

**STUDENTS OF UNIVERSITY OF NAIROBI  
PERCEPTION TOWARDS CORPORATE SOCIAL  
RESPONSIBILITY OF SAFARICOM**

**BY**

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**A management research proposal Submitted in partial  
fulfillment of the requirements for the award of Master of  
Business Administration (MBA) degree, School of Business,  
University of Nairobi.**

**SEPTEMBER 2009**

**DECLARATION**

I declare that, this project is my own original work and has not been presented for award of any degree in any university.

Signed:   
Rosemary Atieno Hala

12. 11. 2009  
Date

This research has been submitted for examination with my approval as the University supervisor.

Name of Supervisor: Dr. R. M. Musyoka

Signature:   
Dr. R. M. Musyoka

12/11/2009  
Date

## DEDICATION

I dedicate this work to Clement, my loving husband, my son Francis and daughter Joan.

## **ACKNOWLEDGEMENT**

First and foremost, I would like to give thanks to the almighty God through whom everything was able to hold.

I would also like to thank my supervisor who worked with me along the way to ensure that I finally see the end of this project successfully.

Appreciation also goes to my immediate family for all their support and encouragement they gave me as I went through this exercise.

And to all who assisted me in one way or another and whose names I was not able to mention, I say thank you.

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## ABSTRACT

This study was undertaken to determine the perception of the University of Nairobi students' perception towards Safaricom's corporate social responsibility practices and how it has influenced their behavior towards purchase of airtime.

The study is divided into five chapters. Chapter One is introductory. It clarifies the background to the study, the problems the study addresses: the purpose of the study, the research questions, the scope and limitation of study, the conceptual framework and the significance of the study. Chapter Two is a review of related literature where key concepts and theoretical review are discussed to prepare the ground for analyzing the problems. Chapter Three is an exposition of the research process. In this regard, the research design and parent population are analyzed to justify the simple random sampling method used as well as the tools used in data collection and analysis. Questionnaires were the instruments used for data collection. Descriptive statistics such as frequencies, percentages, mean scores and standard deviation as well as qualitative analysis such as content analysis were used to present and analyze the data. Chapter Four dwells on the results and Chapter Five on the discussion, conclusion and recommendations.

The study established that even though the respondents unanimously agreed that to a large extent, Safaricom had participated in CSR, they indicated that this was not enough as according to them Safaricom was making abnormal profits as compared to what it was giving back to the society. The study also established that despite Safaricom's participation in CSR activities, this had no influence on the students' airtime purchase behavior but by the company offering quick and efficient services such as M-PESA and HOTSPOT and the need for communication. The study recommended that Safaricom concentrate on improving its services to its

customers as this had proved to satisfy its customer needs and also profitable to the organization due to increased number of subscribers. The study further recommended that Safaricom concentrate on activities that would directly benefit its customers.



## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

Many ethical observers will say that it is better a smaller social pie divided equally among the populace than the gross national statistics such as Gross Development Products (GDP) and Gross National Products (GNP) which are devoted to vulgar objects of material display. Why seek what James Williams called the Bitch Goddess of success, if the price of that is in the despoliation of our environment and in the end, non-attainment of happiness and serenity (Samuel, 1986).

The power of globalization and liberalization of markets and other forces such as information technology, deregulation, changes in legislation and stiff competition has made consumers more educated, more inquisitive and demanding (Caprun and Holland, 1999). Mbatia (2000) and Mburu (2001) observe that liberalization is a major force that has led to stiff competition world over. According to Gitangu (1996), liberalization is a term that today is hardly skipped by any publication that is economic oriented, whose consequences transcend to every member of the society. The marketing environment has therefore changed, posing serious challenges to the survival and profitability of firms. It is for this reason that firms have embarked on a number of strategies to ensure their survival and success. The struggle for survival has gone beyond mere marketing strategies to the practice of corporate social responsibility as away to developing an appeal to consumers over the companies' products.

Businesses are constantly looking for innovative ways to market their products. Because of this, marketing has become one of the most important functions in a business as it seeks to understand customers'

needs and wants. While scholars continue to argue about the best definition of marketing, practitioners are simply employing various marketing techniques or strategies to get their goods and services to consumers. One of those strategies that marketers have been employing is to highlight their corporate citizenship (Carroll, 2000).

### **1.1.1 Corporate Social Responsibility**

According to Rue (1992), social responsibility is the role of business in solving current issues over and above the legal requirements. Anderson (1995) view social responsibility as an obligation of an organization to seek actions that protect and improve welfare of the society along with its own interest. The concept of corporate social responsibility (CSR) has been globalised and the emphasis on social responsibility is no longer a preserve of the developed nations only but also the concern of emerging economies and developing nations. The importance of corporate social responsibility is evidenced by the scheduling of the first corporate social responsibility conference aimed at addressing the role of private sector companies and enterprises in societies in which they operate (Stengard, 2004). According to Kotler (1997), corporate social responsibility of marketers is to market goods and services that satisfy needs and wants of their target markets in ways that preserve and enhance well being of consumers and the society as a whole, while fulfilling the objectives of the organizations.

Ropers (1999) in his study of consumers perception of companies that practice corporate social responsibility found that 8 out of 10 consumers had amore positive image of the companies who support a cause which they care about and two thirds of those polled said that they would be likely to switch to a brand or retailer associated with a cause they support when the price and quality are equal. A report in East African Magazine (29<sup>th</sup> May 2006) revealed that Kenya's most socially responsible

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companies recorded high profits. The company of the year award (COYA) sponsored by Kenya Institute of Management selects winning companies on CSR on the basis of money put into programs that support the community.

Sawyer (1979) outlined guidelines for a socially responsible firm to include the purpose of the business to make profits over the long run, no true profits can be claimed until all business costs are paid, these includes social costs. According to pierce and Robinson (2002), different approaches undertaken by organizations reflect differences in competitive position, industry, environmental and ecological pressure. Johnson and Scholes (2002) hold that corporate social responsibility goes beyond the provision of the law, they recognize aspects that are both internal and external to the organization.

The internal aspects are such as employee welfare, working conditions, job design and intellectual property. External aspects address such areas such as green issues; products markets suppliers; community activity and employment. According to Johnson and Scholes (2002), aspects can also be categorized into two broad activities; philanthropic activities which are purely voluntary and the non-philanthropic activities which are induced by government incentives, market conditions or public pressure. Advocates of corporate social responsibility emphasize increased involvement in philanthropic activities such as education, employment and charity. Non-philanthropic activities are being perceived as either direct or indirect costs and not as social responsibility activities; they reflect traditional functions of the firm to this extent.

### **1.1.2 Mobile Telephone Industry in Kenya**

The central driving force behind global telecommunications is the desire of individuals and organizations to keep in touch and to be informed. The

transmission of both voice and data is both pleasurable and profitable. There is increase connectivity globally for both individual and corporate use. One can now transmit any information from home, at the office, and even while driving or flying. There is however shift from basic to enhanced services, from analog to digital networks, from wire line to wireless equipment, from regulation to liberalization, and hence from monopolies to a wide array of competition and cooperation among telecom vendors.

The mobile telephone industry in Kenya started in 1997 when the government of Kenya decided to set up a small department within the then giant Kenya Post and Telecommunication to deal with mobile phone services. The telecommunication industry in Kenya has since then undergone tremendous innovations such that today mobile telephones have become an integral part of day to day communication. Towett, (2002) observed that more than half the population already use mobile telephones and the market is still growing. Communications commission of Kenya (2007) list the following operators in Kenya as operators with a wireless network; Safaricom limited, Celtel Limited, Telkom Kenya Limited (TKL), Flashcom Limited and Popote wireless

Among the international telecom operators who have operated in Kenya include Vodafone PLC of UK and Vivendi Telecom of France who have made a successful entry and operation in the Kenyan market through joint partnership with local firms, Safaricom and Kencell respectively. However, in 2003 Vivendi Telecom pulled out of the cellular telephony market. Sameer Group, the majority shareholders in Kencell negotiated with several firms, including MSI of Holland, for the purchase of Vivendi's shares which were finally purchased by Celtel International and the name changed to Celtel. The involvement of the international partners in the local operator's business has great influence in the

equipment supply market, the foreign partner in most cases is responsible for finance and technology which is key in purchase of telecom equipment (Communications commission of Kenya, 2007)

The emerging mobile telephone industry in Kenya has been characterized by stiff competition among the industry players. Market leadership is advantageous for any company. It has significant financial and perpetual benefits, leads to consistency and focuses on quality not price, enhances use of full range of marketing tools to solidify performance and leads to ownership of core benefit with a balanced rational and emotional messages, Keller (1998).

