

**EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON COMPETITIVE
ADVANTAGE AT AIRTEL NETWORKS KENYA LIMITED**

BY

FESTUS FRIDAH KATHAMBI

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DECLARATION

DECLARATION BY THE STUDENT

This research project is my original work and has not been presented to any other university or institution for any award or degree.

Signature: _____

Date: _____

Fridah Kathambi

D61/84286/2015

SUPERVISOR'S DECLARATION

This research project has been submitted to the University of Nairobi with my approval as the University Supervisor.

Signature: _____

Date: _____

Professor Bitange Ndemo

Department of Business Administration, School of Business

University of Nairobi, Kenya

DEDICATION

This project is dedicated to my family for the encouragement, inspiration, patience, and assistance throughout my studies.

ACKNOWLEDGEMENTS

Attainment of post-graduate Studies has finally been made a dream comes true in my academic sojourn. This journey has not been an easy one. It has been a blend of tireless effort, sleepless nights and challenges meant to make me a whole and complete person in the realm of academia. However, these conditions fulfilled this journey through the instrumentality, contributions and support from astute individuals who directly or indirectly contributed immensely to this process. Therefore, this project would be incomplete if the contributions and support of these individuals are not acknowledged.

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ABSTRACT

With growing focus on corporate social responsibility within the last decades, firms face increasing pressures to accommodate the objectives of various stakeholders other than the shareholders, and create shared value. The growing adoption of CSR activities is however limited by the limited resources and capabilities that firms possess. The objective of the study was to determine the effect of Corporate Social Responsibility on Competitive Advantage at Airtel Networks Kenya Limited. The researcher used case study research design; primary data collected through the use interview guide and data analyzed through the use of content analysis. The study revealed that Airtel Networks Kenya limited had different corporate social responsibility activities that the company was engaging in, this included sporting in games like football through the Airtel Rising Stars, the respondents also indicated that the company participates in the annual standard charted marathon. The study found that CSR initiatives adopted by the company had a positive impact to the community members. The study concludes that overall, corporate social responsibility initiatives served to create recognition of the company as a caring entity, thus laying a foundation for expansion and diversification and penetration to the rural market. The study recommends for effective corporate social responsibility, publicity, and outsourcing/partnership should be embraced, as there is no single organization that can operate on its own, hence there is also need to cooperate when dealing with social responsibility for the attainment and accomplishment of the intended purpose

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ABBREVIATIONS AND ACRONYMS

CCI	Corporate Community Involvement
CSR	Corporate Social Responsibility
DTH	Direct-To-Home
ICT	Information and Communication Technology
IPTV	Internet Protocol television
KCB	Kenya Commercial Bank
MNC	Multinational Corporation
MTN	Mobile Telephone Network
NSE	Nairobi Stock Exchange
MVNO	Mobile Virtual Network Operator
CCK	Communication Commission of Kenya
CA	Communication Authority

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The role of any business is to not only make profits today but also sustain continuous growth into the future. Sustainable growth can only be manifested if a business identifies and develop competitive advantage strategies (Lichtenstein *et al.*, 2010). In the current multimarket business environment, competitiveness, productivity and relevancy of a business organization depends not only on the extent to which the company remains profitable, but also on how socially responsible it is (Ochoti *et al.*, 2013). Under social responsibility, Porter and Kramer (2015) adds that businesses must acknowledge the public expectations and constantly aim to enhance their image as socially responsible institutions to find and contribute solutions to major socio-economic and environmental problems and other related issues as a marketing tool.

The study relied on two theories. First, the corporate social responsibility theory by McWilliams and Siegel (2010). The model perceives companies as legal and moral entities with responsibilities that must be equally addressed while seeking competitive advantage. The theory highlights how businesses should interact with its local and global surroundings at legal, economic, ethical, and philanthropic (Kitzmueller and Shimshack, 2012). The second theory is the shareholder theory, which opines that the main objective of a business is that of providing return on investment for the key shareholders. The theory therefore assume that the objective of the firm is to give a return on investment to shareholders by adding value to the investments. Under the shareholder theory, firms are viewed as vehicles for coordinating shareholder interests (Beatty and Samuelson, 2011).

Currently, Kenya boasts of emerging specialist CSR organizations. Corporations have invested in corporate CSR, with an expectation of receiving a return, for example increased brand loyalty (Bondy *et al.*, 2012; KPMG, 2011; McWilliams and Siegel, 2012). In Kenya, big companies are undertaking most of the CSR projects with the financial muscle including the East African Breweries Limited, Safaricom, Kenya Airways, Toyota Kenya, Equity Bank, UAP Insurance, Kenya Commercial Bank etc. CSR is thus gaining momentum as organizations recognize the important role it plays in business performance (Iraya and Jerotich, 2013). Other companies actively involved in social responsibility initiatives include Reckitt and Benkiser, which sponsors the Dettol heart run and Safaricom limited and its Safaricom foundation.

