turn enhances the performance of the organization financially and other areas (Asemah et al., 2013). These days, there are a wide range of practices companies can implement to limit environmental impact. Some of these practices will make a bigger financial impact than others, but they are worth considering. Many organizations involve their staff in activities such as recycling, composting, water re-usage, car-pooling, using mass transit and telecommuting when appropriate to lessen the company’s environmental impact. These are easy, yet important ways to reduce excess and build a conscious company
culture. Environmental initiatives, e.g. energy consumption, waste reduction etc. and social initiatives are associated with positive financial performance (Peloza, 2009).

2.4.1. Enhanced Organization Reputation and Financial Performance

CSR programs are competitive advantages because they improve corporate reputation. Stakeholders are more likely to engage in transactions with companies that have a CSR record of showing a commitment to the community and environment (Kotler & Lee, 2013). The benefits of enhanced reputation include less scrutiny from society, an increase in customer and investor loyalty, and an increase in intangible assets—all of which lead to stronger financial performance in the long run. First, firms that engage in CSR programs receive less scrutiny from the community (Palmer, 2012).

For example, McDonald’s and its involvement in the Ronald McDonald Houses, McDonald’s commitment to helping families in need enhanced its reputation to the community. During the 1992 South Central Los Angeles riots, as pointed out by Kotler and Lee in their book, Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause, vandalism caused tremendous damage to business in the area, but rioters refused to harm McDonald’s outlets. As a result, McDonald’s acquired a competitive advantage against its opponents by avoiding numerous vandalism expenses through its involvement in CSR and enhanced reputation (Palmer, 2012).

2.4.2. Reduction in Operation Costs and Financial Performance

There are also other cases in which doing what is good and responsible converges with doing the best for the business. Some CSR initiatives can dramatically reduce operating costs. For example, reducing packaging material or planning the optimum route for delivery trucks not only reduces the environmental impact of a company’s operation, but it also reduces the cost. The process of adopting the CSR principles motivates executives to reconsider their business practices and to seek more efficient ways of operating (Asemah et al., 2013).

In addition, productivity can be enhanced by implementing energy conservation and other environmental friendly programs. McWilliams and Siegel (2001), CSR can reduce environmental costs to increase corporate profit. One example of a strong cost-reducing CSR program is a sustainability effort from Miller 991. The company built
an $11 million energy-saving and pollution reducing heating and cooling plant—acting more than the current environmental laws—and saved $750,000 per year in fuel and landfill costs (Palmer, 2012). In the long run, it would only take 15 years for the cost of the plant to be covered by the savings in energy costs, with the additional benefits of improved corporate reputation and environmental conditions for building the plant.

Several business functions can cite decreases in operating costs and increased revenue from grants and incentives because of implementing marketing and corporate social initiatives, especially altering business practices. One arena easy to point to is the adoption of environmental initiatives to reduce waste, reuse material, recycle, and conserve water and electricity (Kotler et al., 2012).

At AT & T telecommunications company for example, a program that entices customer to sign up for paperless, electronic billing statement statements by offering to contribute The Arbor Day Foundation has cut the company’s paper, printing, and mailing costs by millions of dollars, saved trees from being harvested to make paper and funded the planting of hundreds of thousands of trees (Kotler et al., 2012). Another area for potential reduced costs is in advertising expenditures especially because of increased publicity.

2.4.3. Government Regulation and Financial Performance

Regulations define how organizations are to conduct themselves in a given business industry. It defines what an organization is to engage in and what it ought not to engage in. They may define the businesses which are acceptable and those that are not acceptable hence draw boundaries on what a given firm may engage in (Asemah et al, 2013). This limitation may affect the financial performance of an organization either negatively or positively. It may restrict the number of firms operating in a given industry hence improve profitability through licensing or increase competition by licensing more firms (Kotler et al., 2012).

When the government is fully aware that an organisation or all organisations are alive to their responsibilities (social responsibilities), government becomes discouraged to regulate business (Kotler et al., 2012). Government regulations may affect the business negatively, but when organisations know that they have a social responsibility to the community where they operate, there may be no need for
regulation. Asemah et al. (2013) avers that business by its own socially possible behaviour can discourage new government restrictions; it is accomplishing a public good, as well as, its own private good. Furthermore, there might be some direct financial effects from for example avoiding fines (Weber, 2008).

2.4.4. Employee’s Satisfaction and Financial Performance

Employees play an important role in delivery of goods and services in an organization. They interact with customers as they go about their businesses hence can act as good ambassadors if they are well mannered and disciplined. Well remunerated and taken care of employees will always strive to go beyond their job description to ensure that they deliver high quality goods and services. They will also be willing to produce ideas which promote innovations and inventions for the benefit of the organization. This improves the competitiveness of the organization (Kotler & Lee, 2013).

A powerful sustainable environment will help to attract and retain excellent staff and provide safe working condition for all employees. This increase of employee’s satisfaction and loyalty has the effect on the productivity and then influences the firm’s profitability (Jiao & Xie, 2013). Satisfied employees are willing to go an extra mile to ensure that they deliver on their key performance tasks which promotes those chances of the organization delivering on its predetermined objectives. This promotes the overall financial performance of the organization (Jiao & Xie, 2013).

2.4.5. Changing Buying Behaviors and Financial Performance

According Alinoor (2016), to make profits, companies need to meet customers’ need and expectations. It has been noted in the recent past that customers buying behaviors have changed significantly and today’s customer is increasingly conscious of environmental issues due to the massive campaigns on safeguarding the environments, clients therefore need assurance on environmental and social concerns and companies who meet it can generate a lot of profits from the conscious customer. The development in information, communication and technology has increased accessibility to information which is causing a quick shift in customer’s tastes and preferences. To constantly keep pace with these changing customer tastes, it is important that organization conduct detailed research to understand the preferences of
customers, (Chin-Shien, Ruei-Yan, & Van-Thac, 2015). Companies can do this by maximizing on aspects like eco-labeling as a way of communicating organization’s CSR’s too public and eventually increasing its reputation hence profits (Ocran, 2011).

2.4.6. Product Innovation and Financial Performance

Wide number of studies has disputed whether CSR can be a way for many innovations using social and environmental approaches. European competitiveness report (2008) identify three principal ways in which CSR can contribute to innovation capacity and performance: innovation resulting from stakeholder engagement, defining business opportunities through addressing societal challenges; and creating work places that support the innovation (Chin-Shien et al., 2015).

CSR actions on environment sustain profitability in the long run. Company managers attest to the fact that CSR initiatives which usually focus on intermediate non-financial goals with short term negative cash flows normally have a positive long-term effect on financial values. These benefits are translated from innovation in terms of design of innovation products to meet the sensitive requirements of clientele who are concerned about impact on the environment (Alinoor, 2016). For organizations to enhance production efficiency and reduce production costs, it needs to redesign its production process to provide products and services that are not harmful to the environment (Kotler et al., 2012). To produce high-quality and attractive environmentally friendly products, a company may have no choice but to adopt a new technology, which may consequently induce product differentiations and improve financial performance (Chin-Shien et al., 2015).

2.4.7. Appeal to Investors and Financial Performance

Some argue that involvement in corporate social initiative can increase stock value. In firms of endearment, Rajendra, Sisodia, Wolfe and Jagdish present data indicating that firms that “endear” themselves to all stakeholders wildly outperformed the broader stock market during the 3, 5 and 10 years’ periods ending June 2006. Great companies sustain their superior performance over time for investors, but equally important in our view, for their employees, customers’ suppliers and society in general (Kotler et al., 2012).
In “Corporate social responsibility and shareholder value: The Environmental Consciousness of Investors, “Caroline Flammer of the MIT School of Management studied the relationship from 1980 to 2009 between corporate announcements of positive and negative environmental news and stock movement. “We find that companies that are reported to be responsibly towards the environment experience significant stock increase, whereas firms that behave irresponsibly face a significant stock price decrease (Kotler et al., 2012).

According to the Social Investment Forum Foundation’s 2010 Report on Socially Responsible Investing Trends in the United States, “Sustainable and Social Responsible Investing (SRI) in US has continued to grow at a faster pace that the broader universe of conventional investing assets under professional management. At the start of 2010, professionally managed assets following SRI strategies stood at $3.07 trillion, a rise of more than 380 percent from $639 billion in 1995 over the same period, the broader universe of assets under professional management increased only 260 percent from $7 trillion to 25.2 trillion (Kotler et al., 2012).

2.4.8. Environmental Sustainability and Financial Performance

The triple bottom line model explains well this aspect; it has three components of sustainability. The term triple bottom line was coined by Elkington in 1997. Triple bottom line model provides a framework for measuring performance and success of the business using the economic, the social and the environmental line (Goel, 2010).

