CHALLENGES OF ALIGNING CORPORATE SOCIAL RESPONSIBILITY TO CORPORATE STRATEGY FOR SAFARICOM FOUNDATION.

BY

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DECLARATION

I, the undersigned, declare that this project is my original work achieved through my personal reading, research and personal thought.

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This research project has been submitted for examination with my approval as university supervisor:

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DEDICATION

This is dedicated to the Almighty God for enabling me to complete this research. To my loving parents, siblings and friends for their encouragement and support- God bless you all!

ABSTRACT

Corporate Social Responsibility has become part of the overall corporate strategy incorporating various stakeholders in the business ecosystem to ensure success and attainment of objectives. Companies are aligning their CSR strategies with their corporate strategy to offer unique solutions to the world's problems. The main objective of this research was to evaluate the challenges to aligning CSR to corporate strategy in Safaricom Foundation. The study employed a case study approach to evaluate the challenges of aligning CSR with corporate strategy. An interview guide was constructed and interviews conducted with strategists and foundation personnel who have utilized CSR and corporate strategy initiatives in Safaricom Foundation in order to elicit responses for an in-depth understanding and analysis of key aspects of the research and the data analysed using content analysis.

Findings of the study established that Corporate Social Responsibility was found to be a fundamental part of corporate strategy. Globalization has not affected implementation of CSR strategy as it is a reflection of the company focus on its strategy and the stakeholder rather than global benchmarks. Political and regulatory environment is key to ensuring successful completion of CSR projects.Safaricom Foundation CSR policies are aligned with the Vodafone policies which are the parent company and are not impediment in the planning and execution of the CSR strategy. As recommendations, the management and the cross-functional teams of Safaricom Foundation were encouraged to also benchmark the CSR program against global standards without necessarily losing the focus on its corporate strategy. This will facilitate adoption of best practice where applicable.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporate activities create both positive and negative externalities for both the society and the environment in which the corporations operate, with the social expectation that businesses should generate more positive externalities and minimize negative externalities. This social expectation has increased in the last few decades and businesses have responded with a set of activities given the generic name of Corporate Social Responsibility (CSR). Strategic CSR refers to those set of CSR activities that help social and environmental causes as well as benefit the business, but a framework which guides CSR managers so that they can decide which CSR initiatives makes strategic sense to the firm remains elusive. Further, globalization and market liberalization has altered the way firms compete within and interact both with its customers and suppliers. In response to these increasingly dynamic developments in the business environments, business executives are gradually being confronted by the necessity to broaden their strategic options.

The current globalized world has also witnessed rising social inequalities, disparities in income, global environmental problems, and the outsourcing of increasingly skilled operations, leading to demands for protection against the repression of unregulated market forces (Levy and Kaplan, 2007). Such demands pose numerous challenges for the private sector, as businesses are under intense pressure to take responsibility for their impact on the societies in which they operate, and the environment. Moreover, the private

sector is increasingly perceived to make active and positive contributions to development of the society. This calls for responsible business practices and corporate contributions in terms of CSR (Visser, 2006). This research will focus on the challenges of aligning CSR to corporate strategy (CS) as its main theme, in the wake of the tough local telecom business and regulatory environment. It sets the context within which the research will achieve this objective by presenting the background of the study, the problem statement, the study objectives as well as the value of the study.

1.1.1 Corporate Strategy

The concept of corporate strategy has attracted the attention of business consultants and scholars a like (Zabid and Paramjeet, 1995), with corporate strategy emerging as a subfield of management studies (Ansoff, 1988). Due to the remarkable growth in size and complexity of modern-day businesses, there has been a tremendous increase in the segmentation of management responsibilities, leading to a tendency to loose sight of what is the best for the overall business. A related problem to this is the difficulty to optimally allocate resources to the different corporate activities (Hillier and Lieberman, 2001). This then calls for corporate strategy. According to Wright et al. (1996), corporate strategy is a strategy formulated for the overall corporation, while Doyle (1994) posits that typically, a large corporation will have a corporate strategy which sets the broad direction of the corporation as a whole.

On the other hand, Porter (1980) claims that there are four generic market strategies a corporation can choose from when crafting a corporate strategy, and four generic technology strategies a corporation must choose from, namely: cost leadership, product

differentiation, cost focus and differentiation focus. According to Doyle (2004), a strategy can be, and is, planned by corporations, while Mintzberg (1994), on the other hand, concludes that strategy cannot be planned. If strategy can be planned, Gould et al. (1994) identifies three broad styles of corporate strategy planning, namely strategic planning, financial control and strategic control.

It is noted that successful companies are able to transform societal and environmental hazards into business prospects, integrating them into their business strategies. This then lets them to achieve a strategic advantage over their competition, and at the same time contribute to the society by helping forestall future crises. A company can also use such social initiatives to improve its competitive context, enhancing the quality of the business environment it operates in. Consequently, the company's initiatives should be directly linked to its core business so as to make the most of these actions.

1.1.2 Corporate Social Responsibility (CSR)

CSR captures the dynamics between business and society (Davis, 1988). CSR as a concept means being ethical towards stakeholders (Waddock, 2004; Hopkins, 2003), it represents voluntary company activities (Van Marrewijk, 2003) and it means at minimum being legally complaint to the rules of the land (Carroll, 1999). Overall, CSR has a dominant goal to better the condition of various stakeholders e.g. the broader society, communities and the natural environment (Hopkins, 2003) and has been seen as a continuous process of engagement of the firm with the stakeholders (Boatright , 2000). Accordingly, strategic CSR moves further than good corporate citizenship and lessens

injurious value chain impacts, incorporates social and ethical concerns into core business operations and strategy, and lowers costs, creates value, and better serves customer needs.

The strategy decision-making process of large companies involves social as well as economic consequences, which are intimately related, making social responsibility a strong and binding component of corporate decision-making. The dimensions of studies on CSR are fairly varied and include the study of volunteer work (Almeida *et al*, 2005), the dissemination of information on CSR initiatives (Carroll, 1999), corporate citizenship (Hemphill *et al*, 2004), the interaction between corporations and the community (Fonseca *et al*, 2005), corporate giving and philanthropy (Amato & Amato, 2007), the institutionalization of CSR (Ventura, 2005) and models of social and environmental management (Pasa, 2004). Corporate responsibility involves economic, legal, ethical and philanthropic responsibility whereas CSR is an integrated part of business strategy that creates value for both the business and the society.

The emergence of corporate giving can be traced back to the 1920s when large corporate bodies began purposely launching publicity campaigns to label themselves as trustees of the public. They sought to change the society's perception from moneymaking machinery to communal institutions for the purposes of gaining public endorsement (Marchand, 1998). The field of CSR has grown rapidly during the past few decades, both in industry and scholarly circles. Long gone are the days when an organization could do business for the sole reason of earning revenue. If the organization does not take the environment into account in doing business, or if the community where this organization is situated or does business, feels "abused" or that their needs are not being attended to, then the organization's future sustainability cannot be guaranteed. A few studies have considered

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the association between CSR initiatives and business strategy and found fairly reasonable evidence on the existence of a positive relationship (Porter *et al* 2006; Pearce and Doh, 2005). The academic discourse in the literature regarding the interaction between CSR and strategy management, notwithstanding, the past efforts do not fill all the theoretical, methodological and practical gaps. The present work seeks to enrich the discussion on CSR, business strategy and competitive advantage, and contribute to the existing literature on their associations, in the local setting.