For Kenyan companies, the lure of corporate social responsibility is great, but financial pressures place an obstacle. As Rue and Sutcliffe (2008) contends, the greatest barrier to CSR is in the form of financial analysts and stockholders. In their concern for immediate profits, they deliberately ignore investment in areas that cannot be accurately measured, and whose returns are long run in nature. This pressure for short-term earnings affects corporate social responsibility as most companies are geared to short-term profit goals. According to Kamau (2011), managers who seek strategic CSR goals may find stockholders unsympathetic, and many are very cautious when spending on social responsibility initiatives. Those who hold unto the belief that a company has no business pursuing social goals perhaps due to the influence and pressure it exerts, and the challenges facing corporate social responsibility initiatives in Kenyan firms.

1.1.1 Corporate Strategy

Corporate strategy refers to a firm's plan to create value across diverse business processes (Yunggar, 2012). Corporate strategy provides the path for firms in achieving success as a long-term goal. Its development consists defining the purpose, scope of activities and the type of the business a firm is with reference to the surrounding, its position in the marketplace and the competition levels.

The goal of corporate strategy is to obtain and maintain a sustainable competitive advantage against competitors in the market. Porter (2008), identifies two types of competitive advantage; cost advantage and differentiation advantage. The former is exhibited in scenarios where a firm cost efficiently delivers the same or better benefits as competitors while the latter occurs when firms deliver benefits that are better than those of competing products (Porter, 2008). Porter (2008) notes that either way, a firm is termed to be competitively ahead of others if it is able to sustain returns that exceed or better than the average for its industry. Thus, in porters terms a sustainable competitive edge over others enables the firm to give customers greater value, and superior performance for itself.

A corporate strategy enhances a firm's capacity to keep pace with the varying business environment. Uncertainties, threats and constraints have put firms under great pressure forcing them to formulate strategies for their healthy survival. Under extreme circumstances, the last firm's resort is to appropriately utilize strategic management to explore the possible opportunities for achieving optimal efficiency level by minimizing the expected threats. In keeping with the globalization pace, a firm's corporate strategy minimizes competitive disadvantage and adds up to competitive advantage (Yunggar, 2012).

1.1.2 Corporate Social Responsibility

CSR refers to the act of a firm balancing between making profits and contributing towards the societies in which they operate while meeting the stakeholders' expectations (Moon, 2011). This suggests an organization keenly keeping a check on the so-called 3Ps (planet, people and profits) so that at every level, there is a clear trade off not to act to the detriment of one of the Ps. (Nordberg, 2011). The adoption of CSR strategy directly affects competitiveness because these activities are seen to be a corporate of differentiation (Hillman and Keim, 2011). According to Smith (2013), strategic CSR creates value for companies while Luo and Bhattacharya (2016) opine that CSR has a positive impact on a firm's market value.

CSR enhances a corporation's capacity to give superior value for its customers, which is likely to result in superior profits (Day, 2013; Aroni, 2010). CSR has been viewed as promising particularly where societal needs, environmental regulations and corporate interests have been well coordinated within it (Porter and Kramer, 2011). More companies have been pressurized into applying CSR in practice by cases where responsibility has proved to be cost-effective (Porter and Kramer, 2011). The adoption of CSR strategy directly affects competitiveness because CSR initiatives are a corporate form of differentiation that gives a firm a competitive edge over the others (Hillman and Keim, 2011). According to Smith (2013), strategic CSR creates value for companies while Luo and Bhattacharya (2016) opine that CSR and competitive advantage have a positive and significant impact on the firm's performance.

Consumers are likely to seek products and services of more socially responsible firms. Thus, the more the firm's CSR initiatives is deemed responsive to societal needs the more the customer satisfaction with the organization's products or services and the more

profitable the organization will be. Baker (2015), identifies four areas that a firm may focus on to impact the society; the workplace, marketplace, environment and the surrounding community. Thus, CSR effectively used, contribute to competitiveness of a firm.

1.1.3 Competitive Advantage

Competitive advantage refers to the unique position developed by a firm through deployment of its resource guided by informed decision-making (Kubai and Waiganjo, 2014). This is the ultimate objective of any business strategy as it gives the firm an advantage over other competitors in the same industry. Aroni (2010) added that competitive advantage enables a firm to make more profits in a sustainable way. It enhances an organization's capacity to generate superior benefit for its customers, which is likely to result in superior profits (Day, 2013).