CSR program on environment should meet three conditions; the rate of use of renewable resources should not exceed their rate of generation; the society’s rate of use of non-renewable should not exceed the capacity of the environment (Elkington, 1997). According to Goel (2010), the environment line is concerned with the efficient use of resources, reduction in greenhouse gas emission, minimizing ecological footprint, etc.

2.5. Chapter Summary

In the chapter, all the literature sources by looking deeply at all the available literature on corporate social responsibility and its effects on the organization, in terms of financial performance. In addition, it analyzed how CSR programs are effective in enabling company to meet their customer’s need and therefore work well as a profit
enhancing tool if properly monitored. Customers offer a portion of them whenever they engage in a sale transaction and feel a sense of belonging when companies they buy from meet their CSR requirements. CSR has therefore demonstrated a positive relationship with profitability of a company. Having completed chapter two, chapter three discusses the research methodology.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1. Introduction

This chapter describes the different methodologies used in carrying out this study. The chapter describes the research design to be used in the study, the population from which the study was drawn, the sampling design used and the components under sampling design that is sampling frame, sampling technique, and the sample size identified. It also describes in detail on the data collection methods used in the research, highlight the research procedures and the data analysis methods that were used to make sense and derive meaning from the data.

3.2. Research Design

Research design is a blue print for fulfilling objectives and answering the research questions (Cooper & Schindler, 2014). Selecting a design may be complicated by the availability of a large variety of methods, techniques, procedures, protocol, and sampling plans (Cooper & Schindler, 2014). It is a plan and a structure of investigation so conceived as to obtain answers to research questions (Charemza & Deadman, 2007). According to Leedy (1997), research design as a plan for a study, providing the overall framework for collecting data.

McMillan and Schumacher (2001) define it as plan for selecting subjects, research sites, and data collection procedures to answer the research questions. They further indicate that the goal the goal of a sound research design is to provide results that are judged to be credible. For Durkheim (2004), research design is a strategic framework for action that services as a bridge between research questions and the execution, or implementation of the research strategy. The study adopted a descriptive research approach. Descriptive research design focuses on detailed explanations of social phenomena, experience, situation, problem etc. and strives to be as accurate as possible (Ruane, 2005).

According to Churchill and Brown (2007), they stated that a descriptive research approach is concerned with determining the frequency with which something occurs
or the relationship between variable. Moreover, descriptive study investigates variable by answering who, what, when, where and how questions (Cooper & Schindler, 2003). Therefore, descriptive research approach/design helped in carrying out the study of effects of CSR programs on financial performance of the telecommunication industry.

### 3.3. Population and Sampling Design

#### 3.3.1. Population

Population is the total collection of elements about which we wish to make some inferences (Cooper & Schindler, 2014). Population is the set of cases or group members (Saunders, Lewis, & Thornhill, 2016). Population is the set of all the individuals of interest in a study (United Nations (UN), 2009). Malhotra and Birks (2009) have explained that a smaller group of population has ability to make an inference about a larger group of population. This type of selection is also beneficial to reduce the work burden and cost that would have been involved in studying the whole target population (Malhotra & Birks, 2009).

In respect of this study, the population sample comprised all 1090 employees at Safaricom which the case study of the research is. Therefore, the focus comprised of 1090 employees from different department in the organization, and these departments are: finance, marketing and communication, corporate affairs, CSR department, Customer service and relation, human resource, investor relation, Safaricom foundation. The distribution of the population is shown in Table 3.1 below.

#### Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Department</th>
<th>Distribution Employee Numbers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>71</td>
<td>7</td>
</tr>
<tr>
<td>Marketing and communication</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>Corporate affairs</td>
<td>34</td>
<td>3</td>
</tr>
<tr>
<td>CSR</td>
<td>47</td>
<td>4</td>
</tr>
<tr>
<td>Customer Service and relation</td>
<td>831</td>
<td>76</td>
</tr>
<tr>
<td>Human resource</td>
<td>32</td>
<td>3</td>
</tr>
<tr>
<td>Investor relation</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Safaricom foundation</td>
<td>52</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1090</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Safaricom Limited (2016)
3.3.2. Sampling Design
Sampling involves the selection of the subset of individuals from the targeted population to estimate the characteristics of the whole population (Mugenda & Mugenda, 2003).

3.3.2.1. Sampling Frame
According to Saunders et al. (2016), sampling frame is the complete list of all the cases in the population, from which a probability sample is drawn. Sample frame is the list of elements in the population from which the sample is drawn (Cooper & Schindler, 2014). Sampling frame defines a frame where a sample of target population can be drawn (Rahi, 2017).

Creswell and Clark (2007) have stated that a sample frame can be defined as a list of all units in the population from which research sample was selected. Using Safaricom Limited Company as the case study, a sample frame consisted of employees from, different department stated in Table 3.1. The employees are distributed across the country. The strata include: Finance, Marketing and communications, Corporate Affairs, Corporate Social Responsibility, Customer service and relations, Human resource, Investor relations and Safaricom Foundation.

3.3.2.2. Sampling Technique
Sampling techniques are methods used to select sample from the population by reducing the population to a more manageable size (Saunders et al., 2016). The study adopted a stratified random sampling technique because of its ability to accord every member of the population an equal chance of being included in the study. This sampling technique also allows timely competition of the data collection process as respondents who are not available are replaced with those who can be easily accessed.

3.3.2.3. Sample Size
According to Rahi (2017) he stated that there is an extensive discussion existed in academic literature on sample size. Selection of a correct sample size is still a big challenge for researchers. Sample size needs to be carefully considered as statistical techniques are strongly affected by it. Similarly, Collis and Hussey (2013) states that, sample size which is based on analysis method for instance structural equation
modeling that further analyze confirmatory factor analysis, casual modeling with latent variables, structural path analysis and multiple regression analysis must be treated carefully. Sample size for this study was selected using the following formula.

Yamane’s Formula (1967) is given by \( n = \frac{N}{1 + Ne^2} \)

Where \( n \) = sample size required

\( N = \) Population size and \( e = \) alpha level, i.e. \( e = 0.05 \) if the confidence is 95%.

Therefore, \( n = \frac{N}{1 + Ne^2} \)

\( N = 1090/1 + 1090(0.1)^2 \)

\( N = 100 \)

Table 3.2: Sample Size Distribution

<table>
<thead>
<tr>
<th>Department</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employee Numbers</td>
</tr>
<tr>
<td>Finance</td>
<td>71</td>
</tr>
<tr>
<td>Marketing and communication</td>
<td>15</td>
</tr>
<tr>
<td>Corporate affairs</td>
<td>34</td>
</tr>
<tr>
<td>CSR</td>
<td>47</td>
</tr>
<tr>
<td>Customer Service and relation</td>
<td>831</td>
</tr>
<tr>
<td>Human resource</td>
<td>32</td>
</tr>
<tr>
<td>Investor relation</td>
<td>8</td>
</tr>
<tr>
<td>Safaricom foundation</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1090</strong></td>
</tr>
</tbody>
</table>

3.4. Data Collection Methods

There are two methods of data collection: - the primary data collection and secondary data collection. However, the most preferred method in this study is Primary Data collection method. According to Currie (2005), primary data is data that was previously unknown and has been obtained directly by the researcher for a specific research project. The instrument used in collecting the primary data was a questionnaire, the questionnaire was structured to suit the specific department mentioned earlier on. It was administered in two ways: interviewing and self-administering to the individuals selected from the target population.
Mugenda and Mugenda (2003) define data collection as the collection of data from a list of identified respondents with the sole purpose of drawing conclusions and responding to a given objective. Questionnaires were administered to the target population through a drop and pick later method. The use of questionnaires was selected as a method of collecting primary data because of its ability to allow respondents who cannot an opportunity to fill in at their free time and revert. The questionnaire consisted of both the open and closed-ended questions. Open-ended questions provided respondents with freedom to express themselves in an unbiased manner while closed-ended questions were used with the purpose of standardizing responses (Bryman & Bell, 2003).

Closed ended questions were based on a five-point Likert scale that ranged from strongly agree to strongly disagree. The questionnaire contained four distinct sections: section A covered general information, section B covered effects of health programs and financial performance, section C covered education programs and financial performance while section D covered environmental CSR programs and financial performance.

3.5. Research Procedure

The study conducted a pilot study to check for accuracy and clarity. Bless, Higson-Smith, and Sithole (2013) define the pilot study as a small study conducted prior to a larger piece of research to determine whether the methodology, sampling, instruments and analysis are adequate and appropriate. It was concurred that the pilot test in qualitative research allows the researcher to make use of the actual qualitative interviews. According to Wilkinson and Birmingham (2003), the researcher can begin to identify and correct imperfections by piloting or testing a questionnaire with a select few people to establish their clarity. Piloting further assists in eliminating ambiguous questions, as well as in generating useful feedback on the structure and flow of the intended interview.