Safaricom is owned by Telkom Kenya Limited and the British Vodafone Group PLC. Telkom Kenya Limited, which owns 60% of Safaricom, is a company incorporated in Kenya, licensed to provide and operate telecommunication facilities and services by the Communication Commission of Kenya (CCK) under the provisions of the Kenya communications Act, 1998. The company was established under the Companies Act (Cap 486) on April 1st 1999, it started operations July 1st 1999 and is wholly owned by the government.

The aim of Telkom Kenya is to be a world-class telecommunications operator providing efficient, affordable, sustainable and cost effective modern services of the highest level of quality and reliability. The company envisages being a market leader in the provision of communication solutions. Telkom's core business will continue to be provision and operation of telecommunications business. Accordingly telecommunication services will be offered at very competitive rates to both the operators and subscribers thus taking advantage of the limited exclusivity period of operation in the selected service and facility

provision areas granted by the Communication Commission of Kenya, who are the controlling authority.

After the European Union Commission in Brussels granted its approval to the British Vodafone Group PLC., to buy up Mannesmann AG, Vodafone has become the largest telecommunications company and fourth largest company in the world with more than 54 million subscribers in 25 countries. Vodafone Air Touch, which owns 40% of Safaricom, is headquartered in Newbury, Berkshire, with San Francisco serving as the US/Asia Pacific regional headquarters and technical centre for the combined Group.

The Group's interests include Belgium, Egypt, France, Germany, Greece, Hungary, Italy, Malta, The Netherlands, Poland, Portugal, Romania, South Africa, Spain, Sweden, Kenya and the UK in the "Europe - Middle East - Africa region; and Australia, Fiji, India, Japan, New Zealand, South Korea and the USA in the "USA - Asia Pacific" region. Safaricom is currently ranked among the fastest growing in Vodafone's global empire.

Safaricom believes in the commitment to behave ethically and contribute to economic development while improving the quality of life of our workforce and their families as well as of the local community and society at large. Within a decade, a whole new corporate language championed by multinational corporations has evolved around the motion of more ethical business practice. A new industry has grown up to help companies present, implement and monitor what they are doing in the name of CSR. Companies have to define what responsible behaviour is and promise to act accordingly, identifying where they are falling short of the standards they set, deciding for themselves when they have gone far enough in changing their practice ([www.safaricom.co.ke](http://www.safaricom.co.ke)).

The business of Safaricom faces challenges too - waste, energy use and safety are public concerns, they are our concerns too. The company express committed to working with local communities, government at national and local level and other mobile operators to address these concerns in the most constructive fashion. According to Safaricom, the spirit of partnership and mutual respect is critical in all their activities. Safaricom's business exists to serve customers. To carry out this mission, the company work with and rely upon the efforts of our suppliers, vendors and other business partners. We know that we cannot succeed alone and we cannot succeed over the long term unless our partners are also succeeding. Safaricom seek to make positive contributions to the communities around it in direct ways - both through financial support for community projects and through its own involvement. Safaricom's commitment in giving back to the society seeks to address four main elements in the community. Health, Sports, Culture and Education ([www.safaricom.co.ke](http://www.safaricom.co.ke)).

### **1.1.3 The Practice of Corporate Social Responsibility In Kenya**

Corporate social responsibility has become a part of the general business discourse in Kenya. Increasingly throughout 2004, business leaders have followed the trend in the west of engaging in social discourse and espousing the virtues of corporate social responsibility. Indeed a recent survey by Ufadhili Trust found a shocking consensus on a number of issues between private, public and civil society sector revolving around socio-economic arena which includes stable macroeconomic framework, strengthening governance and the judicial process, tackling corruption, physical infrastructure - transport etc., Education, Health including HIV/AIDs, Enabling environment for business, Employment and labour conditions, Access to credit and markets for the poor; SME development,



## Improved agricultural practices and adding value, Environmental management

In a study of fifty-nine firms in Kenya, Okeyo (2004) provides extensive insight on levels, rationale and determinants of corporate social responsibility involvement. The study seems to focus on community engagement and finds that firms interviewed were well versed on corporate social responsibility and over half were seriously engaged in a corporate social responsibility type activity. Firms involved in manufacturing and selling of local products and financial institutions showed the highest level of corporate social responsibility involvement. The rationale or reasons for involvement in corporate social responsibility activity were; long Term Strategy, quest for high public visibility, concern for society, competitive Advantage.

Long term strategy indicates that the business is involved in corporate social responsibility as part of its long term financial survival strategy. This covers a period of between three and five years. The second rationale is public visibility. Public visibility refers to the level of prominence and presence a business or its products enjoy in the market place. Thus businesses engage in corporate social responsibility so as to improve public visibility and reputation. Concern for society indicates a firms desire to participate in societal issues while competitive advantage indicates the intention to be strategically placed in the market in comparison to other firms (Okeyo, 2004). Most companies have internal codes of ethics governing key internal functions and external relationships. Issues within the market place include business ethics, fair play and observance of the law within the market place. Core issues include impact on society of core products and services, issues around

buying and selling, supply chain management, consideration for vulnerable customers and cause related marketing.

Progressive companies in corporate social responsibility in Kenya include; Honeycare, a honey processing and marketing firm that has built capacity among poor farmers who are bee keepers and guarantees market access through out the year; Mobil Oil has a campaign to support schools for children with disabilities; Waste paper recycling companies in Kenya have started a cause branding campaign whose appeal is environmental conservation and employment creation; Adopt a Light, which employs former street children to put up and maintain street lighting and garbage bins in Nairobi; K-Rep Bank - Provision of micro finance and credit to the poor and to small and micro enterprises who would not have access to credit; BAT Kenya - Achieved Marketing Standards compliance, a self regulatory code of conduct for marketing activities.

Kenya Institute of Management, the organizations and managers of the Company of the Year Award (COYA) puts increasing importance to corporate citizenship; the corporate Citizenship COYA of 2007 went to Magadi Soda Company under the manufacturing sector and Safaricom Limited under service sector.

According to Obewa (2007), most Kenyan firms do not know the difference between CSR and philanthropy, he says that a company can give out donations generously to good causes, but CSR encompasses more than that. He added that a new ISO 26000 standard to be introduced worldwide in 2009 will enhance the function of corporate social responsibility programmes run by various companies in Kenya. An ISO 26000 describes CSR as a move by a corporate organization to take responsibility for the impacts of its activities on society and the

environment, where these activities are expected to be consistent with the interest of society and sustainable development Obewa (2007).

## **1.2 Statement of the problem**

With the liberalization of the economy, competition has increased in all sectors of Kenya's economy. Many companies are therefore looking for ways to stay ahead of the competition and this struggle has gone beyond the traditional marketing practices to embracing corporate social responsibilities. The presence of social, political and economic difficulties in Kenya has led to the rise in poverty, diseases and environmental degradation. The implication is an increasing number of impoverished customers, degraded environment and unraveling society. Corporate social responsibility has become a way in which the profit concerns give back to the society as gratitude and appreciation for the enabling environment.

Studies on corporate social responsibility by Murunyu (2006), Mitigoo (2006), Wameyo (2006), Ominde (2006), Korir (2006), Auka (2006) and Okcyo (2004) focused on factors that influence the corporate social responsibility behaviour of Commercial Banks in Kenya, corporate social responsibility and portfolio performance at the NSE, corporate social responsibility as a strategic tools for stakeholders management in large scale enterprises in Kenya, the link between corporate social responsibility and corporate strategy among companies listed at the NSE, management perception of social responsibility at KRA, factors influencing the practice of corporate social responsibility of financial institutions in Kenya, and determinants of corporate social responsibility determinants respectively.

While the above studies made important contributions in an area related to the study, their findings could not be applied in the mobile phone

industry because of the differing industry characteristics and settings. No known study to the researcher had been done on the impact of corporate social responsibility of Safaricom on the purchase of its air time, more specifically by the University of Nairobi students. A knowledge gap therefore existed and it was the gap that the study sought to fill by addressing the question; what is the impact of Safaricom's corporate social responsibility on the sales of its airtime to students of the University of Nairobi?

### **1.3 Research question**

What are the students of University of Nairobi perception towards CSR activities on airtime purchase behaviour?

### **1.4 Research objectives**

The objective of the study was to determine the perception of the Nairobi University students' attitude towards Safaricom's corporate social responsibility practices.

### **1.5 Importance of the study**

The study was expected to be of importance to the following individuals and groups.

#### **a) Business community**

The findings will help the business community in appreciating the role of corporate social responsibility and its contributions to a firm's performance. It will also show the implications of corporate social responsibility programs on the marketability of firm's products. Revelation of the impacts of Safaricom's corporate social responsibility activities on its marketing performance will motivate others firms to re-align. The study will give insight to the areas that need attention in the

review of corporate social responsibility practices by firms in the mobile phone service industry and other related industries.

**b) Policy makers**

Findings of this study will give insight to the government policy makers on issues relating to corporate social responsibility. This will guide them in coming with more appropriate policies relating to corporate social responsibility which can be applied across all sectors in Kenya. The insight obtained from the perception of consumers will also enable them regulate the corporate social undertakings within the country to the benefit of the consumers.