Competitive advantage assesses the firm's money position with emphasis on its capacity to generate excess returns on capital (Day, 2013). Firms with no competitive advantage exhibit limited economic reason to exist because the reason to any firm's life lies in its sustainable competitive advantage. Porter and Kramer (2015) opined that if organizations were to measure their competitive advantage by use of the same guidelines as what guides their core business choices, then they would realize that it generates great strengths for their quest to gain and retain supremacy and stability.

Competitive advantage is created by implementing strategies that create value for a firm when its competitors are unable to duplicate it. It has been viewed as the objective of corporate strategy whereby superior performance automatically results in competitive advantage (Porter and Kramer (2011). Aroni (2010) added that for business to gain sustained competitive advantage, there are three main strategies relating to its scope of

business activities. The first is cost leadership strategy where a firm aims to be the lowest cost producer by exploiting all sources of cost advantage. The second is differentiation strategy whereby organization strives to be unique in certain areas by focusing on one or more attributes that consumers identify as unique and position itself to satisfy the customers. In the third strategy, the focus strategy, a firm chooses a narrow scope within an industry and concentrates its efforts on serving these alone.

1.1.4 Telecommunication Industry in Kenya

The Kenyan telecommunication industry has undergone rapid changes in the last fifteen years. Currently, there are three mobile operators; Safaricom, Airtel and Orange/Telkom, as well as internet service providers like Wananchi and Jamii. Mobile Virtual Network Operators like Equitel has also joined the Industry. The Communications Commission of Kenya (CCK), now Communications Authority (CA) of Kenya, regulates the industry, which is an independent regulatory body. Currently, the entire ICT sector is under the jurisdiction of Communications Authority of Kenya (CA) to facilitate introduction of Unified Licensing Framework. The CA has recently introduced a new policy to encourage players in the industry to offer converged services thus lowering the cost of entry into the market thus increased. Safaricom limited, is the clear market leader in terms of customer base, with its popular M-PESA payment platform, with Airtel being a distant second.

1.1.5 Airtel Networks Kenya Limited

Airtel entered the Kenyan market in 2000 as Kencell rebranding to Celtel Kenya four years later. In 2008, the company was assimilated into the Zain group and finally into Bharti Airtel in 2010. These several changes in name came because of the subsequent changes in ownership of the company. The current name Airtel Kenya was adopted after Bharti Airtel bought out the Africa mobile operations of Kuwait telecommunications firm Zain.

Bharti Airtel Limited is a leading international telecommunications corporation operating in 19 nations in Africa and Asia and the mother Company to the Kenyan Airtel Networks Kenya Limited. For the three mobile operators in Kenya, Safaricom is the clear market leader in terms of subscriber numbers, while Airtel comes second. Airtel provides telephony services as well as money transfer services in the Kenyan market. This research paper aims to find out the CSR at Airtel Networks Kenya Limited in relation to competitive advantage in the Kenyan telecommunications market.

1.2 Research Problem

CSR is a critical element of any business entity wishing to achieve and maintain a strong public image as a way to achieving a competitive advantage while giving back to society the gains they make (Hohnen, 2011). CSR is important because it helps firms to thrive in a competitive arena, win and retain the confidence of investors and that of the other stakeholders (Lee, 2008). Further Lee notes that this is achieved through engagement in education support, health matters, human resource development, environmental conservation, creation of social awareness, rehabilitation of destitute people among others. The goal of a firm's strategic CSR is to obtain and maintain a sustainable competitive edge over its rivals by enhancing customer satisfaction and consequently generating greater returns on investment (Mwangi and Onyenje, 2013). Even though CSR is becoming common in Kenya, the relationship between strategic CSR and competitive advantage among firms has limited empirical verification.

Many studies have focused on determining the contents of CSR activities (Galbreath, 2010) instead of establishing how CSR may give a firm a competitive edge over its rivals. Ofunya (2013) studied corporate social responsibility practices at Safaricom Limited. Other local studies have concentrated only on the relationships between CSR or strategic management and corporate performance (Ofunya, 2013; Mbaka and Mugambi, 2014;

Mwangi and Onyenje, 2013). The growth of CSR performance has gained a lot of attention from the corporations, the media and researchers but the relationship linking CSR and competitive advantage in the telecommunication industry remains a dilemma. Regarding the current study, gaps exist from most of the studies mentioned. The studies carried out in this field have not directly examined the effect of CSR on competitive advantage in the telecommunication industry. Based on this review, this research sought to examine the effect of CSR on the competitive advantage of Airtel Networks Kenya Limited.

1.3 Research Objective

The objective of this study was to examine the effect of CSR on competitive advantage at Airtel Networks Kenya Limited.