1.1.3 Overview of Safaricom Foundation.

The Safaricom Foundation was established in August 2003 and is a registered charity funded by Safaricom Limited and the Vodafone Group Foundation. The work of Safaricom Foundation is an expression of the Company's "Passion for the World around Us". The Foundation provides a formal process for charitable contributions to communities, community groups and Non Governmental Organizations (NGOs) in Kenya who are key partners in responding to social and economic development issues (Safaricom foundation, 2011). It supports initiatives/projects that provide sustainable solutions to the most pressing social challenges. Its specific focus areas are Education, Health, Economic Empowerment, Environmental Conservation, Arts and Culture, Music and Sports. The Foundation also responds to disasters and humanitarian emergencies.

So far, the Foundation has implemented more than 500 community projects spread across the country at a cost of KShs over 1 billion in the last seven years. Culturally, the services are all geared towards growth. Safaricom Foundation seeks to make positive contributions to communities in direct ways through value added services and financial

support for community projects. It has partnered with communities and community groups to implement activities that contribute towards their economic self sufficiency by supporting income generating projects such as animal rearing and small scale industries and by working with the disabled to generate income for their livelihoods.

The Foundation seeks to support the achievement for education for all by equipping educational institutions. Due to the emergence of other sources of funding like the Constituency Development Fund (CDF), which has a provision for the funding of schools, the Foundation has in recent years focused its support towards schools providing learning opportunities for children with special needs and the girl child. The Foundation aims to contribute towards reducing illiteracy by supporting the enrollment and retention of children in schools, including children with disabilities. This effort contributes towards the Millennium Development Goal of increasing access to education at the primary level. The Foundation has supported the construction and equipping of classrooms, libraries and laboratories in order to provide a satisfactory learning environment for children.

The Foundation's support in environmental conservation entails supporting innovative community projects, like protecting and fencing forests, tree planting, protecting and conserving wildlife, mitigating against human/wildlife conflict and community clean-up campaigns. The Foundation has supported the "Save the Elephant" project to implement an innovative elephant tracking project and has partnered with the David Sheldrick Wildlife Trust on a de-snaring project. These partnerships are some examples of initiatives that contribute towards ensuring that man lives in harmony with his surroundings. There have been numerous tree planting initiatives in the Aberdares, Ngare

Ndare and other communities. These CSR initiatives have also helped to improve the perception of the company among its staff, particularly when staff becomes involved through payroll giving, fundraising activities and community volunteering.

1.2 Statement of the Problem

In the recent past, both scholars and policy analysts have devoted a great deal of attention to the implications of CSR policies and initiatives as well as their relation to corporate strategy (McWilliams *et al*, 2006; Porter and Kramer, 2006). In aligning CSR to corporate strategy, several challenges are encountered. Some researchers asserted that this type of CSR initiatives seemingly addressing each and every social problem were neither good for business nor good for the organizations, since the initiatives were not properly aligned to business strategies. Another challenge was identified as lack of expertise to find effective and efficient solutions for social issues, thus firms were seen as wasting valuable shareholders resources (Drucker, 2001). Thus, the next emergent thought in CSR, was that CSR apart from bettering the society should make strategic sense since it was difficult to distinguish strategic CSR from the core business activities (Fukukawa and Moon, 2004). Likewise, CSR practice is shaped by internal strategic dynamics mandating that corporations focus on economic performance and managers' remuneration being tied to that performance as well as other structural pressures and perceived barriers to a more integrated employment of CSR (Adams, 2002).

Strategic Management in Safaricom Ltd is a function whose primary role is to ensure that the company remains focused on the long term profitability, consistently deliver results in a constantly changing environment and to optimize the resources available to obtain the highest value in the long term. Safaricom has corporate strategy and a separate corporate

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social responsibility (CSR) strategy. It believes in the commitment to behave ethically and contribute to economic development while improving the quality of life of its workforce, their families as well as of the local community and society at large. It seeks to make positive contributions to the communities around it in direct ways both through financial support for community projects and through own involvement Safaricom is not sparing no effort in integrating its environmental policies with the existing business strategy and operations manual. it operates a sound corporate environmental policy that seeks to meet and surpass laid down environmental conventions.

Locally, Ufadhili Trust (2004) revisited the subject of Corporate Social Responsibility and Development in Kenya and found that CSR was largely as a result of failure by the government on its development agenda. Gathii (2008) surveyed on the real meaning of CSR in the Kenyan context, indicating the role of the Kenya Bureau of Standards (KBS), ISO standards and volunteer CSR in shaping the meaning of CSR in Kenya. The World Bank Institute (2003) considered CSR and Responsible and Sustainable Development in Kenya. Njenga and Smit (2007) appraised Corporate Social Investment in Kenya and found that it includes areas of development, health, education, training, environment, arts and culture and sport. On the other hand, Mwaura (2005) studied Corporate Citizenship in the light of the developing constitutional changes in Kenya. Kivuitu and Fox (2005) conducted a study on Perspectives on Corporate Responsibility for Environment and Development, highlighting where and how business activity can best contribute to sustainable development. Dolan and Opondo (2005) carried out a study on Emerging CSR and Ethical issues in Kenya's cut flower industry while Barako (2006) examined factors influencing Voluntary Corporate Disclosure by Kenyan Companies. Also, Hale

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and Opondo (2005) reviewed the realities of Flower Production for Workers in Kenya. However, the course of CSR has been influenced by civil society organizations campaigning against poor labour practices and environmentally damaging production processes.

The present study takes cognizance of Kenyan public concern over adverse impact of businesses on society. Indeed, the recent emergence of various NGOs and environmental pressure groups in Kenya for example the Green Belt Movement headed by the Nobel Peace Prize Laureate Wangari Maathai suggests that stakeholders are concerned with the manner in which corporate are responding to social responsibility concerns. None of the studies surveyed has exclusively dealt with the subject of challenges facing alignment of CSR activities to corporate strategy, especially in the telecom sector, presenting a knowledge gap that this study seeks to achieve. Hence, it is required to build a framework which can guide organizations to undertake strategic CSR. This needs to be researched further for a comprehensive theoretical consideration. Further, managers need a framework upon which they can decide which CSR activity to undertake and which not to. This study attempts to fill this gap in literature by proposing a CSR- Strategy-Framework. This leads to the question: what are the challenges facing Safaricom Foundation in aligning CSR with corporate strategy?

1.3 Objectives of the Study

The main objective of this research is to evaluate the challenges of aligning CSR with corporate strategy in Safaricom Foundation.

1.4 Significance of the Study

The management and the cross-functional CSR/strategy teams of Safaricom Ltd will benefit from this study as it will look at the challenges to aligning CSR to CS and how to address the same and thus the company's competitiveness. Further, the study will assist the management in realizing the challenges related to strategic CSR and also provide important information that will be of great relevance to the management in making decisions that will help in organizing and directing employees towards efficient strategic CSR initiatives. In anticipation, the study results should generate discussions among board members and result in institution of relevant policy framework and organizational competencies for better strategic CSR practices.