**c) Academics and researchers**

The study will contribute to the existing body of knowledge of corporate social responsibility in Kenya. It will also stimulate prospective researchers to carry out a cross sectional study in the mobile phone service provision industry. The study can be further replicated in other sectors of the economy.

## CHAPTER TWO

### LITERATURE REVIEW

#### **2.1 The concept of Corporate Social Responsibility**

A wide variety of definitions of corporate social responsibility have been proposed in the literature (Margolis & Walsh, 2003). While these definitions vary in detail, many focus on voluntary firm actions designed to improve social or environmental conditions (Aguilera, Rupp, Williams, & Ganapathi, 2007 and Waddock, 2004). This is the definition of corporate social responsibility I adopt here. Different stakeholders may have different preferences for specific socially responsible activities they would like to see their firm invest in. However, as long as a firm's actions are consistent with this general definition of social responsibility— that is, as long as they are voluntary and designed to improve social or environmental conditions—they are considered socially responsible for the purposes of the model developed here.

According to Bowen (1953), social responsibility refers to obligations to pursue those policies to make decisions or to follow those lines of actions that are desirable in terms of objectives and values of the society. Keith (1965) observes that social responsibility refers to businessmen's decision and action taken for reasons at least partially beyond the firm's direct economic or technical interest. Eells and Walton (1961) argued that CSR refers to the "problem that arises when corporate enterprises cast its shadow on the social scene, and the ethical principles that ought to govern the relationship between the corporation and society".

Waddock (2004) described corporate social responsibility as a degree of responsibility manifested in an organizations strategy and operating practices as they impact stakeholders and the natural environment on a day to day basis. According to Johnson and Scholes (2002), corporate

social responsibility is concerned with the ways in which an organization exceeds the minimum obligations to stakeholders specified through regulation and corporate governance; this includes considerations as to how conflicting demands of different stakeholders can be reconciled. Johnson and Scholes (2002) also argue that since legal and regulatory framework pay uneven attention to rights of different stakeholders. It's useful to distinguish between contractual stakeholders like customers, suppliers and employees who have a legal relationship with an organization and community stakeholders such as the local communities, consumers and pressure groups who are protected by the law.

From the above definitions given by different scholars, it is evident that corporate social responsibility touches on firms obligations to the society beyond normal legal and regulatory requirements, these obligations must be fulfilled without compromising the interest of other stakeholders for instance return on the investors' capital.

Debates continue to rage about whether or not firms should engage in socially responsible behavior. On the one hand, traditional economic arguments suggest that managers should make decisions that maximize the wealth of their firm's equity holders (Friedman, 1962). Managers do this by making decisions that maximize the present value of the firm's future cash flows (Copeland, Murrin, & Koller, 1994). To the extent that socially responsible activities are inconsistent with these economic objectives, traditional financial logic suggests that they should be avoided. Indeed, firms that engage in such activities—especially when they are very costly—may be subject to various forms of market discipline, including limited access to low-cost capital, the replacement of senior managers, and takeovers (Jensen & Meckling, 1976).

On the other hand, some business and society scholars have argued that firms have a duty to society that goes well beyond simply maximizing the wealth of equity holders (Whetten, Rands, & Godfrey, 2001). These scholars argue that such a narrow focus can lead management to ignore other important stakeholders—including employees, suppliers, customers, and society at large—and that sometimes the interests of these other stakeholders should supersede the interests of a firm's equity holders in managerial decision making, even if this reduces the present value of the firm's cash flows (Paine, 2002). One way to resolve this conflict is to observe that at least some forms of socially responsible behavior may actually improve the present value of a firm's future cash flows and, thus, may be consistent with the wealth-maximizing interests of the firm's equity holders. For example, socially responsible behavior can enable a firm to differentiate its products in its product market (McWilliams & Siegel, 2001), can enable a firm to avoid costly government-imposed fines (Freedman & Stagliano, 1991), and can act to reduce a firm's exposure to risk (Godfrey, 2004). All of these socially responsible actions can increase the present value of a firm's future.

Cash flows and are therefore consistent with maximizing the wealth of the firm's equity holders. However, from a broader theoretical perspective, the entire effort to discover how socially responsible activities can increase the present value of a firm's future cash flows is problematic. After all, the essential point of many business and society scholars is that the interests of a firm's equity holders sometimes need to be set aside in favor of the interests of the firm's other stakeholders (Windsor, 2001). That is, according to social responsibility theorists, firms should sometimes engage in activities that benefit employees, suppliers, customers, and society at large, even if those activities reduce the present value of the cash flows generated by the firm (Paine, 2002). Focusing the study of corporate social responsibility on those actions



that increase the present value of a firm's cash flows fails to address this central theme in the corporate social responsibility literature (Windsor, 2001). In this context, not just examples of socially responsible actions that can have a positive impact on a firm's cash flows—so-called profit maximizing "ethics" (Windsor, 2001)—are required but, rather, a theory that suggests the conditions under which firms will engage in socially responsible activities, even if those activities reduce the present value of a firm's cash flows—so-called costly philanthropy (Windsor, 2001).

Critics of CSR contend that expending limited resources on social issues necessarily decreases the competitive position of a firm by unnecessarily increasing its costs. Furthermore, even if a firm has slack resources but no favorable investment opportunities, and even if the costs of CSR are not ample enough to put the firm at a competitive disadvantage, the firm should still refrain from CSR. Devoting corporate resources to social welfare is tantamount to an involuntary redistribution of wealth, from shareholders, as rightful owners of the corporation, to others in society who have no rightful claim. Thus, CSR, although almost universally practiced, is considered by some to be an agency loss; managers pursue CSR for personal gain, not shareholder benefit (Friedman, 1970).

Carroll (1991) provides an alternative description by means of a pyramid that depicts the economic category at the base and then builds upwards through legal, ethical and philanthropic categories.



This is based on Carroll's two widely cited definitions of corporate social responsibility, first in 1979 "the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a point in time" and later refined in 1991 "The corporate social responsibility firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen".

Economic category broadly looks at the contribution of business through investment, job creation, payment of taxes and value addition. Philanthropic covers issues of charitable giving by business while legal looks at observance of legal provisions and issues of an enabling legal environment. Ethical considers going beyond legal provisions to comply with broader ethical expectations of society. All these are efforts to describe corporate social responsibility by leading scholars. Evidently, corporate social responsibility is moving from practice towards the construction of appropriate theory, which can underpin the current explosion of initiatives.

The factors that compel the firm to participate in corporate social responsibility include the industry sector in which the firm operates, the management perception of corporate social responsibility and the level profitability. Company size showed mixed results indicating that smaller firms are less likely to be involved in corporate social responsibility while business risks showed a negative relationship with corporate social responsibility (Merrill, 2003).

## **2.2 The Importance of Corporate Social Responsibility**

The practice of corporate social responsibility by an organization brings certain benefits. Drucker (2001) argue that corporate social responsibility cement social contacts with the society. Similar thought are also shared by Bowen (2005) that expectations of responsible behaviours starts with factors driven by a corporation's core competencies. According to Loh (2005), an organization that places corporate social responsibility at its heart will build up a solid reservoir of goodwill with all stakeholder groups. Waddock (2004) argue that corporate social responsibility is typically undertaken with some intent to improve an important aspect of society or relationships with communities or Non Governmental Organizations. Corporate social responsibility is equally as important these days as competitiveness and governance, it forms a triad of pressure that the organization feels will shape business leaders' agendas. In order to reap corporate social responsibilities bottom line benefits, companies must present convincing evidence of their commitment, actions and motives lest they appear to be committed in name only.

According to Bashaija (1997), being socially responsible ensures popularity within the local community which is a source of a firms market and labour forces. The public would generally associate with responsible organizations whose activities do not negatively affect them. Davis (1994) admit that social power is a very powerful tool to ensure

that organizations behave responsibly and that those who do not use power in the way the society expects will eventually lose it. Presto (1978); Bow (1978) have observed that social responsibility could improve a firm's value and that there exists a positive correlation between social disclosure and economic performance, in addition, they show that efficient market detect those firms that give misleading information and discriminate. Other scholars such as Bateman et al (1998) argue that social responsibility has long term advantage for the organization in terms of improved image and avoidance of costly legal regulations that accompany irresponsibility. Proponents of corporate social responsibility believe that "Today, the business of business is everyone's business" (Grayson & Hodges 2001).