1.4 Value of the Study

The study anticipated to be of paramount significance to the telecommunication industry in Kenya. This study covered an aspect of CSR that some organizations pay little attention towards; that is the extent to which CSR contributes to gaining and maintaining a competitive advantage for better financial performance. The managers in Airtel Networks Kenya Limited and other telecommunication firms would benefit from popular views and opinions on their commitment and approaches to implementing strategic CSR plans for better performance.

The findings of the study would be of value to the government to understand how telecommunication firms use strategic CSR to gain competitive edge due to intense competition and hence their sustainability. The Communications Commission of Kenya, the local telecommunications regulatory body would benefit as this study would enhance its appreciation of the reasons behind CSR strategies adopted by telecommunication firms

for competitive advantage and this would guide them in policy formulation and implementation while safeguarding customers' interests based on quality checks.

The study findings would also contribute new knowledge to the existing body of knowledge on strategic management in relation to CSR performance in Kenya. Future scholars can use this research as a basis for further research in adoption of strategic CSR for better performance in terms of competitive advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing and relevant literature regarding the research problem. The chapter specifically covers the theoretical review, relationships between corporate social responsibility and competitive advantage, empirical review and chapter summary.

2.2 Theoretical Review

The theoretical review provides a general representation of relationships between things in each phenomenon. To elucidate on the link between CSR and competitive advantage, the theoretical review for this study focused on two theories; namely corporate social responsibility theory and the shareholder theory.

2.2.1 Corporate Social Responsibility Theory

The CSR by McWilliams and Siegel (2010) states that companies are both legal and moral entities with responsibilities. Companies therefore hold moral responsibilities akin to those of their surrounding society. As a specific theory depicting how corporations interact with its local and global surroundings, CSR composition categorized under four main obligations; legal, economic, ethical, and philanthropic (Beatty and Samuelson, 2011; Kitzmüller and Shimshack, 2012). The corporate philanthropy element of CSR refers to a firm's unrestricted responsibility of making choices on how to voluntarily apportion resources towards social service activities.

For any organization to be successful, it has to do business in a socially responsible way, by taking into considerations all stakeholders in their business strategies. These stakeholders include capital providers, suppliers, creditors, employees, customers and

community in which the organization operates. An organization that is socially responsible will conduct itself ethically in all its commercial transactions, pay fair wages and salaries to employees; provide good working conditions to the employees, pay its creditors their dues and conserve the environment surrounding them. A socially responsible organization gains a positive corporate image. The motivated employees, customer loyalty, respect and commitment from the stakeholders results to increased sales, repeat purchases and overall good performance of the company.

The theory is therefore relevant since it argues that every organization that wants to survive in this fast-paced environment has to practice corporate social responsibility, else it will die. In today's world, corporate social responsibility is the way to do business.

2.2.2 Shareholder Theory

The Shareholder Theory opines that the business of a corporation is to generate return on investment for the key stakeholders. Firms are thus viewed as economic value creation tools for the shareholders (McWilliams and Siegel, 2010). All activities that increase the firm's value to its stakeholders are acceptable (Cochran, 2014). According to the shareholder theory, corporate expenditures on social activities is viewed as a violation of management responsibility to shareholders if they do not lead to higher shareholder wealth.

In the past, the general assumption and believe has been that the sole justifiable reason for participating in CSR was promotion of the company's interests. This has however been challenged in recent times by the CSR theory and companies no longer operate purely in the interests of their shareholders (Low and Cowton, 2014). According to Agatiello (2014), the idea of profit optimization as the only objective of the firm is a misconception particularly in modern times.

2.3 Strategic CSR and Competitive Advantage

CSR has become one of the corporate actions that cannot be ignored. When effectively implemented, CSR activities can generate noteworthy returns in terms of organization's social image, employee motivation, as well as customer loyalty. This study will highlight the relationship between company image, customer loyalty and customer satisfaction aspects of CSR and competitive advantage.

2.3.1 Company Image and Competitive Advantage

Corporate image refers to the customers' mental perception of the firm, what the public think of or conceives at the mentioning of the firm. According to Khan *et al.* (2012), corporations do engage in socially responsible initiatives not only to perform a societal good but also to create a rapport with the stakeholders in the firm and establish a positive image for itself. Corporations are engaging more and more in CSR to boost their company image. Klein and Dawar (2014) contend that a corporation can utilize CSR for image enhancement, which further establishes more legitimacy in the stakeholder's eyes. Smith (2013) observes that strong vendor principles and autonomous monitoring can help create a corporation's standing and the stakeholder's value for its brand. According to Mandina *et al.* (2014), through CSR, corporations can attract positive media attention and alter public as well as other stakeholders' attitude towards the company in a positive way.