Pilot study is a small-scale replication of the actual study, targeting a small number of persons with characteristics like those of the target group of respondents. The pilot sample involved two respondents (Safaricom Employee and MBA student) and the purpose of the pilot study was to determine the feasibility of the study; to the test the reliability and validity of the instrument and trustworthiness of respondents for data
collection in the main study; to establish how appropriate, understandable and practical the instrument is; to address any problem prior to the main study; and to check the time required for the completion of the questionnaire. The feedback received from the pilot study was added into the questionnaire before distributing the final copy. A letter from Chandaria School of Business was obtained to enable the researcher collect data. Questionnaires were self-administered. They were dropped and picked immediately respondents were done answering. Ample time was given to respondents to answer the questionnaire. Respondents were also informed that information received was confidential and was only used for academic purpose.

3.6. Data Analysis Methods

According to Cooper and Schindler (2011) states that data analysis involves reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. Data analysis comes after data collection method to make sense of the study and the data collected (Field, 2009). Moreover, following the data collection, tools used to obtain results of the survey include the Statistical Program for Social Sciences (SPSS) and Microsoft Excel. Statistical analysis was obtained using SPSS and designing of the graphs and reproduce tables using the Microsoft Excel. Tables, graphs and figures were used to record the findings from the data collected. The researcher used frequencies, mean, variances and standard deviations to analyze descriptive research. Inferential statistics is a technique used by researcher to study samples and make generalization about population (Zulfiqar & Bala, 2016).

3.7. Chapter Summary

This chapter describes the methodology and procedures to be used in research. The chapter provides a brief introduction of the chapter. The chapter also gives a highlight on the research design of the study. The population was defined, and the sample techniques and the sample size were described. The study looked at the data collection methods, research procedures, and data analysis methods to be used in the study. Chapter four focuses on the research results and analysis.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1. Introduction

This chapter presents the analysis of the collected data. The purpose of the study was to determine the effects of corporate social responsibility on financial performance of the telecommunication industry precisely in Kenya, a case study of Safaricom Limited Company. The study collected primary data using structured questionnaires. The analysis of the collected data was done descriptively and inferentially.

4.1.1. Response Rate

The research sampled out and distributed 100 questionnaires to respondents out of which 75 were dully filled and returned. This gave a response rate of 75%. According to Babbie (2013), return rates of above 50% are acceptable to analyse and publish, 60% is good and 70% is very good and above 80% is excellent. Since the response in the current was within the prescribed range, reliable results were sought from the analysis for informed decisions. See Table 4.1.

<table>
<thead>
<tr>
<th>Table 4. 1: Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Frequency</strong></td>
</tr>
<tr>
<td>Response</td>
</tr>
<tr>
<td>Non-response</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

4.1.2. Reliability Results

In assessing reliability of research instruments, questionnaires were piloted, and Cronbach Alpha coefficient computed. From the findings, major CSR initiatives had Cronbach Alpha coefficient of 0.763, CSR and productivity had 0.813, general benefits of CSR had 0.779, Health CSR had 0.881, and Education CSR had 0.719 and Environmental 0.846. According to Cronbach (1951), alpha coefficients of 0.7 and above shows that the research instruments were reliable. Since the coefficients in the current study were above the prescribed thresholds, reliable scale was therefore
adopted in the current which enhanced reliability of the results. The findings are indicated in Table 4.2.

Table 4.2: Reliability Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of Items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major CSR Initiatives.</td>
<td>8</td>
<td>0.763</td>
</tr>
<tr>
<td>CSR and Productivity.</td>
<td>8</td>
<td>0.813</td>
</tr>
<tr>
<td>General Benefits of CSR.</td>
<td>7</td>
<td>0.779</td>
</tr>
<tr>
<td>Health CSR.</td>
<td>8</td>
<td>0.881</td>
</tr>
<tr>
<td>Education CSR.</td>
<td>7</td>
<td>0.719</td>
</tr>
<tr>
<td>Environment CSR.</td>
<td>8</td>
<td>0.846</td>
</tr>
</tbody>
</table>

4.2. General Information

The study examined general information of respondents to clearly understand them. The findings are indicated in subsequent sections. Frequency distribution tables, graphs and pie charts are used to clearly illustrate the findings in this section. Such a presentation ensures a clear visual impression.

4.2.1. Gender of Respondents

The study sought to examine gender distribution of the study respondents. From the findings, majority of respondents 53% were male followed by 47% female. This shows that the study was gender sensitive and this is in line with the constitutional requirement about gender. The findings are established in Figure 4.1.

Figure 4.1: Gender of Respondents
4.2.2. Age of Respondents

The second general information sought to determine age distribution of respondents who participated in the study. From the findings, 16% of the respondents were 20-30 years, 46% were 31-40 years, 29.3% were 41-50 years while 8% were over 50 years. This signifies that most of the respondents of the study were old enough and therefore mature in attempting and responding to research questions. Age is normally seen to come with maturity and experience. See Table 4.3.

Table 4.3: Age of Respondents

<table>
<thead>
<tr>
<th>Age Categories</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30 Years.</td>
<td>12</td>
<td>16.0</td>
</tr>
<tr>
<td>31-40 Years.</td>
<td>35</td>
<td>46.7</td>
</tr>
<tr>
<td>41-50 Years.</td>
<td>22</td>
<td>29.3</td>
</tr>
<tr>
<td>Above 51 years.</td>
<td>6</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.3. Education Level of Respondents

The third general information sought to understand the level of education of respondents. The study established that most of the respondents had bachelor’s degrees (49.3%) followed by diplomas (29.3%), masters (16%) and other levels (5.3%). From the findings, it can be deduced that respondents of the study were educated, and therefore had easier time to read, interpret and respond to research questions as sought by the study. The findings are indicated in Figure 4.2.

![Figure 4.2: Education Level of Respondents](image)
4.2.4. Years of Experience

The fourth question on general information examined the number of years that respondents had worked with their current organization. This could help in determining their depth of experience. From Table 4.4, most of the respondent 60% had worked for 7-10 years, 26.7% for 4-6 years, 6.7% for less than a year, 4% for 1-3 years and 2.7% for over 10 years. Therefore, most of the respondents had worked for a relatively longer period, and therefore had gained relevant skills, experience and knowledge of how CSR affected performance. They were therefore better placed to respond to research questions as sought by the study. See Table 4.4.

Table 4.4: Years of Experience

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1 year.</td>
<td>5</td>
<td>6.7</td>
</tr>
<tr>
<td>1-3 years.</td>
<td>3</td>
<td>4.0</td>
</tr>
<tr>
<td>4-6 years.</td>
<td>20</td>
<td>26.7</td>
</tr>
<tr>
<td>7-10 years.</td>
<td>45</td>
<td>60.0</td>
</tr>
<tr>
<td>10 and above.</td>
<td>2</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.5. CSR Awareness

The study sought to assess whether respondents had knowledge on CSR initiatives practiced by their organization. Most of the respondents 79% were aware of CSR initiative practiced by their organization. This showed that reliable information could be established since this was in congruence with the purpose of the study. This could therefore enable the research to meet the specific objectives. The findings are indicated in Figure 4.3.

Figure 4. 3: CSR Awareness
4.2.6. Need of Participating in CSR

Respondents were requested to indicate whether participation in CSR resulted into any importance. The importance of participating in CSR was noted by 80% of the respondents as compared to 5.4% noted no importance of CSR. It can therefore be deduced that participation in CSR activities was beneficial to an organization. Consider Table 4.5.

Table 4.5: Need of Participating in CSR

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Important.</td>
<td>2</td>
<td>2.7</td>
</tr>
<tr>
<td>Slightly Important.</td>
<td>2</td>
<td>2.7</td>
</tr>
<tr>
<td>Moderately Important.</td>
<td>11</td>
<td>14.7</td>
</tr>
<tr>
<td>Important.</td>
<td>32</td>
<td>42.7</td>
</tr>
<tr>
<td>Very important.</td>
<td>28</td>
<td>37.3</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.7. CSR and Strategic Goals

This general information sought to establish whether CSR initiatives were incorporated in strategic goals of an organization. From the findings, majority of respondents 74.7% indicated that the strategic goals of an organization factored in CSR initiatives. Recognizing CSR activities in strategic goals is important because proper strategies with plans will be established of attaining specified CSR initiatives. The findings are noted in Table 4.6.