### **2.3 Criticism against using CSR for marketing**

The drive towards CSR has not been without hurdles. Writing over 30 years ago, Friedman (1996) had warned that the CSR movement will result in public participation in corporate management or governance. This, he believed will threaten the private role of the corporation (Friedman, 1996; Goodpaster, 1996). Fortunately, there is no evidence of this happening. Instead, businesses have remained very powerful in a way that threatens the pluralistic division of powers among our various social institutions, thereby threatening the democratic freedom. It should also be pointed out that neither business nor governments are monolithic institutions, and the fear that corporate CSR will result in a radical redivision of power in society is totally unfounded. Goodpaster (1996) has been critical of CSR claiming that it uses stakeholders- principally those outside the stockholder group- as a means to the ends of maximizing shareholder wealth. This criticism is weak because the purpose of a corporation, among other things, is to generate wealth for its shareholders and they have to market and sell to customers (who constitute part of their stakeholders) in order to survive.

Another criticism of CSR has been that it will put the firm at a competitive disadvantage since social action entails costs that competitors need not bear. Those who put forward this argument fail to recognize the strategic elements of CSR. CSR is designed not only to eliminate this type of criticism, but also to give the company competitive advantage over its competitors. The case of Dupont reducing the effects of its products on global warming thereby gaining competitive advantage is a case in point. The other is Toyota's development of the fuel-efficient Prius. Critics of companies that have clearly designed their CSR program as a marketing tool have sometimes come under heavy criticism. A case in point is Gap, Inc. and its RED branded products designed to raise money for the Global Funds for AIDS, tuberculosis, and malaria. While Gap and other participants in the RED campaign have donated over \$20 million to the Global Fund, detractors claim they have spent even more on marketing.

Other generally sees corporate good works just as a publicity stunt or a public relations ploy. There is no doubt that companies practicing social responsibility often benefit either in the short-or long-run, and have a right to do so. An act like volunteerism can lead to higher employee morale, which then leads to higher productivity. Also giving back to the local community might make it easier to attract desirable employees or even acquire new customers. Companies usually become good corporate citizens because it makes good business sense. The bias of a philosophical objection to businesses doing well while doing well is unclear. It does not make sense at all when critics claim that good CSR should not involve any desire to profit from it on the part of the company.

Brenkert (1996) has noted that like every activity there is a possibility of crossing the ethical line. For example if a company sponsoring an event

promotes its point of view to the detriment of objective facts, then they might find themselves in a dangerous grey area or even absolutely doing the wrong thing, deserving of criticism. It has also been argued that many CSR effects are said to foster the "materialization of society". As Shaw and Barry (1992) rightly noted, this is already occurring through traditional marketing activities such as advertising and retailing. These companies are merely appealing to an already materialistic society. Friedman (1996) claims that the rise in CSR activities is a problem which has been caused by the separation of ownership and control, or in other words a conflict between the interests of managers and shareholders where managers use CSR as a means to further their own personal agendas at the expense of shareholders (McWilliams and Siegel, 2001). Reference is made to a vast literature in economics, finance, and accounting demonstrating that where there is separation of ownership and managerial control, managers will be tempted to be poor stewards of corporate resources and consume excessive perquisites, feathering their own nest at the expense of stockholders.

Some authors are even more cynical when they suggest that some corporate leaders engage in CSR activities principally because of the non-pecuniary benefits which these managers enjoy from participating in such events, such as ego gratification and pleasure (Cornwell et al., 2001). While these might appear to be corporate caring and thereby generate some goodwill, their major motivation is really selfish interest. Cynics complain that CSR is self serving and somehow impoverishes the notion of Citizenship (Brenkert, 1996). Such arguments are based on the understanding of the role of business in society. As Porter and Kramer (2006) so aptly put it, there is a shared value between corporations and societies in which they operate, so instead of reviewing the relationship as a conflict, businesses and their stakeholders ought to work in

collaboration. The good news is that there are increasing proofs of such cooperation today.

#### **2.4 Perception**

Perception is a process of information extraction by which people select, organize and interpret sensory stimulation into meaningful and coherent picture of the world (Berelson and Steiner, 1964 and Brit, 1978). In other words, it is how people make sense out of the world around them. According to Kibera and Waruinge (1988), perception is the process, which attributes meaning to incoming stimuli and the individual factors. Based on the fact that perception is highly influenced by a persons interests, beliefs, attitudes and other personal attributes that basically makes us individual, it may be concluded that perception is highly subjective and selective (Runyon, 1977). Perception is important especially to marketers since it involves the constitution of the users' feelings about particular stimuli and helps in developing strategies towards meeting that which the users perceive as important (Njoroge, 2003).

We select our perceptions at one of two levels: low-level (perceptual vigilance) or high-level (perceptual defense) (Assael, 1985). This selection takes place after we receive stimuli and begin the next phase in information processing: registration. It is during the registration phase that we are utilizing past interpretations to help us select how to perceive the current stimuli (Travers, 1970). During this phase of information processing, we determine at what level the stimuli belong and, even more importantly, we determine if it belongs to us at all.

According to Merleu-Ponty, (2002), in order to find a relationship between stimulus and perception we need to qualify perceptions. To qualify perceptions we need to know a little about numbers. There are

four different types of number scales that can be used to measure perception, some providing more information than others. The simplest of scales is the nominal/categorical scale. With this scale, numbers are used only as labels, for example, the numbering of football players. A second scale is the ordinal scale. The ordinal scale is used to rank stimuli greater than or less than each other, for example, the rating of the pleasantness of odors. With this scale, the intervals between the assigned numbers are meaningless. A third scale is the interval scale. The interval scale is concerned with equality of intervals/differences between assigned numbers. An example of an interval scale is temperature scales in Fahrenheit or Celsius. The final scale is the ratio scale, which too has meaningful intervals. The difference between this scale and the interval scale is that the ratio scale has an absolute zero, as is the case when measuring length or weight or density (Stevens, 1951).

#### **2.4.1 Consumer perception**

Lazer and Culley (1983) define perception as the mental impression of a stimulus object, what an individual sees in a perceptual field. They assert that no two individuals will perceive a stimulus in exactly the same way for they do not have the same view of the world. Dalrymple and Parsons (1990) explain perception as the values attached to communications about products received from sales people, friends, advertisements and independent test reports.

The competitive advantage which a firm enjoys may exist not only in relation to the physical attributes of the product itself, but may also relate to the perceived image of the product (Ries & Trout, 1982). In any given buying decision, it is not the facts themselves which are important but the potential buyers' perception of those facts (Baker, 1992). Successful positioning often involves products and services which possess favourable



connotations or perceived positive value. It is the perceived image and attributes of an organization or product/service which Ries and Trout (1982) suggest is important in the battle for the minds of target customers. What customers actually believe or perceive will directly influence the purchase decision.

If positioning is successful, then the position which an organization seeks to achieve and what customers perceive should be the same. Striking this balance, however elusive, is the target of every business entity seeking to succeed in a competitive environment. Smith and Taylor (2000) quote Michael Dell, the Chief Executive of Dell as saying that his most valuable customers are not his biggest or his most profitable ones, but those that teach him the most. They cite the Chartered Institute of Marketing, UK which defines marketing as the management process responsible for identifying, anticipating and satisfying customer requirements profitably. The place of the customer in the achievement of corporate objectives can therefore not be overstated.

Before an organization establishes a successful position in the marketplace, four key considerations are important; clarity, consistency, credibility and competitiveness. This assertion by Jobber (1995) puts the consumer at the center of any successful positioning strategy which must be clear with regard to both the target market and the basis of competitive advantage, consistent in order to break through the 'noise' level of competing messages, credible in the minds of the target groups and has a distinctive value proposition which is not being offered by the competition.

The image that a brand has in the mind of the consumer, how it is positioned, is probably more important to its ultimate success than its actual characteristics.

Marketers try to position their brands so that they are perceived by the consumer to fit a distinctive niche in the marketplace, a niche not occupied by any other product (Schiffman and Kanuk, 1994). The way a brand creates value to the customer will depend on the customer's perception of value. For each individual, reality is a personal phenomenon, based on his or her needs, wants and personal experiences. Schiffman and Kanuk (1996, p.161) contend that although two individuals may be subject to the same stimuli under apparently the same conditions, the way they select them, recognize them and interpret them is an individual process based on each persons own needs, values and expectations. One of the cardinal principles of marketing is that one should always seek to put oneself into the customers' position and analyze the selling proposition from his or her point of view (Baker, 1992).

Baker (1992) shares the view that not only do individuals differ one from another, they also change themselves over time. Behavior is driven by perception. What the customer thinks what he does and ultimately what he buys is driven by perception inside his mind. Although customers can perceive things differently, the cumulative effect of the company image as perceived through a managed brand cannot be discounted. It therefore follows that successful brand strategies are those that best match their brand offering with the perceptions of the potential buyers in order to turn this potential to actual purchase decisions.

#### **2.4.1.1 Factors influencing consumer perception**

Consumers have more choices to make and more variables affect those choices than ever before. Consumer experiences touched by a company's marketing, sales, supply chain and operations strategies have an impact on why a consumer does or does not buy from a company (IBM Business Consulting, 2007). Michael Porter (1998) defines perceived quality as customers' perception of the overall quality or superiority of a product or

service relative to relevant alternatives and with respect to its intended purpose. The concept of perceived quality is important because with continual product improvement, consumer expectations of product quality have also heightened.