Through CSR and utilizing cause marketing, the organization employs the use of purchasing incentives and enhances its brand or product image (Carroll and Shabana, 2010). According to Nguyen (2006), possession of a favorable or positive corporate reputation and image perpetually accords the firm a credible and distinctive appeal, an efficient kind of differentiation and acts as a crucial source of an added advantage to the corporation. This is because through the CSR corporations do construct potent, controlling

images, which appeal to the customers' psychological and social needs (Mandina *et al.*, 2014; Klein and Dawar, 2014).

Mahon (2002) considered CSR as an important component in reputation building as it is an internal asset that if well utilised, it can be an important differentiating factor and can potentially create competitive advantage. Researches done in communication, marketing and public relations have shown positive corporate image to be a vital ingredient in increasing product and service adoption and purchase. Logsdon and Wood (2002) argue that positive company image is a powerful asset for all organizations, whether profit making or not. Management, and other stakeholders, use reputation to evaluate businesses and their possible returns. Therefore, a positive reputation can create value for the firm, from the customer perspective. If utilized well, strategic CSR should help enhance good reputation and, as a result, create a competitive edge in the market.

2.3.2 Customer Satisfaction and Competitive Advantage

Nayebzadeh *et al.* (2013) defined customer satisfaction as a sentimental or emotional response or a form of a customer's interactive recognition while others have considered satisfaction as a customer's reaction to focus on the expectations of experiences of a product or services. According to Folajin *et al.* (2014), it is conceived that customer satisfaction is a fundamental aspect of the corporate strategy and that it is extensively enhanced by CSR to ensure long-term market value and profitability.

Ferreira *et al.* (2010) found that consumers feel good when they realize that through the act of purchasing they are doing a good thing. This act results in the attainment of emotional benefit for the consumers (Bhattacharya and Sen, 2004). Therefore, the organization benefits in several ways by engaging in CSR as they realize increased sales and the consumers become even more aware of their products. Saha and Sharma (2015) contend

that satisfaction is not intrinsic per se but rather influences customer perceptions of the company and its services and products. As such, it is apparent why different consumers derive different levels of satisfaction from the same products and services.

2.3.3 Customer Loyalty and Competitive Advantage

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

According to Boulstridge and Carrigan (2010), customer loyalty or retention is among the most important objectives that corporations attempt to achieve through CSR activities and initiatives. In this sense, CSR acts as strong marketing tool for organization presenting a vital framework for external communication of the business' services or products. Asatryan (2012) established CSR significantly influences the customers' overall valuation of services and product as a strong positive correlation was found to exist between customer loyalty and CSR. However, the study also found that there was no relevant direct

association between the two variables since the influence of CSR on customer loyalty is indirect (Nguyen, 2006).

The perception of most firms while engaging in CSR activities is that a socially responsibly conduct precipitates positive results or has a potential of precipitating positive outcome for the organization like customer satisfaction and loyalty (Asatryan, 2012). Ross *et al.* (2012) conducted a study and concluded that customers tend to buy products from organizations that engage in social causes. Another study found that customers were more probable to purchase goods and services from firms that were socially responsible than those that were considered to care less about the society in which they operated (Boulstridge and Carrigan, 2010).

Therefore, CSR can be utilized effectively to attain customer loyalty and satisfaction. In other words, CSR is a vital tool for attaining a competitive edge in a competitive market (Phillips and Connell, 2013). Furthermore, through CSR, a corporation can effectively influence or develop consumer responses through the establishment of fundamentally important associations. Zafar *et al.* (2014) asserts that a positive CSR association precipitates a positive assessment of the corporation's products and services resulting in a positive impact and satisfaction. They also point out than in the case of an unethical behavior, the firm, its product and services are perceived negatively and these precipitates a negative evaluation of its products and services (Phillips and Connell, 2003; Nguyen, 2006; (Bhattacharya and Sen, 2004).

2.6 Empirical Review

Kubai and Waiganjo (2014) assessed the influence of strategic CSR on competitive advantage for Commercial Banks in Kenya using a case of Equity Banks' Wings to fly Program. They used descriptive and exploratory research design. The respondents consisted of the past and present beneficiaries of the program from selected schools in Nairobi and Kajiado counties. The research found out that CSR had led to good customer perceptions of the bank. Most of the beneficiaries exhibited a high likelihood of relating with the bank, both in current times and in the future. Wando (2010) studied the effects of CSR of sugar companies in the Western region of Kenya on the growth of SMEs. It was found that all the companies researched on had embraced socially oriented program.