Table 4.6: CSR and Strategic Goals

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>56</td>
<td>74.7</td>
</tr>
<tr>
<td>No</td>
<td>19</td>
<td>25.3</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.3. Major CSR Initiatives

Several CSR initiatives were carefully identified by the researcher. Respondents were then requested to rank each of these CSR initiatives in order of how they were practiced in their organization. A Likert scale of 1-5 was used where 1. Not Important. 2. Slightly Important 3. Moderately Important 4. Important 5. Very important. Means and standard deviations were used.

In order of importance, poverty alleviation programs (employing local community) or community development activities (mean=4.38) as the most important CSR initiative followed by youth development (adopting and grooming raw talent from primary/high school) (mean=3.90), youth development (graduate trainee programs) (mean=3.88), conservation of nature (environmental conservation) (mean=3.88), health (healthcare) (3.86), (sponsoring the poor) (mean=3.60), health (HIV/Aids Awareness and Campaign) (mean=2.98) and lastly education (facilitating staff training and education advancements expenses) (mean=2.20). The average mean was 3.58, signifying the organization attached importance on CSR initiatives which probably resulted into better performance. The values of standard deviation are relatively low showing divergence of views by respondents on CSR initiatives.

Table 4.7: Major CSR Initiatives

<table>
<thead>
<tr>
<th>CSR Initiatives</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health (Healthcare).</td>
<td>3.86</td>
<td>1.04</td>
</tr>
<tr>
<td>Health (HIV/Aids Awareness and Campaign).</td>
<td>2.98</td>
<td>1.35</td>
</tr>
<tr>
<td>Education (facilitating staff training and education advancements expenses).</td>
<td>2.20</td>
<td>1.18</td>
</tr>
<tr>
<td>Education (sponsoring the poor).</td>
<td>3.60</td>
<td>.716</td>
</tr>
<tr>
<td>Youth Development (Graduate trainee programs).</td>
<td>3.88</td>
<td>1.18</td>
</tr>
<tr>
<td>Youth Development (Adopting and grooming raw talent from primary/high school).</td>
<td>3.90</td>
<td>.596</td>
</tr>
<tr>
<td>Poverty Alleviation programs (employing local community) or Community Development Activities.</td>
<td>4.38</td>
<td>.490</td>
</tr>
<tr>
<td><strong>Average Mean and standard deviation</strong></td>
<td><strong>3.58</strong></td>
<td><strong>.895</strong></td>
</tr>
</tbody>
</table>
4.4. CSR and Employee Productivity

The researcher sought to assess how CSR impacted on productivity of their organization. To achieve this objective, several questions were established on a Likert scale of 1-5 where 1=No extent 2=Little extent, 3=moderate extent 4=large extent and 5= very large extent. Conservation of nature (environmental conservation) (mean=4.38) had the largest impact on employee productivity followed by education (sponsoring the poor) (mean=4.34), youth development (adopting and grooming raw talent from primary/high school) (mean=4.13), education (facilitating staff training and education advancements expenses) (mean=4.12), youth development (graduate trainee programs) (mean=3.88), poverty alleviation programs (employing local community) or community development activities (mean=3.74), health (HIV/AIDS awareness and campaign) (mean=1.62) and lastly health (healthcare) (mean=1.50).

The overall mean and standard deviation were 3.46 and 0.712 respectively. This implies that CSR initiatives moderately affected employee productivity. The low value of standard deviation show that respondents were of similar opinions while responding to research questions sought by the study. The above findings are supported by Johnson and Johnson (2010) who indicated that by promoting the health and wellness of employees, health care costs would decrease, and productivity and engagement would increase. The authors further noted that healthy workers are more productive at work than unhealthy workers.

Table 4.8: CSR and Employee Productivity

<table>
<thead>
<tr>
<th>CSR initiatives</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health (Healthcare).</td>
<td>1.50</td>
<td>.704</td>
</tr>
<tr>
<td>Health (HIV/Aids Awareness and Campaign).</td>
<td>1.62</td>
<td>.712</td>
</tr>
<tr>
<td>Education (facilitating staff training and education).</td>
<td>4.12</td>
<td>1.24</td>
</tr>
<tr>
<td>Education (sponsoring the poor).</td>
<td>4.34</td>
<td>.706</td>
</tr>
<tr>
<td>Youth Development (Graduate trainee programs).</td>
<td>3.88</td>
<td>.614</td>
</tr>
<tr>
<td>Youth Development (Adopting and grooming raw talent).</td>
<td>4.13</td>
<td>.794</td>
</tr>
<tr>
<td>Poverty Alleviation programs (employing local community) or Community Development Activities.</td>
<td>3.74</td>
<td>.437</td>
</tr>
<tr>
<td><strong>Average Mean and Standard deviation</strong></td>
<td><strong>3.46</strong></td>
<td><strong>0.712</strong></td>
</tr>
</tbody>
</table>
4.5. General benefits of CSR

The study sought to examine general benefits of engaging in CSR activities in firms in telecommunication industry precisely in Kenya. Questionnaires were structured using a Five-point Likert scale where 1- No impact at all, 2- No impact, 3- Neural, 4- Impacts, 5- Strongly Impacts. Respondents agreed that CSR had enabled Safaricom to be increased clientele with mean of 4.26 and standard deviation 0.445.

The respondents indicated that CSR had helped to attract the right talent and to boost Safaricom employees’ morale with mean of 3.78 and standard deviation of 0.776 and CSR has enabled Safaricom to have better company image with mean of 3.76 and standard deviation of 0.445. Respondents further indicated that CSR has enabled Safaricom get recognition in the industry with mean of 3.68 and standard deviation of 0.776, CSR helps in reducing the company’s legal obligation with mean of 3.58 and standard deviation of 1.19. Respondents were not sure whether CSR has enabled Safaricom increases its profitability with mean of 3.38 and standard deviation of 1.19, CSR has enabled Safaricom increases its profitability with mean of 2.86 and standard deviation of 0.722. The average mean was 3.61 with standard deviation of 0.79. This showed respondents generally agreed that CSR resulted into benefits to an organization.

Table 4. 9: General benefits of CSR

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you agree that CSR has enabled Safaricom get recognition in the industry?</td>
<td>3.68</td>
<td>.776</td>
</tr>
<tr>
<td>Do you agree that CSR has enabled Safaricom to have better company image?</td>
<td>3.76</td>
<td>.445</td>
</tr>
<tr>
<td>CSR has enable Safaricom to be increased Clientele.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR has helped to attract the right talent and to boost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safaricom employees’ morale.</td>
<td>3.78</td>
<td>.776</td>
</tr>
<tr>
<td>CSR has enabled Safaricom increases its profitability.</td>
<td>2.86</td>
<td>.722</td>
</tr>
<tr>
<td>CSR has enabled Safaricom increases shareholders dividends.</td>
<td>3.38</td>
<td>1.19</td>
</tr>
<tr>
<td>CSR helps in reducing the company’s legal obligation.</td>
<td>3.58</td>
<td>1.19</td>
</tr>
<tr>
<td>Average mean and standard deviation</td>
<td>3.61</td>
<td>0.79</td>
</tr>
</tbody>
</table>
4.6. Health CSR

The first specific objective of the study was to examine the effect of Health CSR programs on financial performance of the firm. In achieving this objective, several questions were structured on a Five-point Likert scale where 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree. Respondents agreed that CSR health initiatives enhanced the quality of work delivered by employees and engagement with mean of 4.26 and standard deviation of 0.445, CSR health initiatives enhanced profitable partnerships with mean of 4.06 and standard deviation of 1.00 and that CSR health initiatives increased financial profitability of Safaricom with mean of 3.98 and standard deviation of 0.506.

The study further revealed that CSR health initiatives helped attract the right pool of employees and boost employees’ morale with mean of 3.93 and standard deviation of 0.776 and that CSR health initiatives helped enhance brand and reputation with mean of 3.58 and standard deviation of 0.886. The findings of the study indicated that CSR health initiatives attracted investor in the company with mean of 3.53 and standard deviation of 1.03. Respondents on the other were not sure whether helped in increasing the Productivity of employees with mean of 3.33 and standard deviation of 0.949 or it attracted quality management with man of 3.46 and standard deviation of 0.445. With an average mean of 3.76, it can be inferred that on overall, respondents agreed that CSR health affected performance of telecommunication industry in Kenya.
### Table 4.10: Health CSR

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR health initiatives help in increasing the Productivity of employees.</td>
<td>3.33</td>
<td>.949</td>
</tr>
<tr>
<td>CSR health initiatives enhance the quality of work delivered by employees and engagement.</td>
<td>4.26</td>
<td>.445</td>
</tr>
<tr>
<td>CSR health initiative attracts quality management.</td>
<td>3.46</td>
<td>1.09</td>
</tr>
<tr>
<td>CSR health initiatives help attract the right pool of employees and boost employees’ morale.</td>
<td>3.93</td>
<td>.776</td>
</tr>
<tr>
<td>CSR health initiatives enhance profitable partnerships.</td>
<td>4.06</td>
<td>1.00</td>
</tr>
<tr>
<td>CSR health initiatives attract investor in the company.</td>
<td>3.53</td>
<td>1.03</td>
</tr>
<tr>
<td>CSR health initiatives increase financial profitability of Safaricom.</td>
<td>3.98</td>
<td>.506</td>
</tr>
<tr>
<td>CSR health initiatives help enhance brand and reputation.</td>
<td>3.58</td>
<td>.886</td>
</tr>
<tr>
<td><strong>Average mean and standard deviation</strong></td>
<td><strong>3.76</strong></td>
<td><strong>0.835</strong></td>
</tr>
</tbody>
</table>

### 4.7. Education CSR

The second objective of the study was to determine the effects of education CSR programs on financial performance of the firm. Several statements on education CSR among telecommunication firms were carefully identified by the researcher. Respondents were requested to indicate the extent of their agreement on a scale of 1-5 where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The study established that CSR education initiatives strengthens employees professional and interpersonal skills with mean of 4.38 and standard deviation of 0.803, CSR education initiatives enhanced the quality of work delivered by employees and engagement with mean of 4.37 and standard deviation of 0.693.