According to Lazer and Culley (1983), self perception is an important determinant of consumer behaviour. Lazer and Culley (1983) see consumers as attempting to maintain and present a favourable self image by accepting experiences that enhance their image, and rejecting experiences that do not enhance their image. In reacting to all kinds of marketing stimuli consumers will more readily accept activities that enhance their real and ideal self-images. Dalrymple and Parsons (1990) call this phenomenon selective attention. They too observe that consumers have frames of reference that they use to simplify the information they are continually receiving. In this sorting-out process, they not only avoid being overwhelmed by their experiences but also selectively sense only parts of their environment. Brand attitudes may not necessarily be based only on functional benefits and product related concerns but may also depend on more abstract, non-product factors in terms of symbolism or personality reflected by the brand (Keller, 1996). An organisations marketing mix will therefore be more effective if it considers consumers' self images and matches or enhances them (Lazer & Culley, 1983).

Consumer perception is also influenced by product or brand images. According to Lazer and Culley (1983) brands whose images best match the consumers' images are more likely to be purchased. Consumers want products not merely for what they can do but also for their symbolic meaning. The perception of the brand image can be as important as the item's actual function or utility. Consumer perceptions change and often vary with age or geographic region. Status symbols also vary over a

consumer's life cycle. A sports car may appeal to a young single adult male whereas a home in a prestigious neighbourhood or a leadership position in a charitable organisation will appeal to a middle-aged and a senior citizen respectively.

The amount of risk buyers believe is associated with a purchase decision affects their behaviour towards and perception of the brand. Individuals will pursue different risk reduction strategies, sometimes unconsciously for example some will buy the most expensive items as an assurance of quality, whereas will buy the least expensive to minimise the shilling investment. Decision-making can be both at a conscious and a subconscious level (Baker, 1992). At subconscious level selective perception determines what information we will admit into our conscious mind while at conscious level it determines how we interpret and use that information.

A strong determinant of consumer perception towards brands is personality. This is the sum total of an individual's patterned characteristics that make him or her unique. Personalities do not tend to change easily or drastically and can be useful in developing product and targeted promotional features.

Consumers may often seek information that is not readily available in the market in shaping their decision to buy a product or service. Such information may come from family, friends or workmates. Those who provide information that influences the consumers' perception and decision to or not to buy are referred to by Dalrymple and Parsons (1990) as opinion leaders or influentials.

#### **2.4.1.2 Measurement of consumer perception**

Communication strategy starts by identifying, quantifying and prioritising the needs, wants and perceived degrees of satisfaction of specific target markets or Key Communications Groups (KCGs). These are the fundamentals, the building blocks of a sound strategy (Webster, 2004). Without the benefit of knowing exactly what perceptions are held by the target market it is difficult to realise the very purpose of a communication program. Perception measurement is thus a key ingredient required for a successful strategy. Webster observes that when it is correctly approached and conducted, perception measurement will yield valuable business intelligence. According to Michael Baker (1992), perceptual mapping is the establishment and measuring of criteria which permit one to distinguish between similar products competing in the same market segment. He observes that the real benefit of positioning lies in identifying the gap or hole in the marketplace and then filling it.

Perceptual mapping quantifies and prioritises the needs, wants and/or decision criteria and the desired standards of performance of a key communication group. The strategist constructs a map of the products' perceptual space by comparing salient features and benefits with consumer evaluations of how existing brands relate to the ideal (Lazer and Culley, 1983). The marketer is then able to quantify their levels of awareness and the perceptions they hold regarding potential satisfiers of their needs or wants, in comparison with their desired standard of performance. By plotting the positions of existing brands and mapping the preference points, indications can be inferred of possible untapped opportunities and marketing mix variables that can be employed to develop new products or reposition existing ones. Once this is established, the messages to be delivered to the target market are identified and prioritized. Perceptual mapping is used to quantify the awareness and perception shifts achieved by the advertising or

communication. In other words, it will track or monitor the effect of the communication in the course of the strategy's implementation. Proper perception measurement actually develops the strategy for you (Webster, 2004). Not only does it identify the messages to be sent, but also prioritises them and indicates the weights that should be assigned to them or in other words the frequency and emphasis that should be placed upon them.

Other tools designed to measure perception include the Likert scale developed in 1932. The Likert scale involves asking individuals whether they agree or disagree with a statement and the extent of their agreement or disagreement with the statement. This degree is gauged using five categories; Strongly agree, Agree, neutral / Don't know, Disagree and strongly disagree. The categories have values attached to them and these provide a measurable score. Chemaiyick (2006) used this tool to assess the consumer attitudes towards the re branding of Kenya Airways. The Thurstone Scale technique designed in 1929 is yet another tool that can be used to measure perception. Many statements as possible are collected from different respondents on the issue to be measured. These statements are required to be clear and unambiguous and must distinguish the different perceptions of the respondents. The responses are then grouped according to their similarity in view.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter concerns the various steps that facilitated the execution of the study to satisfy the objectives of the study. These steps included the research design, population of interest, data collection instruments and procedures and data analysis.

#### **3.2 Research design**

The study was modeled on a descriptive survey design. According to Churchill (1998) and Cooper (1996), a descriptive study is concerned with the what, who, where and how of a phenomenon. Murunyu (2006), Mitúgua (2006) and Wamoyo (2006), have used descriptive study in related studies.

#### **3.3 The Target population**

The population of the study was the Faculty of Law and Postgraduate, school of business, University of Nairobi students both undergraduates and post graduates.

#### **3.4 Sampling technique**

A sample size of 100 students was picked. 50 undergraduate students and 50 postgraduate students from the faculty of law, and school of business; were picked by stratified sampling method from the population.

#### **3.5 Data collection**

Primary data was collected by use of questionnaire. The questionnaires were developed in line with the study objective. The questionnaires were administered to the students before the class begins. Finally the

researcher collected the in filled questionnaires from the students for analysis. The questionnaires were divided into three sections. Section one was meant to capture the respondents' background. Section two contained questions on corporate social responsibility practices while section three contained questions on influence of corporate social responsibility on purchase of airtime.

### **3.6 Data analysis**

Descriptive statistics was used to analyse data. Section one was analyzed using frequencies and percentages to summarise students bio data. Data on section two was analyzed using frequencies, percentages, mean score and standard deviation to summarise and show variations in data. Section three was analysed using percentages, frequencies and content. Presentation of data took the form of tables, graphs and pie charts.



## **CHAPTER FOUR**

### **DATA ANALYSIS AND PRESENTATION OF FINDINGS**

#### **4.1 Introduction**

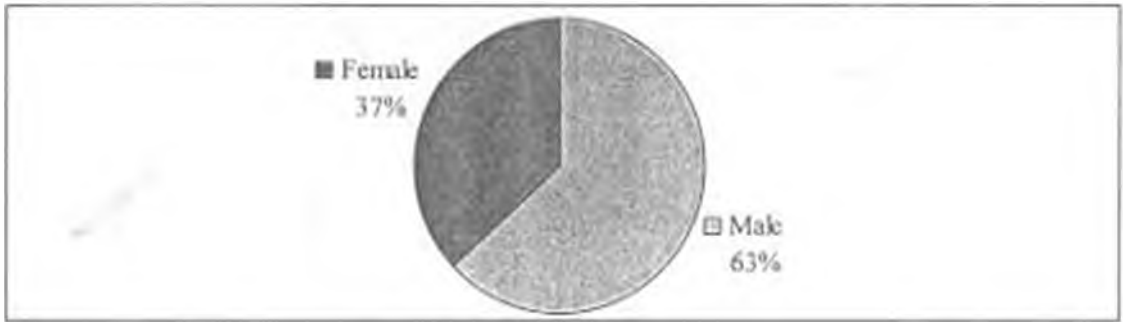
In this chapter data pertaining to the perception of the University of Nairobi Students towards CSR practices by Safaricom is analyzed and interpreted.

A total of 100 respondents comprising of 50 undergraduate students from the Law School and 50 post graduate students from the school of business were sampled. Every sampled respondent was given a questionnaire out of which 76 responded by completing and returning the questionnaire. This gave a response rate of 76%. The collected data were edited and coded. Data analysis of the responses from the questionnaires was done using descriptive statistics such as percentages and frequencies. Mean and standard deviations were also used to analyse data. Content analysis was equally used to analyse the respondents' opinions. Presentations were done in form of pie charts, graphs and tables.