Apart from the Company using the results of this study to improve on strategic CSR initiatives, especially in areas where challenges were previously experienced, other organizations and business entities, especially in the telecommunications industry can also use this document as reference material in pursuit of efficient strategic CSR initiatives in their organisations. This concern is recognition that like many other sectors, the telecom operators are confronted with increasing complexity and business turbulence, yet strategic CSR affects their competitiveness. The study results should enlighten the business executives on strategic CSR initiatives, for their firms' competitive positioning.By investigating the challenges to aligning CSR to CS, the study findings will enrich the discussion on CSR, corporate strategy and competitive advantage, and contribute to the existing literature on their associations. Other scholars can also use the information gathered to expound on areas not yet addressed in CSR and corporate strategy. The study's findings will act as reference material for them while replicating the

study elsewhere. Furthermore, although CSR and corporate strategy literature proliferates, there is a recurring criticism that it lacks empirical support, thus weakening its validity.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews relevant literature related to the aspects of corporate strategy and CSR. In particular, journal articles, theses and past studies carried out on the subject matter are reviewed together with other works relevant to the subject of study. Other official documents and reports on the subject will also be reviewed in this chapter.

2.2 Corporate Strategy

Strategy is a word with many meanings and all of them are relevant and useful to those who are charged with setting strategy for their corporations, businesses, or organizations. Porter (1980) defined competitive strategy as a broad formula for how a business is going to compete, what its Strategy, Strategic Planning, Strategic Thinking, Strategic goals should be, and what policies will be needed to carry out those goals. Mintzberg (1994) argues that strategy is a plan, a pattern, a position, a perspective but can also be a ploy, a maneuver intended to outwit a competitor. Bryson (1995) defines strategy as a pattern of purposes, policies, programs, actions, decisions, or resource allocations that define what an organization is, what it does, and why it does it.

The concept of corporate strategy has attracted the attention of business consultants and scholars a like (Hillier and Lieberman, 2001), with corporate strategy emerging as a subfield of management studies (Mintzberg, 1994). Due to the remarkable growth in size

and complexity of modern-day businesses, there has been a tremendous increase in the segmentation of management responsibilities, leading to a tendency to loose sight of what is the best for the overall business. A related problem to this is the difficulty to optimally allocate resources to the different corporate activities (Hillier and Lieberman, 2001). This then calls for corporate strategy. In view of this, and according to Wright et al. (1996), corporate strategy is a strategy formulated for the overall corporation, while Doyle (1994) posits that typically, a large corporation will have a corporate strategy which sets the broad direction of the corporation as a whole.

In whole, a strategy to an organization is, amongst other things, a plan of how the organization can achieve its goals and objectives (Davies, 1973; Mintzberg et al, 1996), i.e. a commitment of present resources to future expectations. The aim of strategic management is to decide on organizational goals, the means of achieving those goals, and ensuring that the organization is sustainably positioned in order to pursue these goals. Furthermore, the strategies developed provide a base for managerial decision making.

2.3 Corporate Social Responsibility (CSR)

There are many arguments that CSR is a fairly new phenomenon, but it can be traced back many hundreds of years. Aristotle, a Greek philosopher and scientist who lived around 380 B.C. was quoted as saying: "We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly." Henry Ford, the great American industrialist from the late 19th century went on to say: "A business that makes nothing but money is a poor kind of business". Thus, the notion that business has responsibilities to society is not contemporary (Lantos, 2001). The modern notion of CSR

is often attributed to Howard Bowen whose seminal book, *Social Responsibilities of the Businessman (1953)* is considered by many to be the first definitive publication on the topic (Carroll, 1999). The following years, as detailed by Carroll (1999), witnessed the expansion and proliferation of the CSR concept. The field of CSR has grown rapidly during the past few decades, both in industry and scholarly circles. If the organization does not take the environment into account in doing business, then the organization's future sustainability cannot be guaranteed.

The scope of activities included in CSR programmes is wide and subject to debate; however, most definitions include three key pillars of economic growth, ecological balance, and social progress (WBCSD, 2007). An uncontested definition of CSR is yet to appear in the academic discourse (Maignan and Ralston, 2002; Dahlsrud, 2006). Rather, CSR is multifaceted, dynamic and context specific. As a result, an overabundance of definitions has emerged over the past five decades to express the role and responsibilities of business in society. Furthermore, an appraisal of the literature reveals that there are several terms in currency designed to capture the practices and norms of new business-society relations These different and yet related terms include but are not restricted to: corporate social responsibility (Bowen, 1953), corporate citizenship (Maignan and Ferrell, 2000), corporate accountability, corporate social performance (Wood, 1991), and corporate social responsiveness (Ackerman and Bauer, 1976). In this study, the term CSR will be used as an umbrella term incorporating other similar conceptions of business-society relations.

Swanson (1995) delineates three motivations driving the commitment to CSR, which this study adopts. Firstly, following a utilitarian perspective, CSR is seen as a useful

mechanism for a company to achieve performance targets (Swanson, 1995). Secondly, taking a negative duty standpoint, companies implement CSR initiatives to conform to stakeholder norms defining appropriate social behaviour, based on the notion that the society grants legitimacy and power to business (Davis, 1973), thus viewing CSR as a legitimacy tool. Thirdly, the positive duty stance advocates that CSR may be self-motivated rather than a response to social pressures. However, these motivations have been categorized by Maignan and Ralston (2002) into performance-driven, stakeholder-driven, and value-driven which correspond with the utilitarian, negative duty and positive duty approaches respectively. To implement CSR at a practical level, there must be an action dimension to complement the normative and motivational component of social responsibility (Jamali and Mirshak, 2007).

Without a doubt, the strategy decision-making process of large companies involves social as well as economic consequences, which are intimately related, making social responsibility a strong and binding component of corporate decision-making. The dimensions of studies on CSR are fairly varied and include the study of volunteer work (Almeida *et al*, 2005), the dissemination of information on CSR initiatives , corporate citizenship (Hemphill *et al*, 2004), the interaction between corporations and the community (Fonseca *et al*, 2005), corporate giving and philanthropy (Amato & Amato, 2007), the institutionalization of CSR (Ventura, 2005) and models of social and environmental management (Pasa, 2004). Corporate responsibility involves economic, legal, ethical and philanthropic responsibility whereas CSR is an integrated part of business strategy that creates value for both the business and the society.

CSR captures the dynamics between business and society (Davis, 1988) and as a concept, it means being ethical towards the stakeholders (Waddock, 2004; Hopkins, 2003), it represents voluntary company activities (Van Marrewijk, 2003) and it means at minimum being legally compliant to the rules of the land (Carroll, 1979). Overall, CSR has a dominant goal to better the condition of various stakeholders e.g. the broader society, communities and the natural environment (Hopkins, 2003) and has been seen as a continuous process of engagement for the firm with the stakeholders (Boatright, 2000). Accordingly, strategic CSR moves further than good corporate citizenship and lessens injurious value chain impacts, incorporates social and ethical concerns into core business operations and strategy, and lowers costs, creates value, and better serves customer needs.

2.4 CSR and Corporate Strategy

The emergence of corporate giving can be traced back to the 1920s when corporations began to purposely launch publicity campaigns to label themselves as trustees of the public. They sought to change the society's perception from moneymaking machinery to communal institutions for the purposes of gaining public endorsement (Marchand, 1998). A few studies have considered the association between CSR initiatives and business strategy and found fairly reasonable evidence on the existence of a positive relationship (Porter *et al* 2006; Pearce and Doh, 2005). Lately, CSR performance has been placed under scrutiny by various players; thus, CSR has become a widely-applied concept and is an increasingly essential concern in business decision-making process (Cochran, 2007). Pertaining to the various conceptions of CSR, Hopkins (2003) sums up a popular theme in CSR research. Essentially, CSR refers to the role of business in society. Due to the diversity of societies, cultures, values and morals across countries, the nature of CSR

depends on where it is operating. Hence, it is necessary to understand the multi-level, broad, and diverse nature of CSR in order to identify a set of themes for research and to provide a clear and justified methodology (Jamali and Mirshak, 2007). Studies of the financial performance of companies with CSR programmes have highlighted a particularly useful dissimilarity between the effectiveness of altruistic CSR initiatives (such as social issue participation) and strategic CSR (such as stakeholder management) (Hillman & Keim, 2001). Hillman & Keim (2001) further posit that strategic CSR has a positive correlation with financial performance and a negative correlation with CSR that is altruistic biased.