Further findings indicate that CSR education initiatives helped attract the right pool of employees and boost employees’ morale with mean of 4.26 and standard deviation of 0.859. The findings of the study indicated that CSR education initiatives helped in increasing the productivity of employees with mean of 3.86 and standard deviation of 0.810 and CSR education initiative helped in enhancing public appeal with man of
3.85 and standard deviation of 1.03. CSR education initiatives brought diversity to the workplace with mean of 3.73 and standard deviation of 0.502 and that CSR education initiatives led to innovation of product and services due to enhanced talent acquisition with mean of 3.57 and standard deviation of 0.824. The average mean on the statement was 4.00 with standard deviation of 0.788. This showed that respondents generally agreed that education CSR affected performance of telecommunication industry.

Table 4.11: Education CSR

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR education initiatives help in increasing the Productivity.</td>
<td>3.86</td>
<td>.810</td>
</tr>
<tr>
<td>CSR education initiatives bring diversity to the workplace.</td>
<td>3.73</td>
<td>.502</td>
</tr>
<tr>
<td>CSR education initiatives lead to innovation of product and services due to enhanced talent acquisition.</td>
<td>3.57</td>
<td>.824</td>
</tr>
<tr>
<td>CSR education initiatives enhance the quality of work delivered by employees and engagement.</td>
<td>4.37</td>
<td>.693</td>
</tr>
<tr>
<td>CSR education initiatives help attract the right pool of employees and boost employees’ morale.</td>
<td>4.26</td>
<td>.859</td>
</tr>
<tr>
<td>CSR education initiatives strengthen employees’ professional and interpersonal skills.</td>
<td>4.38</td>
<td>.803</td>
</tr>
<tr>
<td>CSR education initiative helps in enhancing public appeal.</td>
<td>3.85</td>
<td>1.03</td>
</tr>
<tr>
<td><strong>Overall Mean and standard deviation</strong></td>
<td>4.00</td>
<td>0.788</td>
</tr>
</tbody>
</table>

4.8. Environmental CSR

The last objective of the study was to study sought further to investigate the effect of environmental CSR programs on financial performance of firm. Five-point Likert scale where 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree used. The study revealed that CSR on environment increased appeal to investors and financial analysts with mean of 4.33 and standard deviation of 0.794, CSR on environment led to Increased sales due to changing buying behavior (more environment conscious customers) with mean of 4.06 and standard deviation of 0.684 and CSR on environment led to environmental sustainability with mean of 4.02 and standard deviation of 0.999. According to Elkington (1997), CSR program on environment should meet three conditions; the rate of use of renewable resources
should not exceed their rate of generation; the society’s rate of use of non-renewable
should not exceed the capacity of the environment.

CSR on environment enhanced the reputation of the organization with mean of 3.93
and standard deviation of 1.18, CSR on environment helped in discouraging
government regulation with mean of 3.66 and standard deviation of 1.14 and that CSR
on environment initiative led to product innovation that was redesigning its
production process and technological advancement which may consequently induce
product differentiations and improve financial performance with mean of 3.53 and
standard deviation of 1.09. Respondents were not sure whether CSR on environment
increased employee’s satisfaction and loyalty thus having effect on the productivity
which influences the firm’s profitability with mean of 3.46 and standard deviation of
1.09. Respondents disagreed that CSR on environment led to reduction in operation
cost and increased productivity with mean of 2.46 and standard deviation of 0.502.
The average mean was 3.68, an indication that respondents generally agreed that
environmental CSR programs affected financial performance of telecommunication
industry.

Table 4.12: Environmental CSR

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR on environment enhances the reputation of the organization.</td>
<td>3.93</td>
<td>1.18</td>
</tr>
<tr>
<td>CSR on environment leads to reduction in operation cost.</td>
<td>2.46</td>
<td>.502</td>
</tr>
<tr>
<td>CSR on environment discourages government regulation.</td>
<td>3.66</td>
<td>1.14</td>
</tr>
<tr>
<td>CSR on environment increases employee’s satisfaction and loyalty affecting productivity and firm’s profitability.</td>
<td>3.46</td>
<td>1.09</td>
</tr>
<tr>
<td>CSR on environment leads to Increased sales due to changing buying behavior (more environment conscious customers).</td>
<td>4.06</td>
<td>.684</td>
</tr>
<tr>
<td>CSR on environment initiative leads to product innovation that is redesigning its production process and technological advancement which may consequently induce product differentiations and improve financial performance.</td>
<td>3.53</td>
<td>1.09</td>
</tr>
<tr>
<td>CSR on environment increases appeal to investors.</td>
<td>4.33</td>
<td>.794</td>
</tr>
<tr>
<td>CSR on environment leads to environmental sustainability.</td>
<td>4.02</td>
<td>.999</td>
</tr>
<tr>
<td>Average mean and standard deviation</td>
<td>3.68</td>
<td>0.934</td>
</tr>
</tbody>
</table>
4.9. Inferential Analysis

The general objective of the study was to investigate the effect of corporate social responsibility on financial performance of the telecommunication industry precisely in Kenya, a case study of Safaricom Limited Company. To achieve this broad objective, the researcher regressed CSR against performance.

4.9.1. Model Summary

The Model Summary indicates the value of R and R square. R is the coefficient for correlation while R square is the coefficient for determination.

From the Model summary below, R square is 0.735, an indication that 73.5% of change in performance of telecommunication companies is explained by CSR programs (mainly heath, education and environmental). From this, it can be inferred that there are other factors explaining 26.5% of performance of telecommunication industry which could be explained in future studies.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.857a</td>
<td>.735</td>
<td>.717</td>
<td>1.23757</td>
</tr>
</tbody>
</table>

4.9.2. Analysis of Variance

From the findings, the value of F calculated is 65.598 while F critical is 2.734. The value of F calculated is therefore greater than F critical, signifying that the overall regression model significantly predicted the effect of effect of corporate social responsibility on financial performance of the telecommunication industry precisely in Kenya, a case study of Safaricom Limited Company. The p value p<0.05, implying that at least one of the independent variables of the study had significant effect on financial performance of the telecommunication industry.

An analysis of Variance (ANOVA) was conducted at 5% level of significance. The findings of F calculated as indicated below.
Table 4.14: Analysis of Variance

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>71.044</td>
<td>3</td>
<td>23.681</td>
<td>65.598</td>
</tr>
<tr>
<td>Residual</td>
<td>25.615</td>
<td>71</td>
<td>0.361</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>96.659</td>
<td>74</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.9.3. Regression Coefficients

The resultant regression model; \( Y=20.4+0.21X_1+0.326X_2+0.364X_3 \). Where; \( Y \) represents profitability (the dependent variable) and \( X_1, X_2 \) and \( X_3 \) are the independent variables (health, education and environment respectively).

Therefore, holding all other factors constant, financial performance of Safaricom would be at 20.4. A unit increase in health CSR would lead to 0.21 increase performance, a unit increase in education CSR would result into 0.326 increase in performance and a unit increase in environmental CSR would result into 0.364 increase in performance.

Regarding p values, health CSR (p<0.05), education CSR (p<0.05) and environmental CSR (p<0.05) all significantly influenced performance of telecommunication industry. These findings contradict with many studies that deduce no significant direct link between CSR and financial performance.

The beta and p values of the independent variables of the study are indicated in Table below.