#### **4.2 Company and consumer data**

The respondents were first asked to provide information on: their gender, level of education and the age bracket they belonged (see appendix 2). The study established that 63 percent of the respondents (48) were male while 37 percent were female as shown in Figure 4.1

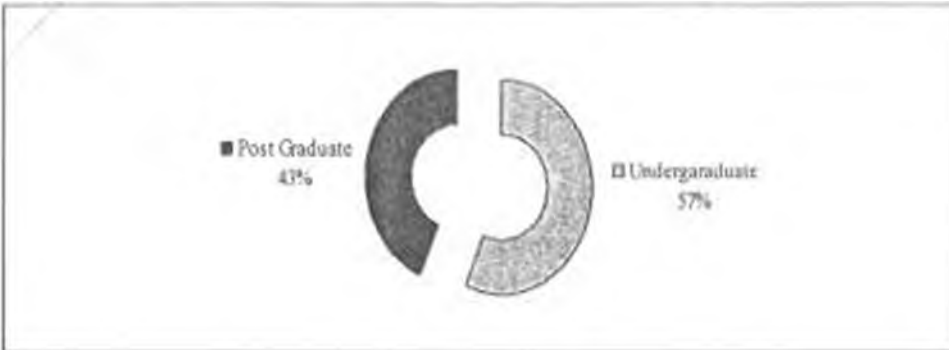
**Figure 4.1: Gender**



Source: Researcher (2008)

The study also established that the undergraduates were the majority respondents as Figure 4.2 shows that they were 57 percent (43) compared to 43 percent postgraduate respondents (33).

**Figure 4.2: Level of Education**



Source: Researcher (2008)

Respondents were asked to indicate their age bracket. According to the result of the study as shown in Table 4.1, 33 respondents (43%) were in the age bracket of 22 to 25 years while 26 respondents (35%) were in over 25 years old.

**Table 4.1: Age Bracket**

	Frequency	Percent
18 - 21 years	17	22
22 - 25 years	31	43
Above 25 years	26	35
Total	76	100

Source: Researcher (2008)

### **4.3 Perception of Safaricom's CSR Practices**

In this section the study sought to establish the respondents' perception towards Safaricom's CSR activities. The subsequent sections are the presentations of the findings.

#### **4.3.1 Aware of Safaricom's CSR activities**

Respondents were asked to indicate if they were aware of Safaricom's CSR activities and 91 percent indicated that they were indeed aware of the CSR activities by the Safaricom. Asked to list the CSR activities by Safaricom which they know of, respondents indicated that safaricom was involved in community development activities which are aimed at uplifting the living standards of the people, for example, it is involved in borehole sinking in Kajiado. The company has also contributed towards the electric fencing of the Abadars to conserve the environment. Safaricom is the main sponsor of the Lewa Marathon to which the proceeds are used to uplift the living standards of the people and to preserve the ecosystem of the region especially the world life. Others include the Mara Marathon and the Kisii Marathon which have become annual events. Safaricom according to the respondents has participated in the campaign to eradicate illiteracy in the country by supporting education for instance construction of schools and sponsoring bright students from poor backgrounds. Safaricom has participated in supporting children's homes and in medical support for instance the Nyeri Hospice.

### 4.3.2 Extent Safaricom is Engage In CSR Activities

The study sought to find out the extent to which Safaricom was engaged in CSR activities. This was measured by a five-point Likert scale, where respondents were required to indicate the extent to which the company engaged in the listed CSR activities. The range was from 'no extent', to 'very large extent'. The score of '1' has been taken to represent 'no extent' and to be equivalent to mean score of 0 to 1.0 on the Likert. The scores '2' have been taken to represent 'small extent' and to be equivalent to a mean score of 1.1 to 2.0. The scores '3' represent 'moderate extent' and taken to be equivalent to mean score of 2.1 to 3.0. The scores '4' represent 'large extent' and taken to be equivalent to mean score of 3.1 to 4.0. And the scores '5' have been taken to represent 'very large extent' and to be equivalent to mean score of 4.1 to 5.0. A standard deviation of  $> 1$  implies a significant difference in the respondents' response. The findings of the analysis are depicted in table 4.3 below.

**Table 4.3 Extent Safaricom is Engage In CSR Activities**

	N	Mean	Std. Error	Std. Deviation
Sponsoring sports	76	3.8	0.13	1.2
Supporting children's homes	76	3.4	0.13	1.2
Environmental protection	76	3.2	0.14	1.2
Community development	72	3.2	0.12	1.0
Supporting education	72	2.8	0.14	1.2
Fighting corruption	72	2.2	0.14	1.2
Fighting HIV/AIDS	72	2.6	0.13	1.1

Source: Researcher (2008)

The study established that Safaricom engaged in CSR to a large extent as the mean score were more than 3.0. The respondents indicated that Safaricom was sponsoring sports to a large extent (mean score 3.8). It was also apparent that the company supported children's homes to a large extent (mean score 3.4). Other activities engaged in by the company

to a large extent were environmental protection and community developments (mean score 3.2).

#### 4.3.3 Safaricom doing enough in terms of CSR

The study sought to establish the respondents' opinion as to whether Safaricom was doing enough in terms of CSR. The results are presented below.

**Figure 4.3: Safaricom doing enough in terms of CSR**



Source: Researcher (2008)

Figure 4.3 show that 66 percent of the respondents believe that Safaricom was not doing enough in terms of CSR while only 34 percent believed the company was doing enough.

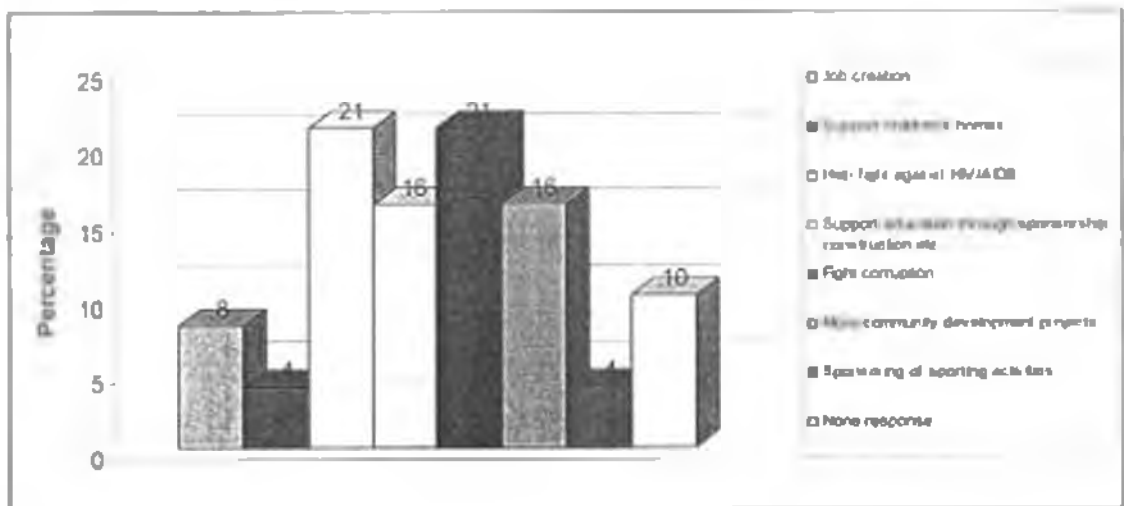
Asked to explain their answers, 18 (24%) respondents indicated that Safaricom was a company which was making huge profits, and this compared to what it was giving back to the society was very little. Others indicated that the amount that the company was using in advertisement was very huge as compared to the proportion they allocated for CSR. Respondents also indicated that the company should channel most of its CSR activities to the remote areas as these were where most needy cases were found.

But those who thought that Safaricom had done enough in terms of CSR indicated that the company was involved in several activities. Respondents also indicated that Safaricom had helped raise the living standards of the marginalized communities like in Lewa. They indicated that the company has generally fared well in participation in community development projects.

#### 4.3.4 CSR activities Safaricom should engage in

Respondents were asked to list CSR activities they liked Safaricom to engage in. The results of the study are summarized in Figure 4.4 below.

**Figure 4.4: CSR activities Safaricom should involve in**



Source: Researcher (2008)

The study established that 21 percent of the respondents would like Safaricom to engage more in fighting corruption and HIV/AIDS. The study further revealed that 16 percent of respondents indicated that engage more in supporting education by providing scholarships, construction of schools and more participation in community development activities with an aim of reducing poverty especially in the marginalized areas like the North Eastern Province.

#### 4.4 Factors influencing Students Perception on CSR

The study sought to establish the factors that influenced the respondents perception on CSR activities by Safaricom. This was measured on a five-point Likert scale. The range was 'no extent', 'small extent', 'moderate extent', 'large extent' and 'very large extent'. The score of 'no extent' has been taken to be equivalent to mean score of 0 to 1.0 on the Likert. The scores 'small extent' to be equivalent to a mean score of 1.1 to 2.0. The scores 'moderate extent' to be equivalent to mean score of 2.1 to 3.0. The scores 'large extent' to be equivalent to mean score of 3.1 to 4.0. And the scores 'very large extent' to be equivalent to mean score of 4.1 to 5.0. A standard deviation of  $> 1$  implies a significant difference in the respondents' response. The findings of the analysis are depicted in table 4.4.