It is worth noting that the thought of Strategic CSR was an answer to the discontent with conventional CSR practices. Ricks (2005) says that strategic philanthropy was that type of corporate philanthropy, which helped attain business cause as well as serve charitable purposes. Most researchers view Strategic CSR as CSR activities that are good for society as well as good for the business (Carroll, 2001; Lantos, 2001; Porter and Kramer, 2006). From the initial stages, only Strategic CSR activities that both create value for the society as well as enhance company's business success were seen as sustainable in the long run (Bruch, 2005). In essence, Strategic CSR is the philosophy of integrating CSR into a company's strategic perspective and operations (Werther and Chandler, 2006); the more companies integrate CSR into their corporate strategy, the better companies will be able to satisfy the demands of the various stakeholders. Strategic philanthropy is expected to grow in the years ahead (Lantos, 2001).

Further, corporations are using charitable donations as a part of strategic plan for the purpose of gaining competitive edge and Saiia et al. (2003) found that giving (donation)

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was strategically intuitive and empirically documented. Likewise, Brammer and Millington (2004) investigated changes in the pattern and determinants of corporate charitable contributions between 1989/1990 and 1998/1999 for a broad range of stakeholders and concluded that charitable contributions are becoming more of strategic value. Also, Garone (1999) wrote that philanthropy is increasingly becoming integrated with corporate strategy plans and Crawford and Scaletta (2005), based on the KPMG's International Survey of CSR Reporting 2005, highlighted the top ten motivators driving corporations to engage in CSR for competitive reasons.

Also, Neville et al. (2005) asserted that strategic fit, competitive intensity and reputation management capability moderated the CSR-corporate strategy relationship. On the other hand, Fombrun (2005) posits that Corporate Citizenship has become a strategic tool to manage reputation risks from stakeholders and business executives are executing it to enrich and enhance business opportunities. Marsden (2000) stated that large firms are detaching from corporate philanthropy towards social investment geared towards expected measurable outcomes and are further taking on social issues related with the company business. All in all, Porter and Kramer (2006) set the stone rolling in Strategic CSR literature, when they wrote that for CSR to be strategic CSR, it should contribute to firm value chain practices and/or improve the context of competitiveness.

2.5   Challenges of Aligning CSR to Corporate Strategy

Since the 1990s, there has been an increased emphasis on aligning CSR activities to the corporate goals (McAlister and Ferrell, 2002), and companies practicing strategic CSR expect to enhance business success and long-term interests of the company. More and

more, there are evidences of businesses having started engaging into CSR initiatives which are benefiting the organizations as well, i.e. strategic CSR.

2.5.1 Globalization

The complexity of operating in a global society places new demands on organizations and their leadership. In the new age of CSR, the needs of the stakeholders, consumers, employees, national as well as international regulators, watchdogs, NGOs, and activist groups have to be satisfied Porter and Kramer (2006) identifies the opportunities and limitations of strategic CSR, namely: the business image, legal background, job-market situation, corruption and the correlates of economic stagnation and social decline, and the CSR rhetoric, which includes the blurred boundaries of CSR, the underdevelopment of the civic society, economic reality, ethical standards, and the attempts at self-regulation of the business. McGaw (2005) considers the biggest challenge in the field of strategic CSR implementation to be the development of executives for a sustainable global society, asking what kind of leader is needed for building a sustainable global society and how we can best develop individuals with these capabilities.

2.5.2 Management Leadership

According to Mc Williams (2006), responsible business leadership is the art of building and sustaining relationships with all relevant organizational stakeholders, and it requires socialized, not personalized, business leaders. Here, the challenge is to develop executives who can relate in different ways, who are able to align different values into a common vision, who can listen to and care for others and ultimately serve them. In a

survey conducted by Times of India group (2007), the main challenges to strategic CSR included: lack of community participation in CSR activities, lack of consensus on implementing CSR issues, non-availability of clear CSR guidelines and narrow perception towards CSR initiatives. According to Grunig (2006), the greatest challenge facing CSR practitioners and academics is to entrench strategic CSR as an accepted management function. However, to date, much of the CSR literature has been focussed on what CSR practitioners do, as opposed to the business drivers for CSR initiatives (Gower, 2006).

2.5.3 Organizational Culture

Organization culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations. This system of shared meaning is on close examination a set of key characteristics that the organization values (Porterl *et al*, 2006). The culture of an organization is often likened to the personality of an individual. For us to communicate and co-operate, we must share some common assumptions about the world we live in and some common standards by which to judge our own and each other's actions. Culture is reinforced through the system of rites and rituals, patterns of communication, the informal organization, expected patterns of behavior and perceptions of the psychological contract. The lack of knowledge on the impact of main organizational factors affecting SCM practices and difficulty to recognize the specific areas to be developed for improving these practices, collectively form an organizational dilemma, which should be resolved in order to overcome the barriers against effective alignment of CSR to corporate strategy.

From a strategic standpoint, the research done by Carroll (2001) reviewed a sample of the literature relating to the organizational integration and implementation of strategic CSR practices. The literature is examined from three perspectives. Firstly, strategic CSR integration covers issues relating to integration of core processes across organizational boundaries through improved communication, partnerships, alliances and cooperation. Secondly, strategy and planning examines CSR as a strategic matter for trading partners, along with factors relating to the amount of planning required. Thirdly, alignment issues concern organizational factors critical for successful implementation, as well as issues specific to inter and intra-organizational aspects of corporate strategy. All three need to inform and underpin each other in order for management to be able to deliver on the promise of benefits for the organization.

2.5.3 Organization's Industry

An organization's industry is the first external challenge affecting alignment of CSR to corporate strategy, since the industry affects the business strategies adopted. Further, competition in the marketplace affects implementation of strategic CSR initiatives to a large extent. The competitive landscape exerts an influence on corporate structure, in turn affecting organizations' abilities to align their CSR structures with their strategies. In 2006, balanced scorecard experts Robert S. Kaplan and David P. Norton looked at structural change and resource alignment to support strategic execution, making the point that the advent of global competition heralded a shift in corporate structure from centralization around products or locations to a more process-centered and flexible model. Porter and Cramer (2006) note that today's organizations are challenged by the

fact that intangible assets, such as research and development, are playing an increasing role in corporate success, and by the fact that globalization has dispersed those assets worldwide. These factors are driving companies to get better at aligning both physical and intellectual resources, internally and externally, around the globe.

2.5.4 Employee Empowerment

Research has found that employee empowerment leads to a truly nurturing environment where the employees can learn, grow, improve and enhance their functioning or performance abilities. Employee empowerment also provides for creating an environment of trust, importance in the eyes of the employees and since it enhances the capability of the respective employees; the same also leads to the creation of a positive work environment within the organizational structure. An organization of skilled and capable problem solvers will have a distinct competitive advantage over an organization that only has a few key personnel and an array of loafers (Grunig, 2006). Thus, empowered employees will drive the process of aligning CSR to corporate strategy. It is worth noting that employee empowerment can be achieved through training, learning and development, with the major purpose of training is to improve current performance and provide suitable trained staff to meet the organization's performance targets and objectives (Cochran, 2007). Empowerment is therefore a key element of strategic CSR initiatives as it increases the level of individual and organizational proficiency.