Table 4.15: Regression Coefficients

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>20.400</td>
</tr>
<tr>
<td>Health CSR</td>
<td>.210</td>
</tr>
<tr>
<td>Education CSR</td>
<td>.326</td>
</tr>
<tr>
<td>Environmental CSR</td>
<td>.364</td>
</tr>
</tbody>
</table>
4.10. Chapter Summary
This chapter presented analysis and interpretation of data collected from the field. It first outlined the response rate, general information on gender distribution, age of the respondents, years of experience, CSR awareness and the need for participating in CSR activities. The chapter then presented analysis on key study question including: CSR initiatives, general benefits of CSR, health CSR, education CSR, environmental CSR and inferential statistics incorporating the multiple regression analysis results. The next chapter presents summary of the findings, discussions, conclusions and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction
The findings of the study are clearly summarized in this chapter. The key findings are used linked with literature to make up the discussions. Conclusions are also drawn from the key findings. The chapter makes relevant recommendations to policy makers besides indicating areas for further research to future scholars and academicians.

5.2. Summary
The main purpose of the study was to determine the effect of corporate social responsibility on financial performance of the telecommunication industry precisely in Kenya, a case study of Safaricom Limited Company. The specific objectives of the study were; to determine the effects of Health CSR programs on financial performance of the firm. To determine the effects of education CSR programs on financial performance of the firm. To determine the effects of environmental CSR programs on financial performance of firm.

The study adopted a descriptive research design. The target population was all 1090 employees of Safaricom Limited out of whom a representative sample of 100 was selected through stratified random sampling technique. The study used a questionnaire to collect primary data. The questionnaire contained both open and closed ended questions. The study adopted a drop and picks later method in data collection to minimize interruptions in the target respondents’ daily schedule. The data was analyzed using mean, standard deviation, frequencies and percentages.

The study established that CSR health initiatives enhanced the quality of work delivered by employees and engagement with mean of 4.26 and standard deviation of 0.445. CSR health initiatives enhanced profitable partnerships with mean of 4.06 and standard deviation of 1.00 and that CSR health initiatives increased financial profitability of Safaricom with mean of 3.98 and standard deviation of 0.506. The study further revealed that CSR health initiatives helped attract the right pool of employees and boost employees’ morale with mean of 3.93 and standard deviation of 0.776 and that CSR health initiatives helped enhance brand and reputation with mean of 3.58 and standard deviation of 0.886. The findings of the study indicated that CSR
health initiatives attracted investor in the company with mean of 3.53 and standard deviation of 1.03.

The average mean on health CSR was 3.76, signifying that on overall, respondents agreed that CSR health affected performance of telecommunication industry in Kenya. From regression results, the p value 0.000 was less than 0.05 showing that health CSR significantly influenced performance of telecommunication companies.

The findings indicated that CSR education initiatives strengthens employees professional and interpersonal skills with mean of 4.38 and standard deviation of 0.803, CSR education initiatives enhanced the quality of work delivered by employees and engagement with mean of 4.37 and standard deviation of 0.693 and that CSR education initiatives helped attract the right pool of employees and boost employees’ morale with mean of 4.26 and standard deviation of 0.859. The study revealed that CSR education initiatives helped in increasing the productivity of employees with mean of 3.86 and standard deviation of 0.810 and CSR education initiative helped in enhancing public appeal with man of 3.85 and standard deviation of 1.03. CSR education initiatives brought diversity to the workplace with mean of 3.73 and standard deviation of 0.502 and that CSR education initiatives led to innovation of product and services due to enhanced talent acquisition with mean of 3.57 and standard deviation of 0.824.

On average, education CSR affected performance of telecommunication industry as supported by an average mean of 4.00. Regression results indicated a p value 0.000 which is less than 0.05, showing that education CSR had significant effect on financial performance of telecommunication industry in Kenya.

The study revealed that CSR on environment increased appeal to investors and financial analysts with mean of 4.33 and standard deviation of 0.794, CSR on environment led to Increased sales due to changing buying behavior (more environment conscious customers) with mean of 4.06 and standard deviation of 0.684 and CSR on environment led to environmental sustainability with mean of 4.02 and standard deviation of 0.999. CSR on environment enhanced the reputation of the organization with mean of 3.93 and standard deviation of 1.18, CSR on environment
helped in discouraging government regulation with mean of 3.66 and standard deviation of 1.14.

The average mean was 3.68, an indication that respondents generally agreed that environmental CSR programs affected financial performance of telecommunication industry. The findings from regression analysis indicated a p value 0.05, showing that environmental CSR had significant influence on financial performance of telecommunication industry.

5.3. Discussions

5.3.1. Effects of Health CSR Programs on Financial Performance

The study established that respondents agreed that CSR health initiatives enhanced the quality of work delivered by employees and engagement. Johnson and Johnson (2010) indicated that promoting the health and wellness of employees, health care costs would decrease, and productivity and engagement would increase. Research on the relationship between health and productivity finds healthy workers are more productive at work than unhealthy workers. Healthy workers rate their work performance as much higher than unhealthy workers and have far fewer short-term absences than unhealthy workers.

The study indicated that CSR health initiatives enhanced profitable partnerships. McDonald (2012) states that CSR program on health also leads to profitable partnership and this has positive effects on financial performance of the organization. For instance, the world’s largest chain of fast food restaurants, McDonald’s created a sustainable supply chain by “purchasing from suppliers that follow practices that ensured the health and safety of their employees and the welfare and humane treatment of animals. Therefore, CSR health initiatives increased financial profitability of Safaricom.

The study further revealed that CSR health initiatives helped attract the right pool of employees and boost employees’ morale. Crowther et al. (2004) stated that Health and wellbeing programs made the staff feel valued and positively impact on workplace culture: -Health and wellbeing programs helped attract quality employees who value personal health and wellbeing and assisted in retaining existing staff members. For instance, 60% of employees surveyed by the American Association of Occupational
Health Nurses in 2003 regarded wellness programs as a good reason to remain with their employer. Roll out of programs has the potential to improve workplace culture as well as workplace health by developing a closer congruence between employer and employee values—increasing the satisfaction level of employees.

The study revealed that CSR health initiatives helped enhance brand and reputation. Tsoutsoura (2004) noted that socially responsible companies have enhanced brand image and reputation. Consumers are often drawn to brands and companies with good reputations in CSR related issues. A company regarded as socially responsible can also benefit from its reputation within the business community by having increased ability to attract capital and trading partners. Similarly, Weber (2008) indicates that both image and reputation influenced the competitiveness of a company and hence had beneficial effect. Research shows that CSR have positive impact on both, especially on reputation on a more long-term basis Enhanced brand and reputation will lead to increase in revenue from higher sales and market share through product or service.

The findings of the study indicated that CSR health initiatives attracted investor in the company. Hul-Ming (2010) notes that a firm’s reputation with various stakeholders is influenced by its CSR performance. Organizations that have good initiative in conducting CSR program on health tends to attract investors to invest in the organization this generates good returns to the organization thus a positive effect on the financial performance of the organization.

Respondents on the other were not sure whether CRS helped in increasing the productivity of employees. Contrary, Asemah et al. (2013) stated that organizations were socially responsible to their employees. The employees are an organization’s greatest assets. Since the longevity of employees is influenced by the lifestyle choices that they make, organization needs to offer tools and incentives that encouraged employees to adopt or maintain healthy lifestyles. There was also a need to offer a variety of health benefits aimed at protecting employees’ physical and emotional health also according to Johnson and Johnson, Employee’s health and wellness is very important, therefore organization should give a comprehensive benefits plan- Choices benefits program that allows them to design their own personalized benefits package for themselves and family members.
The study further indicated that CRS attracted quality management. Crowther et al. (2004) indicated that health and wellbeing programs make organizations look and feel good. One of the main reasons employers report implementing health initiatives is because it is ‘the right thing to do’. When management expresses concern for workers and demonstrates a willingness to invest in them the relationship between employer and employees is likely to improve.

With an average mean of 3.76, it can be inferred that on overall, respondents agreed that CSR health affected performance of telecommunication industry in Kenya. McWilliams et al. (2006) noted that organizations gain the community would appreciate such organizations and freely consume the products of the organization in a loyal manner thus improve the overall performance. Health care programs promote the level of loyalty among the community to organization’s products and service offering.

5.3.2. Effects of Education CSR Programs on Financial Performance

The study established that CSR education initiatives strengthen employees’ professional and interpersonal skills. Juscius and Snieska (2008), economic theory reflects that the degree of association of CSR in education to financial performance of the firm is positive and by considering factors like costs in relation to advantages and reputation advantages the overall financial gain turns out positive for a company which invests on the education of its employees.