Musau (2015) assessed the effect of corporate social responsibility on the performance of banks in Kenya, a case of Equity Bank, Kitale. Descriptive survey design was employed. The results of the study showed that most customers at Equity Bank, Kitale branch had knowledge of the Social initiatives of the Commercial Banks, and the main source of information on CSR was through mass media, initiatives like sports, friends and others were beneficiaries. There was significant improvement on the performance of Banks, improvement in bank profitability, customer satisfaction, customer retention and improved service delivery after the introduction of CSR in the financial sector.

Adebesi and Taiwo (2014) carried out a study on building a winning strategy for competitive performance through CSR focusing on MTN Nigeria. The research objective was to find out if an organization can leverage on corporate social responsibility as a strategic asset to gain a competitive edge in the market, with reference to MTN Nigeria. The findings indicated that good ethical and environmental CSR, societal focused, had remarkable impact on organizational performance of the mobile service provider.

Nyoro (2015) sought to establish how CSR affects the performance of mobile telephone service providers while focusing on Safaricom Kenya. The study was descriptive, involved collection of both qualitative and quantitative data, and drew its population from the company's management. The population was purposely selected from the groups, which have knowledge on competitive strategies employed by Safaricom Kenya. The study found out that CSR influenced customer acquisition and retention, enhancement of brand reputation and increased usage of the company's products and services.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter summarizes the method used in conducting the research to achieve the study objective. Research design, population targeted, sample size, data collection and data analysis is also summarized.

3.2 Research Design

The study was mainly based on a case study research design. A case study is an empirical research and a qualitative analysis involving the study of an individual unit, such as a family, person, cultural group, institution, or an entire community (Kothari, 2008). This design was considered appropriate since the study involved an in-depth study and a detailed inquiry of the effect of CSR at Airtel Networks Kenya Limited. A case study is a useful research method since it gives an in-depth description. Case studies also place greater emphasis on complete contextual analysis of few elements and how they inter-relate which relies on qualitative data

3.3 Data Collection

The researcher primarily relied on primary data, collected through an interview guide; a data collection tool that answers open-ended questions prepared by the researcher to interview the respondents (Creswell, 2009). Target respondents were top management staff, starting from the senior manager level and above. The chosen respondents therefore consist of the Managing Director, function chiefs and senior managers in charge of departments. Face to face interviews were conducted with the selected respondents. This allowed the researcher to get first-hand information from the respondents.

3.4 Data Analysis

The qualitative data collected was analyzed using content analysis. Babbie, (2008), defines content analysis as a method used to make inferences, by interpreting characteristics of messages. Content analysis was used to relate the findings of this study with the literature review. Content analysis involved making inferences from the empirical studies and determining whether these studies are consistent or divergent, and get revelation on the effects of CSR on competitive advantage at Airtel Networks Kenya Limited.

Creswell (2009) identifies content analysis as a way of making inference, by objectively and systematically identifying characteristic of messages and using the same to relate trends. Through content, a researcher is able to sift large volumes of data in a systematic fashion, with relative ease.

CHAPTER FOUR

DATA ANALYSIS , RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings, established from the interview guide to Data analysis was done through content analysis to investigate the effect of corporate social responsibility on competitive advantage at Airtel Networks Kenya Limited.

4.2 Response Rate

Eighteen respondents from top management staff, starting from the senior manager level and above participated in this research thus giving a response rate of 56% of the managers.

4.3 Demographic Information

This study sought to ascertain the interviewees' work experience and the years they had worked at the company. The study found that most of the interviewees had worked for Airtel Network Kenya limited for an average of three years hence they had the advantage of good command and responsibility being that they were senior managers and had experience and aptitude owing to their years of experience in the organization.

4.4 Formal Structure Guiding CSR Practice

The study sought to establish whether Airtel has CSR activities and the availability of a formal structure that guides CSR practices in the company. The interviewees unanimously agreed that the company engaged in socially responsible activities; they further indicated that Airtel had an established a project team led by a corporate social responsibility manager who has the responsibility of coordinating with other departments and external partners

4.5 Airtel Networks Kenya Limited Corporate Social Responsibility Activities

This study sought to find out the various CSR activities adopted by Airtel Networks Kenya limited and the reasons for their attention. According to the respondents, Airtel Networks Kenya limited had different corporate social responsibility activities that the company was engaging in, this included sporting in games like football through the Airtel Rising Stars. The respondents also indicated that the company participates in the annual standard chartered marathon as a way of giving back to the society. It also established that the company had engaged in healthcare and education programs through the school adoption programs. The respondents also said that the CSR adoption by the company ensured both economic and social goals were achieved against utilization of scarce resources; significantly improving the general reputation of the company, confidence of the customers and other business partners. The study indicated that Airtel's major CSR initiatives related to its involvement in community development projects.