**Table 4.4: Factors influencing Students Perception on CSR**

Factors influencing students perception	N	Mean	Std. Error	Std. Deviation
Friends influenced me to subscribe to Safaricom	75	2.5	0.17	1.4
Subscribe to Safaricom because of their flexible tariffs	75	3.3	0.15	1.3
Subscribe to Safaricom because of its CSR activities which improve lives of the community	76	2.2	0.15	1.3
Like to associate with Safaricom because it is a good brand to associate with	76	2.7	0.17	1.5
Decision to subscribe to Safaricom was as a result of advertisements and promotions	73	2.8	0.15	1.3
The choice to subscribe was influenced by quality of services provided by Safaricom	76	3.4	0.17	1.5

Source: Researcher (2008)

The study established respondents indicated that their choice to subscribe to Safaricom was to a large extent influenced by the quality of services it provided (mean score 3.4). It was also apparent that respondents indicated that they subscribed to Safaricom to a large extent because of their flexible tariffs (mean score 3.3).

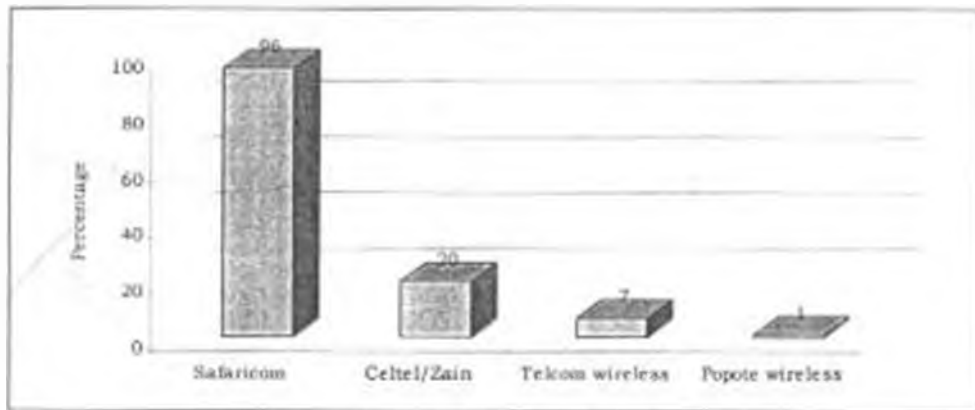
#### 4.5 Influence of CSR on Purchase of Airtime

In this section the study sought to establish the influence of CSR on the respondents' purchase of airtime. The findings of the analysis are presented in the subsequent sections.

##### 4.5.1 Mobile Line Owned and Duration

Respondents were asked to indicate the mobile line they owned and the period they have owned them. Results are presented in table 4.5 below.

Figure 4.5: Mobile Line Owned



Source: Researcher (2008)

The study revealed that safaricom had the largest representation as 96 percent of the respondents owned safaricom lines. Zain had a representation of only 20 percent (15).

Table 4.4: Period Line been held

Period the line has been held	N	1 year (%)	2 years (%)	3 years (%)	4 years (%)	Over 5 years (%)	Total
Safaricom	73	4	10	20	26	40	100
Celtel/Zain	15	33	27	20	0	20	100
Telcom wireless	5	100	0	0	0	0	100
Popote wireless	1	100	0	0	0	0	100

Source: Researcher (2008)



The study established (table 4.4) that 40 percent of the respondents who owned Safaricom lines had held the lines for over 5 years while 26 percent have held the Safaricom lines for 4 years. The study further established that 33 percent of those who had Zain had held them for one year.

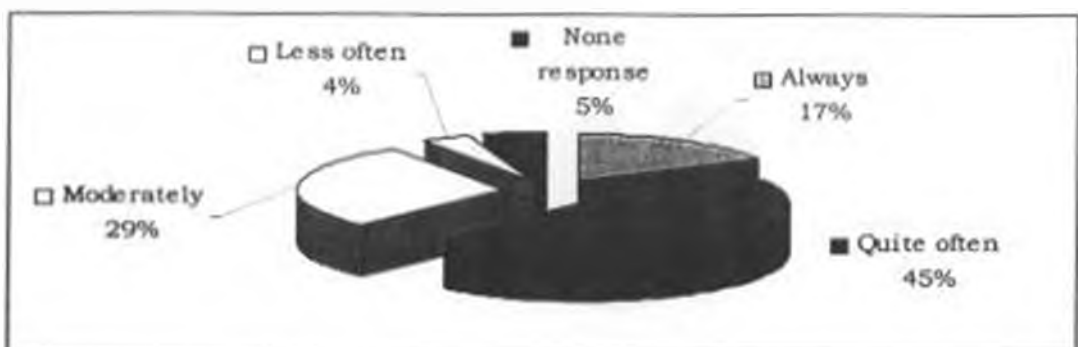
#### 4.5.2 Reasons for Choosing Safaricom

The respondents were asked to indicate what made them go for Safaricom lines. According to the findings of the study, 16 respondents indicated Safaricom offered lower calling charges. The study also established that 13 respondents indicated that they chose Safaricom because it offered good and efficient services such as M-PESA and a variety of tariffs. Others (14) indicated that they chose Safaricom because many people including their friends and relatives had it.

#### 4.5.3 Buy Safaricom Airtime

Respondents were asked to indicate how often they bought Safaricom airtime. The result of the study in figure 4.6 show that 45 percent of the respondents (34) indicated that they buy airtime quite often, while 29 percent (22) indicated that they buy it moderately.

**Figure 4.6: Rate of Buying Airtime.**

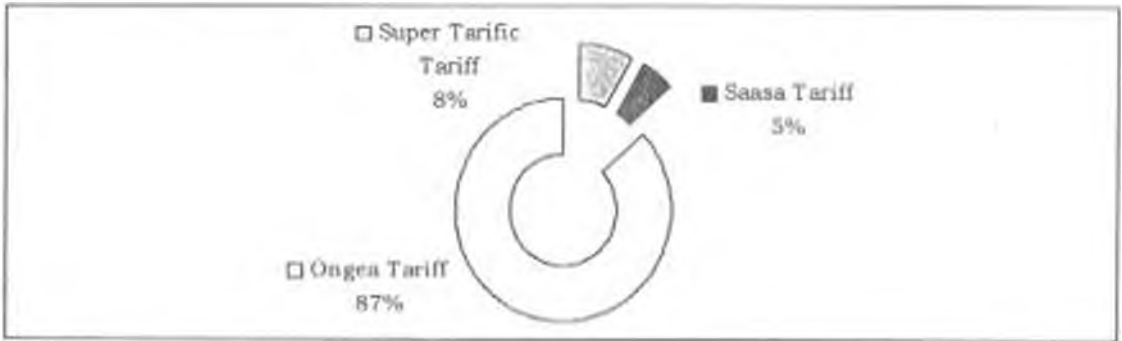


Source: Researcher (2008)

#### 4.5.4 Type of Tariff

The study sought to establish the Safaricom tariff that the respondents were in. According to the results of the study 87 percent of the respondents (66) were in the ongea tariff (see Figure 4.7)

**Figure 4.7: Tariff**

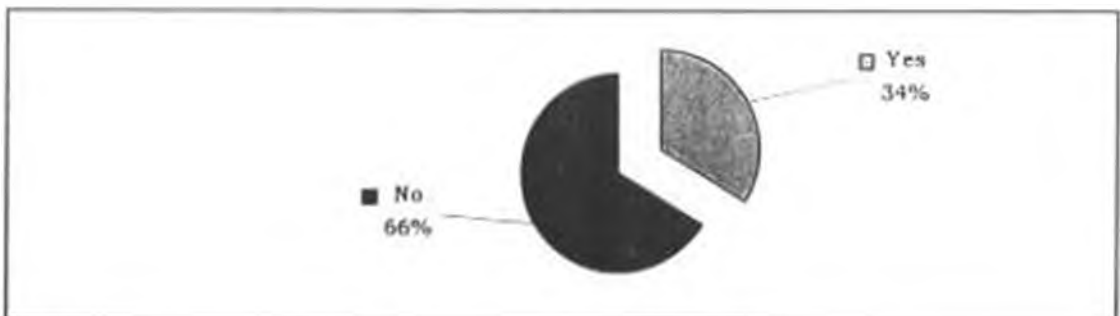


Source: Researcher (2008)

#### 4.5.5 Influence of Safaricom's CSR on Airtime Buying

Respondents were asked to indicate if CSR of Safaricom had influenced them to buy the company's airtime. 66% of the respondents (50) indicated that CSR did not influence them in any way to buy Safaricom airtime, while 34 percent (26) indicated that indeed CSR of Safaricom influenced them to buy the company's airtime.