CSR education initiatives enhanced the quality of work delivered by employees and engagement. Ocran (2011) stated that CSR investment in Education ensures lifelong learning and participation of workers, who are granted equal opportunities by the investors in restructuring the company and managing change. Employees who feel approved of and appreciated increase their productivity in industrial production which in turn leads to the company achieving its economies of scale. Similarly, Kan (2012) states that employees are highly valued by the company as they were provided with opportunities to develop and advance their careers, well-regarded compensation, benefits and employee programs.

CSR education initiatives helped attract the right pool of employees and boost employees’ morale. Kan (2012), Employees are highly valued by the company as they
provided with opportunities to develop and advance their careers, well-regarded compensation, benefits and employee programs this ensured the success and growth of employees many opportunities and a unique environment for career development and performance management were provided. Employees also get to develop a personal customized development plan and receive personal coaching from senior executives so that they can learn more about the company and understand how they contribute to the overall success of the company.

The findings of the study indicated that CSR education initiatives helped in increasing the productivity of employees. Kim and Reber (2008) stated that education as a CSR plays a role in mitigating adverse impacts of an organization on the environment and society at large and plays a significant role in improving an organization image which eventually impacts on its performance by creating better opportunities for partnerships and attracting the right pool of employee who see opportunities for growth even as the company grows.

CSR education initiative helped in enhancing public appeal. Kim and Reber (2008) indicates that education as a CSR also plays a role in mitigating adverse impacts of an organization on the environment and society at large. Ocran (2011) also stated that companies like those in the oil and gas industry improve their reputation and boost business by investing in education that allows its employees and the company to act more responsibly in their production processes.

CSR education initiatives brought diversity to the workplace. As cited by Kan (2012), he states that Johnson and Johnson are committed to bringing diversity to the workplace as they believe that it is the key success as it would help create innovative ideas, develop talents, gives the company a diverse insight on health products and needs also the company has many guidelines such as the Equal Employment Opportunity Policy, Harassment Policy, Policy on the Employment of Young Persons and Guide for Resolving Employee Disagreements to assure that their employees are treated fairly and equally.

CSR education initiatives led to innovation of product and services due to enhanced talent acquisition. Randelovic et al. (2015) states that one of the strategic success factors linked to innovation, which refers to the ability of the company to the market
introduces a new generation of product of the required quality, in parallel with the improvement of the performance of existing models in order to achieve success in the modern business environment innovation is essential because from the company requires the continuous creation of innovation solutions to rapidly adapt to changing consumer demands an ability to develop new products or processes that fully meet the need of consumers provides to enterprise a large competitive advantage allowing to differentiation of their offer and charging a higher price, or reduction of their production costs below the levels of competition.

The average mean on the statement was 4.00 with standard deviation of 0.788. This showed that respondents generally agreed that education CSR affected performance of telecommunication industry. According to Juscius and Snieska (2008), Economic theory reflects that the degree of association of CSR in education to financial performance of the firm is positive. By considering factors like costs in relation to advantages like make advantage and reputation advantages the overall financial gain turns out positive for a company which invests on the education of its employees and as stated by Chopra and Marriya (2013) that the bottom line is that educational outreach efforts have the capability to make a real and lasting difference for all players involved.

5.3.3. Effects of Environmental CSR Programs on Financial Performance

The study revealed that CSR on environment increased appeal to investors and financial analysts. According to Kotler et al. (2012) great companies sustain their superior performance over time for investors, but equally important in our view, for their employees, customers’ suppliers and society in general argue that involvement in corporate social initiative can increase stock value, and in terms of endearment, Rajendra Sisodia, David Wolfe and Jagdish Sheth present data indicating that firms that “endear” themselves to all stakeholders wildly outperformed the broader stock market during the 3, 5 and 10 years periods ending June 2006.

CSR on environment led to increased sales due to changing buying behavior (more environment conscious customers). Kotler et al. (2012) stated that several business functions can cite decreases in operating costs and increased revenue from grants and incentives because of implementing marketing and corporate social initiatives, especially altering business practices. One arena easy to point to is the adoption of
environmental initiatives to reduce waste, reuse material, recycle, and conserve water and electricity.

CSR on environment led to environmental sustainability. Goel (2010) indicated that the triple bottom line model explains well the aspect; it has three components of sustainability. The term triple bottom line was coined by Elkington in 1997. Triple bottom line model provides a framework for measuring performance and success of the business using the economic, the social and the environmental line. CSR program on environment should meet three conditions; the rate of use of renewable resources should not exceed their rate of generation; the society’s rate of use of non-renewable should not exceed the capacity of the environment hence the environment line is concerned with the efficient use of resources, reduction in greenhouse gas emission, minimizing ecological footprint.

CSR on environment enhanced the reputation of the organization. Kotler and Lee (2013) states that CSR programs are competitive advantages because they improve corporate reputation. Stakeholders are more likely to engage in transactions with companies that have a CSR record of showing a commitment to the community and environment. Similarly, Palmer (2012) indicated that the benefits of enhanced reputation include less scrutiny from society, an increase in customer and investor loyalty, and an increase in intangible assets—all of which lead to stronger financial performance in the long run. First, firms that engage in CSR programs receive less scrutiny from the community.

CSR on environment helped in discouraging government regulation. Asemah et al. (2013) stated that when organisations know that they have a social responsibility to the community where they operate, there may be no need for regulation, averts that business by its own socially possible behaviour can discourage new government restrictions hence it is accomplishing a public good, as well as, its own private good.

CSR on environment initiative led to product innovation that was redesigning its production process and technological advancement which may consequently induce product differentiations and improve financial performance. Chin-Shien et al. (2015) indicated that organizations enhance production efficiency and reduce production costs, by redesigning its production process to provide products and services that are
not harmful to the environment. To produce high-quality and attractive environmentally friendly products, a company might have no choice but to adopt a new technology, which may consequently induce product differentiations and improve financial performance.

Respondents were not sure whether CSR on environment increased employee’s satisfaction and loyalty thus having effect on the productivity which influences the firm’s profitability. On the contrary, Jiao and Xie (2013) states that a powerful sustainable environment will help to attract and retain excellent staff and provide safe working condition for all employees hence increase of employee’s satisfaction and loyalty has the effect on the productivity and then influences the firm’s profitability.

Respondents disagreed that CSR on environment led to reduction in operation cost and increased productivity. Contrary to McWilliams and Siegel (2001), states that productivity can be enhanced by implementing energy conservation and other environmental friendly programs. Moreover, Asemah et al. (2013) indicated that the process of adopting the CSR principles motivates executives to reconsider their business practices and to seek more efficient ways of operating. CSR can reduce environmental costs to increase corporate profit, for example, reducing packaging material or planning the optimum route for delivery trucks not only reduces the environmental impact of a company’s operation, but it also reduces the cost. The average mean was 3.68, an indication that respondents generally agreed that environmental CSR programs affected financial performance of telecommunication industry. According to Peloza, (2009) environmental initiatives, e.g. energy consumption, waste reduction etc. and social initiatives are associated with positive financial performance.

5.4. Conclusion

5.4.1. Effects of Health CSR Programs on Financial Performance

Health CSR significantly affected financial performance of telecommunication industry in Kenya. CSR health initiatives enhanced the quality of work delivered by employees and engagement. CSR health initiatives enhanced profitable partnerships. CSR health initiatives increased financial profitability of Safaricom. CSR health
initiatives helped attract the right pool of employees and boost employees’ morale besides enhancing brand and reputation.

5.4.2. Effects of Education CSR Programs on Financial Performance

Education CSR was significant predictor of financial performance of telecommunication industry in Kenya. CSR education initiatives strengthen employees’ professional and interpersonal skills and enhanced the quality of work delivered by employees and engagement. CSR education initiatives also helped in attracting the right pool of employees and boost employees’ morale besides increasing the productivity of employees. CSR education initiatives also helped in enhancing public appeal and brought diversity to the workplace.

5.4.3. Effects of Environmental CSR Programs on Financial Performance

There was statistically significant relationship between environmental CSR and financial performance of telecommunication industry in Kenya. CSR on environment increased appeal to investors and financial analysts besides increasing sales due to changing buying behavior (more environment conscious customers). CSR on environment also led to environmental sustainability and enhanced reputation of the organization. CSR on environment also helped in discouraging government regulation.

5.5. Recommendations

5.5.1. Recommendations for Improvement

5.5.1.1. Effects of Health CSR Programs on Financial Performance

The top management of all telecommunication firms in Kenya should strengthen their health CSR to improve productivity of their employees and therefore enhancing performance. Health CSR should also be used in attracting quality management to make informed decisions for performance of telecommunication firms in Kenya. As health CSR significantly affects performance, a substantial budget should be set aside to invest in health care programs and this will improve performance of telecommunication firms.
5.5.2. Effects of Education CSR Programs on Financial Performance

As a significant predictor of financial performance, the top management of all firms in Kenya in all industries besides telecommunication should embrace education CSR to improve on their financial performance. Telecommunication firms should ensure that CSR on environment initiative leads to product innovation through redesigning of production processes and technological advancement to enhance product differentiation and improvement in financial performance.