4.6 Achievements in the Implementation of CSR Goals

The research study enquired from the respondents the various goals achieved from the implementation of CSR activities. The respondents positively agreed that through the CSR activities, the company was able to increase its connectivity to many schools, this was through the Airtel FREE internet program to schools that has enabled many people and school to access internet thus touching on the welfare of the less privileged members of the society and impacted the company's performance positively. According to the respondents, CSR improved competitive advantages through the company brand awareness; respondents who participated in the study indicated that the investment in CSR activities significantly impacted on the external customers by raising the companies brand awareness to the remote communities. These factors were tied to effective customer relationship

management practices that have continuously led to brand awareness, customer company inter-relationship, customer satisfaction, loyalty & trust and consumer pride.

The research study sought to establish to what extent CSR has improved the company's products and services' marketability and acceptability. The respondents said that sound CSR activities conducted by the company were not publicized, hence might not affect market performance. The respondents also said that CSR initiatives adopted by their company enhance respect for their company in the marketplace, enhanced employee loyalty and attracted more customers to the firm. However, the respondents indicated that there was low publicity about the companies CSR activities to the public and this could influence the low market share in some parts of the country.

The research study sought to establish to what extent CSR had improved the life of the society members in areas where the company was operating. The study revealed that CSR activities had positive impact to the community as the activities aimed at improving the life of the communities' members. The interviewee further indicate that CSR activities enhanced the organization sale volume, it made employee feel part of the society, it made the organization to be socially acceptable and that the activities increased organization awareness to the community and also led to more profitable sales through increased market share.

4.7 Corporate Social Responsibility Marketing Costs

Respondents were required to state the influence of CSR marketing cost of Airtel Networks Kenya limited. The interviewees' said that there was a budget set aside to cater for all CSR activities in any financial year; however, the respondents were reserved to mention the actual amount allocated to this activity. However, it was reported that the amount was

determined by the company's performance in the previous year. The respondent indicate that different measures were put in place to mitigate the marketing cost, this was done through partnering with other service providers and other sectors for publicity, though this depended on partnership based on common interest or goals that the activities intended to achieve during the process.

4.8 Discussion

The study found that Airtel Networks Kenya limited was involved in corporate social responsibility activities such as education support, social welfare support, and sport sponsorship. These finding concurs with the finding of Sims (2003) who says that there is an expectation on business to be a good corporate citizen and with that to fulfill voluntary philanthropic responsibility. The study revealed that public relations was between the companies and the environment and it was aimed at enhancing corporate image, whereas corporate social responsibility involved improving the welfare on the community around the organization and also impacting on the life of the community around the organization. The finding concurs with the finding of Carroll (1998), who argues that some people refer to businesses social responsibility as Corporate Social Responsibility, whilst others refer to it as corporate ethics. Carroll (1998) points out that for a firm to claim to be socially responsible, it needs to participate in economic, legal, ethical and philanthropic activities.

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Mwai (2013) found out a positive correlation between CSR and Financial Performance in corporates engaging in CSR in partnership with NGOs. Oyenje, (2012) however found insignificant positive relationship between CSR practice and financial performance. According to Porter and Kramer (2002), many companies are doing much to improve their corporate social responsibility initiative yet not much results are seen, because of two reasons: First, they put businesses in competition with the society, when clearly the two the two are interdependent (Porter and Kramer (2002). Second, companies do not engage in CSR in ways most appropriate to each firm's strategy (Porter and Kramer (2002).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the findings of the study are summarized and discussed in relation to the study. The chapter also includes limitations of the study, conclusion and recommendations used for policy and practice and suggestions for further research in the area of Corporate Social responsibility.

5.2 Summary of Findings

The study found that most of the interviewees had worked for Airtel Network Kenya limited for an average of three years hence they had the advantage of good command and responsibility being that they were senior managers. The study also established that there was a formal structure that is led by the corporate social responsibility manager, who had the function of coordinating with other internal departments and external partners on the implementation of CSR activities of the company.

The research study revealed that the implementation of sound CSR activities had a direct impact on the company's market share. As this resulted in higher sales, enhanced employee loyalty and attracted better personnel to the firm. However, the respondents indicated that there was low publicity about the companies CSR activities to the public and this could influence the low market share in some parts of the country. The study also revealed that CSR activities had positive impact to the community as the activities aimed at improving the life of the communities' members, this made the organization to be socially acceptable

and that the activities increased organization awareness at the community and also lead to more profitable sale through increased market

5.3 Conclusion

The study revealed that strategic corporate social responsibility can be used to enhance organization performance through creation of demand for organization product, bring the company close to the people, increasing sale volumes and making the company socially responsible. However, this has not been the case at Airtel Network Kenya Limited because CSR activities were not publicized and the larger market is not aware of Airtel CSR activities, thus leading to the company coming a distant second in terms of subscriber numbers in the Kenyan telecommunication industry.