**Figure 4.8: Safaricom CSR Influenced Airtime Buying**



Source: Researcher (2008)

Asked to explain, respondents indicated that they bought airtime for communication purposes. Some respondents (7) indicated that they bought Safaricom's airtime in order to be part of the solution to the societal problems.

## **CHAPTER FIVE**

### **SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.**

#### **5.1 Summary**

The overall purpose of the study was to determine the students of University of Nairobi perception towards CSR of Safaricom. The research question was; what are the students of University of Nairobi perception towards CSR activities on airtime purchase behavior? Out of the 100 students that were sampled, 76 responded. This gave a response rate of 76%. The study established that 63 percent of the respondents (48) were male and 57 percent of the respondents (43) were undergraduates. The study established that 43 percent of the respondents (33) were in the age bracket 22 – 25 years and 35 percent (27) were over 25 years old.

#### **5.2 Discussion**

##### **5.2.1 The Students Perception towards CSR of Safaricom.**

The study established that up to 91 percent of the respondents were aware of the CSR activities of Safaricom and said that Safaricom was involved in activities such as community development which were aimed at uplifting the living standards of the people. These were activities such as sinking of boreholes in Kajiado. Others included environmental conservation for instance the fencing of the Abadara and the Lewa Marathon whose proceeds are used to conserve the park and improve the living standards of the people. The Company had supported sports for instance the Kisii and the Mara marathons. The respondents indicated that Safaricom engaged in CSR activities to a large extent (mean score of more than 3.0). These included activities such as sponsoring sports (mean score 3.8), supporting children's homes (mean score 3.4) and environmental protection and community development (mean score 3.2). Despite these findings, 66 percent of the respondents did not think that Safaricom had done enough in terms of CSR. They indicated that

Safaricom was making abnormal profits and this compared to what it was giving back to the society, was very negligible. They indicated that Safaricom should channel CSR activities to the remote areas. Respondents felt that Safaricom should engage in CSR activities like fighting corruption and HIV/AIDS, supporting education and more of community development projects.

The factors that influenced the respondents' to subscribe to Safaricom were the flexibility of the tariffs (mean score 3.3). The respondents' decisions to subscribe were also influenced by the quality of services provided by the company (mean score 3.4), and the advertisement and promotions (mean score 2.8).

### **5.2.2 The Students' Perception of CSR Activities of Safaricom on their Airtime Purchase Behavior**

Of all the studied respondents, 96 percent (73) subscribed to Safaricom. This was attributed to its lower calling charges compared to other operators, as was indicated by 16 respondents. The respondents indicated that they subscribed due to the fact that Safaricom offered good and efficient services such as M-PESA and HOTSPOT. This was indicated by 13 respondents who said that they enjoyed such services provided by Safaricom. These findings confirm Porter (1998) definition of perceived quality, that with continued product improvement, consumer expectation of product quality has always heightened. This could also be termed a successful positioning of Safaricom as fronted by Smith and Taylor (2000) who defined marketing as the management process responsible for identifying, anticipating and satisfying customer requirements profitably. Safaricom identified and anticipated that consumer need for money transfer, M-PESA and the need to surf the internet anywhere anytime, HOTSPOT, thereby satisfying the needs of its customers needs profitably. According to the study, other respondents

(14) subscribed to safaricom because it was the network where most of their friends and relatives were. This is what Dalrymple and Parsons (1990) termed as opinion leaders or influentials as they have influenced the respondent's opinion on Safaricom. In general the study can therefore conclude that Safaricom has positioned itself as the Market leader as according to Jobber (1995) it been able to put its consumers at the center of its positioning strategy.

The study established that CSR did not influence the respondents to buy airtime as 66 percent of the respondents (50) indicated that CSR did not influence them to buy Safaricom airtime. They gave reason for buying Safaricom airtime as need for communication.

### **5.3 Conclusion**

The study has established that the students' perception of the CSR activities is positive as majority of the respondents indicated their awareness of CSR activities of Safaricom but also indicated that it was not the influence of CSR activities that made them buy Safaricom airtime but the need for communication.

### **5.4 Recommendations**

Due to the fact that majority of the respondents indicated that they subscribed to Safaricom due to the good and efficient services. The study therefore recommends that Safaricom concentrate on improving its services to its customers as this has proved to be satisfying its customers needs and also profitable to the organization due to increased number of subscribers.

In as much as Safaricom continue to engage in CSR activities, it must remember that it is things like low costs of making calls, flexibility of the tariffs and the consumers self perception that matters. The study

therefore recommends that Safaricom and other players in the mobile phone service provision industry as well as in other industries concentrate on activities that will benefit their customers directly.

### **5.5 Recommendations for Future Research**

This study was done on Safaricom only. The study recommends that similar study should be done on other organizations in Kenya to establish if CSR activities influenced the buying behavior of customers. The study also recommends that similar studies should be carried out in other countries especially in Africa.

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## APPENDICES

### APPENDIX 1: LETTER OF INTRODUCTION

#### LETTER OF INTRODUCTION

June 2008

Dear Respondent,

#### **REF: REQUEST FOR RESEARCH DATA**

I am a Masters of Business Administration (MBA) student at the University of Nairobi. In a partial fulfillment of the requirements of the stated course, I am conducting a Management Research Project entitled, "Customer perception towards corporate social responsibility activities on airtime purchase behaviour: A case study of Safaricom Limited".

To achieve this, you are one of those selected to participate in the study. I therefore kindly request you to fill the attached questionnaire to generate data required for this study. This information will be used purely for academic purpose and your name will not be mentioned in the report. Findings of the study, shall upon request, be availed to you. Your assistance and cooperation will be highly appreciated.

Yours truly

**Rosemary Atieno Hala**

Student

University of Nairobi

**Dr. R. M. Musyoka**

Supervisor

University of Nairobi

## APPENDIX 2: QUESTIONNAIRE

### SECTION A: BACKGROUND OF THE RESPONDENTS

1. Name (Optional) \_\_\_\_\_
2. Gender Male  Female
3. Level of study Undergraduate  postgraduate
4. Please indicate the age bracket in which you fall

18-21 Years	22-25 Years	Above 25 Years

### SECTION B: PERCEPTION OF SAFARICOM'S CORPORATE SOCIAL RESPONSIBILITY PRACTICES

5. Are you aware of Safaricom's corporate social activities?  
Yes  No
6. If your answer to question 5 is yes, please list any social activities Safaricom has played in any area in Kenya.
  - a) \_\_\_\_\_
  - b) \_\_\_\_\_
  - c) \_\_\_\_\_

7. State the extent to which you think Safaricom generally engage in the following activities in fulfillment of their quest for corporate social responsibility, where 1= no extent, 2= small extent, 3= moderate extent, 4= large extent and 5= very large extent

	1	2	3	4	5
a) Sponsoring sports					
b) Supporting children's homes					
c) Environmental protection					
d) Community development					
e) Supporting education					
f) Fighting corruption					
g) Fighting HIV/AIDS					
h) Any other (Specify)					

8. In your opinion, is Safaricom doing enough in terms of corporate social responsibility?

Yes        No   

9. Explain your answer in 9 \_\_\_\_\_

\_\_\_\_\_

10. Please list the activities you would like Safaricom to do in terms of corporate social responsibility. \_\_\_\_\_

\_\_\_\_\_

### FACTORS INFLUENCING CONSUMER PERCEPTION

11. State the extent to which you agree with the following statements, where 1= no extent, 2= small extent, 3= moderate extent, 4= large extent and 5= very large extent

	1	2	3	4	5
a) Friends influenced me to subscribe to Safaricom					
b) Subscribe to Safaricom because of their flexible tariffs					
c) Subscribe to Safaricom because of its CSR activities which improve lives of the community					
d) Like to associate with Safaricom because it is a good brand to associate with					



c). Decision to subscribe to Safaricom was as a result of advertisements and promotions					
d). The choice to subscribe was influenced by quality of services provided by Safaricom					

**SECTION C: INFLUENCE OF CSR ON PURCHASE OF AIRTIME**

12. Please indicate the mobile phone line(s) you have and the time period for which you have had the line(s).

No. of years with the mobile line	1	2	3	4	5
Safaricom					
Celtel					
Telkom Wireless					

13. If you have a Safaricom line, what made you go for the line?

\_\_\_\_\_

14. How often do you buy Safaricom airtime?

Always	Quite often	Moderately	Less often	Never

15. Which Safaricom tariff(s) are you in?

Jambo Tariff	Super Taifa	Super Tariffic	Samba Tariff	Ongca Tariff

16. Has the corporate social responsibility of Safaricom influenced your purchase of the companies air time in any way?

a) Yes          No   

17. If question 14 is yes, please explain why. \_\_\_\_\_

\_\_\_\_\_

18. In your opinion, what do you think are the intention of Safaricom's corporate social responsibility. \_\_\_\_\_

\_\_\_\_\_