5.5.3. Effects of Environmental CSR Programs on Financial Performance

Policies should be put in place to guide more investment in environmental CSR initiatives in Kenya among all firms that engage in either manufacturing or service and this would lead to significant improvement in financial performance. The top management of telecommunication firms should put up CSR programs on environmental to increase employee’s satisfaction and loyalty thus having effect on their productivity which influences the firm’s profitability. CSR on environment should also be strengthened to bring about reduction in operation cost and increase productivity which transpires into improved financial performance.

5.5.4. Recommendations for Further Studies

The current study was done using a case study of Safaricom Ltd, which could partly be explained by the fact that it is listed on Nairobi Security Exchange NSE. In other words, the current study was done on NSEs telecommunication segment, since Safaricom is listed under the stated segment. Future studies should therefore be conducted in other segments among firms listed on NSE or even those that have cross listed their shares on East Africa Security Exchange EASE. Future scholars should also carry out similar studies but with specific emphasis on the regulatory body of telecommunication companies in Kenya, the Communication Authority of Kenya (CAK) for comparison of results. The value of R square in the current study was 73.5%, implying that there are other factors (apart from health, education and environmental aspects of CSR) that have an influence on performance which future scholars should examine.
REFERENCES


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APPENDICES

APPENDIX I: COVER LETTER

Asha Ajuu Saidi,
P.O. Box 14634-00800
NAIROBI
February 2, 2018

Dear Respondent,

RE: REQUEST FOR PARTICIPATION IN CORPORATE SOCIAL RESPONSIBILITY RESEARCH QUESTIONNAIRE

I am a final year student at United States International University-Africa, currently pursuing a research project in partial fulfillment of the requirement of the degree of master’s in Business Administration. My research project is about Corporate Social Responsibility Program on Financial Performance in telecommunication industry, a case study of Safaricom Limited Company

I will be grateful if you could spare sometime from your busy schedule and fill in the questionnaire which is the tool I am using to achieve this objective.

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

Yours faithfully,

Asha Ajuu Saidi
APPENDIX II: QUESTIONNAIRE

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

SECTION A: General Information

1. Please indicate your gender.
   - Male
   - Female

2. Please indicate your age.
   - 20-30 years
   - 31-40 years
   - 41-50 years
   - above 51 years

3. What is your highest level of education?
   - Diploma
   - Bachelor’s degree
   - Masters
   - Other (Specify) ____________________________________________

4. Please indicate the years worked in the organization.
   - Below 1 year
   - 1-3 years
   - 4-6 years
   - 7-10 years
10 and above  

5. Are you aware of Corporate Social Responsibility initiatives?
   Yes  
   No  

7. Do you think it is important for Safaricom to participate in CSR?
   Not Important  
   Slightly Important  
   Moderately Important  
   Important  
   Very important  

8. Are CSR activities embedded in your company’s strategic goals of increasing profits?
   Yes  
   No  

9. In the table below are some of the major CSR initiatives that Safaricom practices. Kindly rank these programs in order of priority to your company.


<table>
<thead>
<tr>
<th>CSR initiatives</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Health (Healthcare)</td>
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<td></td>
<td></td>
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<tr>
<td>2 Health (HIV/Aids Awareness and Campaign)</td>
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<td></td>
</tr>
<tr>
<td>3 Education (facilitating staff training and education advancements expenses)</td>
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<tr>
<td>4 Education (sponsoring the poor)</td>
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<tr>
<td>5 Youth Development (Graduate trainee programs)</td>
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<tr>
<td>6 Youth Development Adopting and grooming raw talent from primary/high school</td>
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</tbody>
</table>
7  Poverty Alleviation programs (employing local community) or Community Development Activities

8  Conservation of Nature (Environmental Conservation)

9. Any other CSR activities (please give details)
_____________________________________________________________________
_____________________________________________________________________

10. Please indicate the extent to which a CSR activity directly impacts on your productivity as an employee of Safaricom.

1=No extent  2=Little extent,  3=moderate extent  4=large extent and  5= very large extent

<table>
<thead>
<tr>
<th>CSR initiatives</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>1  Health (Healthcare)</td>
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<tr>
<td>2  Health (HIV/Aids Awareness and Campaign)</td>
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<tr>
<td>3  Education (facilitating staff training and education advancements expenses)</td>
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<td>4  Education (sponsoring the poor)</td>
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<td>5  Youth Development (Graduate trainee programs)</td>
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<tr>
<td>6  Youth Development (Adopting and grooming raw talent from primary/high school)</td>
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<tr>
<td>8  Conservation of Nature (Environmental Conservation)</td>
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</tbody>
</table>
11. Kindly indicate your level of agreement on the following general benefits CSR activities. 1- No impact at all, 2- No impact, 3- Neutral, 4- Impacts, 5- Strongly Impacts

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you agree that CSR has enabled Safaricom get recognition in the industry?</td>
<td></td>
<td></td>
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<tr>
<td>Do you agree that CSR has enabled Safaricom to have better company image?</td>
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<tr>
<td>CSR has enable Safaricom to be increased Clientele</td>
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<tr>
<td>CSR has helped to attract the right talent and to boost Safaricom employees’ morale</td>
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<tr>
<td>CSR has enabled Safaricom increases its profitability</td>
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<tr>
<td>CSR has enabled Safaricom increases shareholders dividends</td>
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<tr>
<td>CSR helps in reducing the company’s legal obligation</td>
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</tbody>
</table>
### SECTION B: Effect of Health CSR programs on profitability

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

<table>
<thead>
<tr>
<th>No</th>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CSR health initiatives helps in increasing the Productivity of employees.</td>
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<td></td>
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<tr>
<td>2</td>
<td>CSR health initiatives enhances the quality of work delivered by employees and engagement.</td>
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<tr>
<td>3</td>
<td>CSR health initiative attracts quality management.</td>
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<tr>
<td>4</td>
<td>CSR health initiatives helps attract the right pool of employees and boost employees’ morale</td>
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<tr>
<td>5</td>
<td>CSR health initiatives enhances profitable partnerships</td>
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<tr>
<td>6</td>
<td>CSR health initiatives attract investor in the company.</td>
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<tr>
<td>7</td>
<td>CSR health initiatives increases financial profitability of Safaricom</td>
<td></td>
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<tr>
<td>8</td>
<td>CSR health initiatives helps enhance brand and reputation</td>
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____________________________________________________________________________________
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SECTION C: Effect of Education CSR programs on profitability

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

<table>
<thead>
<tr>
<th>No</th>
<th>Benefit of CSR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CSR education initiatives helps in increasing the Productivity of employees</td>
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</tr>
<tr>
<td>2</td>
<td>CSR education initiatives brings diversity to the workplace</td>
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<tr>
<td>3</td>
<td>CSR education initiatives leads to innovation of product and services due to enhanced talent acquisition</td>
<td></td>
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<tr>
<td>4</td>
<td>CSR education initiatives enhances the quality of work delivered by employees and engagement</td>
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<tr>
<td>5</td>
<td>CSR education initiatives helps attract the right pool of employees and boost employees’ morale</td>
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<tr>
<td>6</td>
<td>CSR education initiatives strengthens employees professional and interpersonal skills</td>
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<tr>
<td>7</td>
<td>CSR education initiative helps in enhancing public appeal</td>
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</table>

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

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80
SECTION D: Effect of Environment CSR programs on profitability

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

<table>
<thead>
<tr>
<th>No</th>
<th>Benefit of CSR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>CSR on environment enhances the reputation of the organization</td>
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<tr>
<td>2</td>
<td>CSR on environment leads to reduction in operation cost and increased productivity</td>
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<tr>
<td>3</td>
<td>CSR on environment helps in discouraging government regulation.</td>
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<td>4</td>
<td>CSR on environment increases employee’s satisfaction and loyalty thus having effect on the productivity which influences the firm’s profitability.</td>
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<tr>
<td>5</td>
<td>CSR on environment leads to Increased sales due to changing buying behavior (more environment conscious customers)</td>
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<tr>
<td>6</td>
<td>CSR on environment initiative leads to product innovation that is redesigning its production process and technological advancement which may consequently induce product differentiations and improve financial performance.</td>
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<tr>
<td>7</td>
<td>CSR on environment increases appeal to investors and financial analysts.</td>
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<tr>
<td>8</td>
<td>CSR on environment leads to environmental sustainability.</td>
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</tbody>
</table>

17. Any other benefits of environment CSR programs. Kindly explain.

________________________________________________________________________

________________________________________________________________________

THANK YOU FOR YOUR TIME

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