5.4 Recommendations

This study recommends that there is need for the Airtel networks Kenya limited management to ensure that all the staff at the company acquires enough knowledge on CSR since it has become an integral part of business practice. This will enrich the staff with a good understanding of the issues associated to CSR.

This study recommends that effective management of culture, communication, coordination, top management support and commitment be enhanced so as to streamline on the effectiveness of CSR in the organization for these are key moderating factors in the setting. The achievement of effective CSR if well-handled will definitely lead to increased share market, profitability in brands offered by the company, distribution coverage, and effective cost/price structure of brand as well as brands competitiveness; all of which are enough metrics/measures of business competitiveness.

The study also recommended that for effective corporate social responsibility, publicity, outsourcing/partnership should be embraced as there is no single organization can operate on its own, hence there is also need to cooperate when dealing with social responsibility for the attainment and accomplishment of the intended purpose. Although the study did not go into details of the CSR initiatives carried out by Airtel network Kenya limited, some of the CSR initiatives by the organization have not been realized by majority of its customers and society at large. It is recommended that the company establish CSR approaches that are effective and efficient in order to drive financial performance.

5.5 Implication on Policy, Practice and Theory

The study was anchored on two theories. First, the corporate social responsibility theory by McWilliams and Siegel (2010). The model perceives companies as legal and moral entities with responsibilities that must be equally addressed while seeking competitive advantage. The theory highlights how businesses should interact with its local and global surroundings at legal, economic, ethical, and philanthropic (Kitzmueller and Shimshack, 2012). The second theory is the shareholder theory, which opines that the main objective of a business is that of providing return on investment for the key shareholders. The theory therefore assume that the purpose of the firm is to create wealth or value for its shareholders by converting their stakes into goods and services. Under the shareholder theory, firms are viewed as vehicles for coordinating shareholder interests (Beatty and Samuelson, 2011). Telecommunication Corporations are important in any country as they help to attract direct investment, and their performance is critical to the economic growth of the country, this study will enlighten policy makers to design strategies aimed at assisting Corporations to enhance their performance through engagements in corporate social responsibility activities. The study would help Airtel network Kenya limited to evaluate and link the

results which would contribute to a better understanding of the role of the Corporate Social Responsibility which will in turn increase their budget on CSR activities with the aim of having a competitive edge in the market.

5.6 Limitation of the Study

The research study was carried out at Airtel networks Kenya limited. Thus, the findings of the study might not be representative of the effectiveness of corporate social responsibility in promoting positive corporate image in other organizations.

5.7 Areas for Further Research

This study sought to investigate the effect of corporate social responsibility at Airtel Network Kenya limited. The study recommends an in-depth study to be carried out on the challenges faced by Airtel network Kenya limited in the implementation of Corporate Social Responsibility. Further a study on customer perception on CSR initiatives implemented by Airtel Network Kenya limited is recommended. There is a need to establish whether the CSR initiatives meet their goal and benefit their beneficiaries as well as establish their sustainability. In addition, there is a need to establish whether the customers use company products due to its CSR initiatives or as a result of product diversity, quality, affordability, customer service among others.

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APPENDICES

Appendix I: Interview Guide

1. How long have you worked in Airtel Networks Kenya Limited?
2. Does Airtel have CSR activities? Is there a formal structure that guides CSR practices in the organization?
3. Among the various CSR activities, which ones are given more attention and why?
4. How does Airtel conduct those CSR activities? Is it Airtel Networks Kenya Limited itself or other stakeholders are involved?
5. Which CSR goals has Airtel Networks Kenya Limited achieved so far since it started engaging in the practice?
6. How are CSR activities at Airtel Networks Kenya Limited integrated with the marketing element? Are the CSR activities publicized?
7. Has CSR increased customer awareness of Airtel Networks Kenya Limited's core function and the products and services by the company?
8. Comment on how CSR at Airtel Networks Kenya Limited attracted more customers and improved the level of customer loyalty among customers.
9. How have CSR activities increased the interaction of Airtel Networks Kenya Limited with its stakeholders?
10. To what extent has CSR has improved the Airtel Networks Kenya Limited's products and services marketability and acceptability? Elaborate
11. What has been the influence of CSR marketing costs of Airtel Networks Kenya Limited?

12. How has the image of Airtel Networks Kenya Limited been promoted by CSR activities?
13. How has CSR promoted the relationship between Airtel Networks Kenya Limited and the society in which it operates?
14. To what extent would you say CSR has improved the life of the society members where Airtel Networks Kenya Limited operates? Expound
15. How can CSR activities be improved to achieve its target of improving customer satisfaction at Airtel Networks Kenya Limited?