2.5.5 Technological Progress

The realities of today's digital economy are requiring and enabling dramatically improved levels of efficiency and effectiveness in strategic management. The business-to-business (B2B) or extended digital corporate strategy, enabled by internet technologies, is specifically being offered as the next competitive weapon. Technology and an organization's CSR strength are strongly intertwined (Ackerman, 1976). The late historian Alfred Chandler showed how various technologies (e.g. the railroad and the cable) allowed companies to expand into enormous enterprises that required professional management in order to perform well. Also, economic historian Paul David has shown how new technologies can make organizations much more productive, but only after they've learned how to best utilize those technologies (Carroll, 2001). Thus, the level of technology will influence how an organization will behave in aligning CSR to corporate strategy.

2.5.6 Political and Regulatory Environment

Finally, and most importantly, is the influence of the political and regulatory environment. As most business executives understand, laws and regulations can have a major impact on their businesses. But it isn't just regulations that affect organizational behaviour towards CSR initiatives. In a global marketplace, the political makeup of nations can often determine success or failure in a given business aspect. In actual fact, political instability topped the list of risks threatening global organizations on AON Corporation's 2006 Political & Economic Risk Map, a ranking of countries based on factors including politics, civil unrest, terrorism, regulatory issues, and other matters. The

firm ranked legal and regulatory issues immediately behind political concerns (AON Corporation, 2006). Sociopolitical issues across the world have also become increasingly important to businesses for two reasons. First, is globalization itself. Second, some argue that political issues are more dynamic today than they were several decades ago, and the global media bring them to the world's attention more quickly. Moreover, the relations between and among nations have become more complex in the recent past. This demonstrates the strong correlation between any organization's initiatives (e.g. strategic CSR practices) and the political and regulatory variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The present study employs a case study approach, to evaluate the challenges of aligning CSR with corporate strategy. A case study can be described as finding out what is happening and asking questions and assessing phenomena in new light. The case study adopted in this research will be of experience survey in nature which will involve seeking information from persons experienced in the area of study. It will involve seeking the opinions of strategists or the foundation personnel who have utilized CSR and strategy initiatives in Safaricom Foundation.

3.2 Data Collection

In this study primary sources of data will be used to obtain information through interview guides. The researcher will conduct interviews with the head of department , Safaricom foundation , the team manager of the foundation and seven managers from the strategic management functions, since their interactions constitutes the application of CSR as a strategic tool. Thus the data will be of qualitative in nature. The data will be complemented and triangulated with other sources of evidence such as internal company documents and company websites.

3.3 Data Analysis

Content analysis of qualitative data will include text analytics and document analysis. The data collected will be mostly qualitative in nature and hence after fieldwork, there

will be coding of the qualitative data, after checking for completeness and consistency as well as for various omissions, incomplete responses and other obvious inconsistencies. Data analysis will involve reviewing, categorizing, tabulating, and recombining evidence to ascertain meaning related to the study's initial aim and objective, research questions and issues.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTEPRETATION

4.1 Introduction

This study was intended to evaluate the challenges of aligning CSR with corporate strategy in Safaricom Foundation. To achieve this objective, a total of 9 interviewees were targeted for the study but only 5 of them were available for the interview.

4.2 Demographic Profile of Respondents

The respondents were profiled based on characteristics related to the position, department and the number of years worked in the company.

The interviewees comprised of the Head of department-Corporate Responsibility, Team Manager-Safaricom Foundation, General Manager- Consumer Business Unit, General Manager- Enterprise Business Unit and General Manager- Financial Services Business Unit. The highest number of interviewees was in the strategic management functions consisting of general managers in the consumer business unit, enterprise business unit and financial services business units. The safaricom foundation was represented by two interviewees who included the head of department and team manager.

The duration that the interviewees had served in the company was included in the study as it was thought to have an impact on the respondent's knowledge on corporate social

responsibility in the company. Four of the interviewees had worked in the organization for a duration ranging between 5 to 10 years while one of them had been with the organization for less than 5 years.

4.3 CSR and Corporate Strategy

The interviewees were asked about the choice of CSR strategies that Safaricom employs and what informs such decisions. They were of the opinion that the CSR strategy is informed by societal needs and supports initiatives and projects that provide sustainable solutions to the most pressing social challenges. They highlighted its specific focus areas as education, health, economic empowerment, environmental conservation, arts and culture, music and sports, disasters and humanitarian emergencies. The head of corporate responsibility said that the strategic direction was to contribute towards Kenya's development agenda and the Millennium Development Goals. The CSR strategy also aims at influencing innovation and best practice in the broader Corporate Social Responsibility agenda.

All the interviews were in agreement that there existed a corporate strategy with respect to corporate social responsibility and aware of its objectives. The interviewees also in agreement of the existence of a Corporate Social Responsibility (CSR) policy. One member of the strategic management function team confirmed that Safaricom foundation is the custodian of corporate social responsibility (CSR) Policy. Corporate Social Responsibility was also found to be a fundamental part of corporate strategy. The interviewees considered the association between CSR initiatives and corporate strategy

and found evidence on the existence of a positive relationship. This was through CSR programs developing corporate reputation and legitimacy, customer and investor relations programs and implementation of cost and risk reductions which are part of the corporate strategy. Interviewees said that Safaricom had an annual budget on corporate social responsibility. The interviewees said that since CSR was part of Safaricom' s goals, objectives and mission statement it had an allocation in the Safaricom annual budget that is normally approved by the top management. All the interviewees were in agreement that Safaricom policies had corporate social responsibility component.

According to the interviewees, Safaricom Foundation CSR program is at the heart of corporate strategy: The Head of Corporate Social Responsibility said, 'At the heart of our corporate values is the notion of pursuing our mission, vision, and customer promise of personal service with a passion for integrity, personal ownership, teamwork, and excellence. Our approach to giving back is framed in this context. We believe that part of doing what is right involves helping the communities around us'. The Team Manager, Safaricom Foundation said that Safaricom approaches CSR in terms of environmental, people and social elements and concluded by stating that 'if we go to the bottom line, Corporate Social Responsibility is about doing and acting well in every aspect of your business, in every single thing that you do'. She was therefore of the view that the CSR is part and parcel of corporate strategy and is fully integrated in it.

The General Manager, Financial Services said that the 'Corporate CSR is a strategy of combining business with the community where CSR is a reflection of the changing nature

of work and relationships with the community. This idea allows CSR to give structure for individuals to fulfill their duties to the other'. She also viewed CSR as the interaction between the corporation and its community and offering an opportunity for the business to give back to the community what the community had already given to the business. A further input suggested that CSR represented a Win-Win-Win situation through a triple bottom line of Profit (for stakeholders) combined with responsibilities to People and the Planet

4.4 Challenges of Aligning Corporate Social Responsibility to Corporate Strategy

As it became evident from the literature, there are challenges of aligning CSR to corporate strategy such as globalization, management leadership, organizational culture, employee empowerment, and technological progress, political and regulatory environment. The interviewees were however of the opinion that despite the challenges, they have been able to align and incorporate CSR in strategy formulation. The interviewees confirmed success at the strategy formulation, analysis and implementation stages of corporate strategy with respect to incorporation and alignment of corporate social responsibility (CSR) and corporate strategy.

4.4.1 Globalization

The interviewees were asked whether the CSR policy was global or national or industry with respect to its outlook. The interviews showed that it is very much dependent on the

organization and its long-term strategy rather than being global or industry focused. The interviewees said that CSR policy is an essential part of the overall corporate strategy and was not necessary benchmarked against industry or global standards. The interviewees were also of the opinion that globalization has not affected implementation of CSR strategy. This was seen as a reflection of Safaricom Foundation focus on its strategy and the stakeholder rather than industry or global benchmarks.

The relationship between CSR activities and the global economic situation was highlighted briefly and interviewees revealed that the economic turndown had not impacted on CSR at Safaricom Foundation. According to Head of Corporate Social Responsibility 'It did not, and we'll continue to deliver it'. She said that during the periods of global economic crises, that's when people need support, more than ever before". The interviewees were also of the view that Safaricom was also represented globally by its sister company under the Vodafone Group and did not feel limited by geographical location. The interviewees were however of the view that globalization has changed corporate social responsibility through the blurring of the boundaries between domestic and parent companies as well as between in-house and outsourced activities that has led to the view of the corporation as both an economic and political actor.

4.4.2 Organizational Structure

The interviewees were asked about the focus of CSR policy, both social and otherwise. They responded that the Foundation focused on economic empowerment, education, environmental, conservation , health, disaster relief, water, arts and culture and sports.

The interviewees highlighted that there exists a gap between the provision of free primary education and inadequate infrastructure and that the foundation was working towards addressing that gap. They also highlighted their focus on support towards schools providing learning opportunities for children with special needs.

The interviewees said that they were addressing issues of climate change, reduced forest cover, depletion of fresh water basins, pollution, drought and famine and the need to restore balance within the environment and its ecosystems. With regard to health, they emphasized the need to reduce maternal mortality, child mortality and combating HIV/AIDS, malaria and other diseases. It was revealed that the foundation supports projects that conserve water sources and explore new methods of harvesting rain and underground water. They also highlighted their partnering with non-governmental organizations, community based groups and institutions to promote innovative ideas that highlight Kenya's talent in music, arts and culture. In the area of sports, the interviewees view it as a means of promoting cohesion amongst groups and communities, supporting a healthy population, providing alternative opportunities for young people, and the integration of education and life skills into sport as well as building Kenya's national pride. Finally, the interviewees said that they engage in disaster relief in order to respond to disasters and humanitarian emergencies.

With regard to organizational structure and hierarchy it was revealed that the foundation is governed by a board of trustees and there is a management team The stakeholders include communities, implementing partners, media, staff participants. According to the interviewees, internal disorganization within the CSR-strategy cross-functional teams in

Safaricom has not affected the efficacy of strategic CSR initiatives. The human resources dedicated to CSR strategy development and implementation include the Foundation team, and some external partners. The foundation has human resources dedicated to CSR strategy development and implementation. This includes the Foundation team and some external partners. Safaricom members of staff in other functional areas also offer volunteer services in the various CSR projects that the Foundation engages in.

4.4.3 Management and Leadership

The interviewees said that there is CSR and strategy management work hand in hand. There was uniform view that Safaricom used other tools in strategy management and they are designed by the various strategic business units and directorates together with the Executive Committee led by the Chief Executive Officer. The heart of the strategy was said to be the customer. It was also said that the Foundation in its policy ensures that the strategies developed and implemented take the environment and the society into consideration It was revealed that CSR is integrated into Customer Delight Index as a key performance indicator for Safaricom. The company's objective was said that it was not only to satisfy customers' needs and wants but to also preserve or enhance the consumer's and the society's well-being. It appeared that there were no particular challenges or difficulties encountered in using CSR to match the Safaricom long term objectives and the action plans to ensure the set strategic targets and goals are achieved. The interviewees said that it depended on proper planning and documentation of the CSR policies so as to guide the process.

In the area of strategy development and implementation, the interviewees said that there was no particular challenge in the strategy development since there was focus on the objective and clear guidelines in the CSR policy. The interviewees said that there were challenges in the implementation as there many requests than the foundation capacity at a given time. There were however no particular resistance incidences faced by the team involved in the strategy development and implementation. There were views that lack of resistance was attributed to engagement by the team with the relevant stakeholders on the objectives of the CSR programs and that communication was key in the process. The interviewees were also asked to highlight challenges the Foundation faced in the implementation of CSR initiatives. One area that was very prominent was that of capacity. The Foundation was on a regular basis faced with too many request than it could possibly handle.

The interviewees were of the view that the Safaricom seeks to uplift the lives its customers. The General Manager, Consumer Business Unit said "we seek to uplift the lives of our customers— even if just for a few moments." This shows that it strives to make a difference in people's lives by providing a genuine "human connection". This further emphasizes the view that Safaricom customers are at the heart of its operations and this is delivered through its products and services and its corporate social responsibility program.

4.4.4 Employee Empowerment

With regard to employee empowerment, there was universal opinion that were there sufficient resources for implementing strategic CSR and that there were relevant systems and infrastructure for CSR activities. The interviewees were also asked whether lack of rewards and recognition for staff was a constraint in the implementation of CSR. There was the view that staff was encouraged to participate in the CSR activities and many were willing to give their expertise and time for the activities. The interviewees were of the view that availability of empowerment initiatives for staff was not a barrier to integration of CSR in strategic management. The presence of a poorly motivated workforce was also not a constraint whereas low levels of employee commitment to organizational initiatives was not seen as a key challenge to the application of CSR as a strategic tool. The interviewees also said that there was no evidence of low levels of employee commitment to organizational initiatives as a key challenge to the application of CSR as a strategic tool and unclear employee involvement framework in organizational tasks. It was revealed that CSR performance is not included in all employees' performance appraisals. However it was said that it used to be part of the staff annual appraisal in the past.

The Team Manager, Safaricom Foundation, talked about the origins of CSR in Safaricom and how it related closely to the rapid expansion of Safaricom Foundation to having a footprint in every part of the country. She linked the CSR philosophy with that of the Safaricom and emphasized the need to have individuals in their locations responsible for coordinating and documenting CSR activities and events. The emerging themes from the

interviewees with the Team Manager were, a passionate commitment from Safaricom to CSR, strong CSR related communication to staff at all levels, encouragement and support for staff to both participate and take leading roles in CSR and the need for policies and procedures with CSR to avoid potential conflicts of interest.

The consistency of the CSR message to staff of Safaricom Foundation was considered vital with repeated references made to the act of 'giving back to the community' and 'making a difference in peoples' lives'. The General Manager, Consumer Business Unit described it as "a corporate initiative to continue to engage employees in volunteerism and financial commitments. It increases the moral of the employees and definitely contributes to the communities that it does business with." The consistency of CSR messaging communicated from various employees further emphasizes that CSR is a key component of the corporate mission. Safaricom employees are also referred to as "partners" to emphasize that Safaricom wants its employees to be passionate and treat each other with respect, ie. as partners. All the interviewees mentioned that the CSR initiatives and engagement was a source of pride. They said when they see what difference the they make for the society they feel that they are part of something important. The Head of Corporate Responsibility stated that the CSR initiatives have made the employees feel more loyal to Safaricom and the management. She also said that perhaps it is even more important to create a sense of pride among the employee as an important strategic aspect for employee motivation.

4.4.5 Technology

The interviewees were of the view that low levels of technology and skilled manpower in the economy had no impact on the CSR programs as its focus was on economic empowerment, education, environmental, conservation , health, disaster relief, water, arts and culture and sports. The interviewees were however of the view that technology has contributed to the way information is stored, processed, and disseminated to relevant stakeholders. The advent and progress of the internet has made it possible to disseminate this information almost instantaneously. They were also of the view that technology has led to the establishing and maintaining satisfactory corporate governance practices.

In addition to Safaricom Mission Statement, it communicates its CSR strategy and activities through a variety of communication means including: Safaricom Foundation website, newsletters, Community Boards in its Retail Shops, and Annual Reports. Both the Safaricom corporate website and the Safaricom Foundation website contain the sustainability report, projects dedicated to CSR and archive of past CSR activities. Employees learn about Safaricom CSR and Community activities through a quarterly internal newsletter distributed to all employees. There are also community boards in selected Safaricom shops in the region which display postings of local community activities conducted by the employees. The Safaricom Sustainability Report that incorporates its CSR initiatives covers aspects of Safaricom CSR, from partnerships and engagements with stakeholders including NGOs to local community activities.

4.4.6 Political and Regulatory Environment

The interviewees said that political and regulatory environment was key to ensuring successful completion of the CSR projects since the CSR projects are undertaken in an environment with different stakeholder needs and priorities. They were also asked to comment on the unstable political atmosphere in the country, in view of strategic CSR initiatives. They pointed to their engagement with all stakeholders especially in government for support especially in areas that are perceived to be politically volatile as the country approaches general elections. With regards to poor economic conditions in the country, the interviewees said there were opportunities for synergies and contributions to improving economic conditions. The Foundation was even focused in areas to do with economic empowerment, education and health to address poverty. Asked whether CSR gives the organization social and political legitimacy the interviewees were of the view that there was no benefit with regards to political legitimacy but the focus was to help socially and economically.

In addressing the issue of regulation of CSR activities, the Head of Corporate Responsibility emphasized the need for Safaricom to differentiate its humanitarian CSR activities from the it's commercial business. The first criterion the Safaricom applies is that it only works with registered aid organizations and NGOs. 'You need to work with the registered humanitarian non-monetary institutions, the reason for that is because we are not specialized as a company in doing community work. We are a telecommunications company, so you know we always work with experts. So we work with registered organizations as partners and whatever we do have to be humane, neutral

and impartial. Meaning we cannot discriminate' The interviewees were however of the view that government regulation on CSR was unnecessary and counter-productive. It was agreed that CSR should be a voluntary thing and that if there needed to be any controls placed upon it those controls should be in the form of a government or internationally supported accreditation body. There was unanimity that the communication industry regulatory environment was not a hindrance to the application and use of CSR as strategic tool for the business.

4.4.7 Organization Industry

Asked whether corporate strategies by the parent company (Vodafone UK) was a hindrance to CSR, the interviewees were of the opinion that the Safaricom CSR policies are aligned with the parent company policies and as such were not an impediment in the planning and execution With regard to the telecommunications sector experiencing cut-throat competition, the interviewees were asked to highlight how this undermined the application of CSR as a strategic tool. There was the view that the Safaricom CSR programs were not dependent on nature of competition in the industry and that it continued with its CSR focus irrespective of the intensity of competition. The interviewees also said that suppliers, dealers and other business partnerships do not affect CSR-Strategy practices in Safaricom Ltd and therefore do not present any limitation on the application of CSR as a strategic tool.

Resistance to change was not viewed as a key challenge to the application of CSR as a strategic tool. The interviewees said that engagement and communication with different

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stakeholders was very important to enable buy-in and hence there was minimal resistance on the application of CSR. Finally office politics, both unresolved and long-standing was not an impediment in the application of CSR as a strategic tool. The interviewees were of the view that organizational culture and leadership had enabled the employees and other stakeholders in the ecosystem to focus on the broader organizational goals. The General Manager, Enterprise Business said that the Safaricom has raised the level of focus on CSR to include to internal CSR that addresses the need and well-being of employees, as well as job seekers, by encouraging diversity, by promoting health and well-being in the work place, and by providing rewarding employee benefits. She said that policies supporting diversity and improved work conditions were instituted recently. This approach provides an unique combination of both external and internal CSR as a unique ethical concept. Safaricom does not support this diversity simply because they are under obligation to do so by law, but as part of a general effort to be responsible.

The interviewees also indicated that commitment was critical when it comes to implementing a CSR strategy. In order for the CSR to be successful, both the management and the employees must share confidence and dedication to the CSR. The Head of Corporate Responsibility said 'This has to be communicated throughout the whole company and be part of the Safaricom culture. We strongly believe that this is a key ingredient in order to work effectively. If the Safaricom feels forced to implement CSR from external factors, which today is a common phenomenon, we believe that the strategy rarely becomes successful'.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS

5.1 Introduction

This study set out to achieve one objective: The objective of this research was to evaluate the challenges of aligning CSR with corporate strategy in Safaricom Foundation. An interview guide based on available literature was used to gather the data. The data collected was analyzed using content analysis. In this chapter, the findings of the research are summarized and conclusions drawn. This chapter also includes a section on suggestions for further research.

5.2 Summary

Safaricom has five staff member that are closely linked to CSR strategy. They include Head of department-Corporate Responsibility, Team Manager-Safaricom Foundation, General Manager- Consumer Business Unit, General Manager- Enterprise Business Unit and General Manager- Financial Services Business Unit.

Safaricom CSR strategy is informed by societal needs and supports initiatives and projects that provide sustainable solutions to the most pressing social challenges. It has Corporate Social Responsibility (CSR) policy whose custodian is the Safaricom Foundation. The specific focus of the CSR strategy is specific focus areas as education,

health, economic empowerment, environmental conservation, arts and culture, music and sports, disasters and humanitarian emergencies.

Globalization has not affected implementation of CSR strategy as it is a reflection of the Foundation focus on its strategy and the stakeholder rather than global benchmarks. Global economic situation has not affected CSR at Safaricom Foundation as it is during such periods when people need support, more than ever before. It has also led to blurring of the boundaries between domestic and parent companies as well as between in-house and outsourced activities that has led to the view of the corporation as both an economic and political actor.

CSR at Safaricom Foundation focused on economic empowerment, education, environmental, conservation , health, disaster relief, water, arts and culture and sports. CSR is managed by Safaricom Foundation which is governed by a board of trustees a management team. The stakeholders include communities, implementing partners, media, and staff participants. The human resources dedicated to CSR strategy development and implementation include the foundation team, and some external partners

Safaricom Foundation uses strategic tools designed by the various strategic business units and directorates together with the Executive Committee led by the Chief Executive Officer. CSR policy ensures that the strategies developed and implemented take the environment and the society into consideration. The CSR strategy implementation faces challenges as there many requests than the foundation capacity at a given time. There is

engagement by the team with the relevant stakeholders on the objectives of the CSR programs and that communication is key in the process.

Safaricom Foundation has sufficient resources for implementing strategic CSR and that there are relevant systems and infrastructure for CSR activities. The staff are encouraged to participate in the CSR activities and many are willing to give their expertise and time for the activities. Safaricom Foundation initiative is to continue to engage employees in volunteerism and financial commitments. Safaricom employees are referred to as "partners" to emphasize that the company wants its employees to be passionate and treat each other with respect, i.e. as partners.

Low levels of technology and skilled manpower in the economy has no impact on the Safaricom CSR programs as its focus is on economic empowerment, education, environmental, conservation , health, disaster relief, water, arts and culture and sports. Technology has contributed to the way information is stored, processed, and disseminated to relevant stakeholders CSR strategy and activities through a variety of communication including Safaricom Foundation website, newsletters, Community Boards in its Retail Shops, and Annual Reports.

Political and regulatory environment is key to ensuring successful completion of CSR projects since the CSR projects are undertaken in an environment with different stakeholder needs and priorities. Safaricom Foundation CSR has no benefits with regards to political legitimacy but the focus is to help the society socially and economically.

Safaricom differentiates its humanitarian CSR activities from the company's commercial business and only works with registered aid organizations and NGOs.

Safaricom Foundation CSR policies are aligned with the Vodafone policies which are the parent company and are not impediment in the planning and execution of the CSR strategy. The CSR programs are not dependent on nature of competition in the industry and have continued irrespective of the intensity of competition. Engagement and communication with different stakeholders are very important to enable buy-in and hence there was minimal resistance on the application of CSR. Organizational culture and leadership has enabled the employees and other stakeholders in the ecosystem to focus on the broader organizational goals.

5.3 Conclusion

Corporate Social Responsibility has become part of the overall corporate strategy incorporating various stakeholders in the business ecosystem to ensure success and attainment of objectives. The main areas of focus have been in the social and economic issues affecting the society in which the business exists. Companies are aligning their CSR strategies with their corporate strategy rather than focusing on the industry or global practices.

In order to realize a CSR strategy the commitment is critical, both the management and the employees must share confidence and dedication to the CSR strategy. Furthermore, this has to be communicated and educated throughout the whole company and be part of

the company culture. The attitude should be the same as when integrating any other company enhancements, a genuine belief that it will benefit the company and the society.

Leadership and organization of CSR programs is essential to its success and the inclusion of the relevant stakeholders ensures that all interests are catered for. The operating environment that includes the political, economic and regulatory is also very key to the success of the CSR programs as the initiatives are undertaken within the same society that businesses operate in.

5.4 Recommendations

The following recommendations were made to various relevant stakeholders concerning the challenges of aligning corporate social responsibility to corporate strategy. These stakeholders are namely: The management and the cross-functional teams of Safaricom Foundation and other organizations and business entities in the telecommunications industry

The management and the cross-functional teams of Safaricom Foundation should also benchmark the CSR program against global standards without necessarily losing the focus on its corporate study. This will facilitate adoption of best practice where applicable.

Other organizations and business entities in the telecommunications industry on the other hand should not narrow the divide between corporate strategy and corporate social

responsibility but should commit to align them for their environmental sustainability, dedication to charities, competitiveness and to address broader and stronger standards of social and global accountability.

5.5 Suggestion for further research.

It is generally a truism that no research is an end in itself. From the insights gained in the course of the study, the researcher suggests a study on challenges of aligning Safaricom CSR strategy to global standards.

5.6 Limitations of the Study

The study was inhibited factors. First, some of the interviewees were not easily accessible as they were engaged in their daily business operations. Another constraint was fear of loss of confidentiality of information given but the researcher gave them assurance that the information was strictly for academic purpose only.

5.7 Implication of the study

This study has attempted to contribute to the body of knowledge by exploring the challenges of aligning corporate social responsibility to corporate strategy. The findings are that indeed there are possible challenges but when CSR policies are well aligned with corporate policies, they are not impediment in the planning and execution of the CSR strategy and that the alignment has strategic implications in achieving organizational objectives such as sustainability and making the environment they operate in a better place, therefore organization should ensure that CSR rises on the corporate strategy agenda.

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APPENDIX

An Interview Guide

<u>DEMOGRAPHIC</u>

1. What is the name of your department?

2. How long have you worked in Safaricom?

3. What is your position and how long have you been in this department/position?

<u>CSR AND CORPORATE STRATEGY</u>

4. What would you say informs the choice of strategies that Safaricom Ltd employs?

5. Do you have a CSR strategy?

6. Do you have a corporate social responsibility (CSR) policy?

7. Is CSR a fundamental part of your corporate strategy?

8. Does the company provide an annual budget for CSR initiatives?

9. Do all your company policies have a CSR component?

10. How difficult has it been in incorporating CSR in strategy formulation?

11. Has it been the same case with strategy analysis and implementation in Safaricom Ltd?

GLOBOLIZATION

12. Would you say this is a global or national or industry CSR policy?

13. Has Globalization affected your implementation of CSR strategy in any way?

ORGANIZATION STRUCTURE

14. What issues, social or otherwise, does your CSR policy target?

15. How is CSR organized in your company, in terms of structure and hierarchy?

16. In your view of the organization's operations, who are the most important stakeholders in CSR stakeholder management?

17. Would you say internal disorganization within the CSR-strategy cross-functional teams in the company has affected the efficacy of the strategic CSR initiatives?

18. Do you have human resources dedicated to CSR strategy development and implementation?

MANAGEMENT LEADERSHIP

19. What is your impression about CSR and strategy management?

20. What other tools does the organization use apart from CSR in strategy management?

21. What consideration has the company put in place to ensure the strategies developed and implemented take the environment and the society into consideration?

22. Has it been easy using CSR to meet the Customer Delight Index (CDI) benchmark? If not, what have been the impediments?

23. What difficulties have been encountered in using CSR to match the company's long term objectives and the action plans to ensure the set strategic targets and goals are achieved?

24. What challenges does the organization face in strategy development and implementation process?

25. Does the team involved in strategy development and implementation face resistance to the process? How do you manage such resistance?

26. What are the challenges Safaricom Foundation faces in the implementation of CSR initiatives?

EMPLOYEES EMPOWERMENT.

27. Are there sufficient resources for implementing strategic CSR?

28. Do you have relevant systems and infrastructure for CSR activities?

29. Do you think lack of rewards and recognition for staff is a constraint in the implementation of CSR?

30. Availability of empowerment initiatives (e.g. training and development programs) for staff can be a barrier to integration of CSR in Strategic Management. What is you view?

31. Is the presence of a poorly motivated workforce another constraint?

32. In this set up, where would place low levels of employee commitment to organizational initiatives as a key challenge to the application of CSR as a strategic tool?

33. How about unclear employee involvement framework in organizational tasks?

34. Have there been cases of poor people management skills among the workforce affecting CSR and strategy initiatives?

35. Is CSR performance included in all our employees' performance appraisals?

TECHNOLOGY

36. What about low levels of technology and skilled manpower in the economy?

POLITICAL AND REGULATORY ENVIRONMENT.

37. What is your comment regarding the unstable political atmosphere in the country, in view of strategic CSR initiatives?

38. How about the poor economic conditions in the country?

39. Do you think CSR gives your organization social and political legitimacy?

40. Due to the stiff competition, the industry regulator (CCK) has initiated wide-ranging regulatory measures. Has the tough industry regulatory environment undermined the application of CSR as a strategic tool?

ORGANIZATION INDUSTRY

41. Are unfavorable corporate strategies by the parent company (Vodafone UK) a hindrance?

42. The local telecommunications sector is experiencing cut-throat competition. How has this undermined the application of CSR as a strategic tool?

43. Suppliers, dealers and other business partnerships greatly affect CSR-Strategy practices in Safaricom Ltd. Does this present a limitation on the application of CSR as a strategic tool?

ORGANIZATION CULTURE

44. Would you say resistance to change is a key challenge to the application of CSR as a strategic tool?

45. Would you say unresolved and long-standing counter-productive office/organizational politics in the company have adversely affected application of CSR as a strategic tool?