

**EMPLOYEES PERCEPTIONS OF BENEFITS OF CORPORATE SOCIAL  
RESPONSIBILITY BY SAFARICOM LIMITED**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE  
IN HUMAN RESOURCE MANAGEMENT, SCHOOL OF BUSINESS, UNIVERSITY OF  
NAIROBI**

**2014**

**DECLARATION**

I declare that this research project is my original work and that it has not been presented for the award of a degree in any university.

Signature \_\_\_\_\_ Date \_\_\_\_\_

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**D64/60702/2013.**

This research project has been submitted for examination with my approval as the University Supervisor

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## **DEDICATION**

I dedicate this research proposal to mother, sisters and brothers for their unlimited understanding in allowing me pursue this Msc (Human Resource Management) program and for their prayers and support.

## **ACKNOWLEDGEMENTS**

Many people have encouraged and supported me throughout the writing of this research proposal. I would like to acknowledge their contribution. Prof. K'Obonyo for his time and patience to scrutinize this proposal. Prof. K'Obonyo for the invaluable support in concluding this project. You have contributed immensely in shaping this study through your advice, directions, suggestions and criticisms. The staff of Safaricom Limited for providing me with the necessary information for this proposal. To my dear friend Joshua and mother for your patience, understanding, encouragement, prayers and support. God Bless You All. Finally I am most grateful to God the Almighty without whose provision of life and good health I would not have made it this far.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

CSR Corporate Social Responsibility

Safaricom Safaricom (K) Limited

CEO Chief Executive Officer

Ms- Excel Microsoft Excel

## **ABSTRACT**

The aim of the study was to establish benefits of corporate social responsibility at Safaricom Limited. The study used descriptive research design with a target population of 100 employees of Safaricom whereby primary data was used. The researcher employed open-ended questionnaires in order to obtain responses from the sample population. Descriptive data analysis was employed in analyzing the data presented in the study. Ultimately the research findings Safaricom practices CSR by choosing its own unique activities. The range of activities the firm is involved in included provision of good working conditions for employees, enhanced employees' welfare, truthful advertising, and empowering communities through provision of social services and food security and environmental conservation. Participation availability of resources, sustainability of projects, the moral obligation of giving back to the community as well as various regulations were some of the factors influencing corporate social responsibility practices adopted by Safaricom Ltd Implementation of CSR activities in the organization was largely done through employees, volunteers and other key stakeholders. The study further concluded that CSR needs joint participation of key stakeholders like employees for its sustainability. Attraction and retention of talented employees, increased growth in market share, enhanced brand image and reputation and employees get more committed, proud and happy of the organization were some of the benefits of CSR. It is recommended that Safaricom Limited ought to engage the stakeholders more to enable them perceive value in all CSR activities so as they support the firm's engagement in it. Most interviewees agreed that corporate social responsibility activities had been of benefit to employees. This was reflected in the improved company image, increased number of customers, attracting outstanding employees and improved profitability.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Corporate Social Responsibility is concerned with the ways in which an organization exceeds its minimum obligations to stakeholders (Johnson et al, 2010). The direction that corporate social responsibility takes has several dimensions comprising corporate philosophy, corporate responsibility and corporate policy. Charitable donations and not for profit organization is an example of corporate philosophy whereas strategic philosophy involves companies making a long term commitment to one cause (Cozen, 1996). Employees are important stakeholders as they play key role in organization success. Employee perception of an organization's ethics and social responsibility may influence their attitude and performance which in turn will have effect on their organization. As key stakeholders employees are often allowed in the CSR activities. This is important as it allows the organization to effectively interact with employees on CSR issues.

There are four distinct paths through which employees can benefit from corporate social responsibility this includes: a sense of security and safety that their material needs will be met, self-esteem that stems from a positive social identity this is means employees 'estimation of how others perceive the firm and how the firm present itself to others, feelings of belongingness and social makes the employee to have a psychological ownership and sense of responsibility , and existential meaning and a deeper sense of purpose at work increase employee life satisfaction and emotional well being . CSR increases perceived corporate morality, which in turn can help to satisfy employees' needs for security, self-esteem, belongingness, and a meaningful existence (Aguilera et al., 2007; Rupp, 2011; Rupp, Ganapathi, Aguilera, & Williams, 2006).

Safaricom Foundation has formed partnerships with local communities to fund projects which contribute to self-sufficiency. The foundation supports income generating activities, also helps in reducing illiteracy levels supporting the enrolment and admission of children to schools especially those who are disadvantaged. Safaricom foundation formed partnerships with Kenya wildlife service and the Kenya forest Service to protect forest and water catchment areas to ensure no encroachment by the population takes place ([www.safaricom foundation.com](http://www.safaricom foundation.com)). In the

health Sector the foundation supports various health centres and hospitals by donating ambulances and equipment; mobile clinics, counseling and helping women with reproductive health needs. Safaricom company was instrumental in spearheading a campaign dubbed ‘Kenyans for Kenya’ where companies come together to raise money for relief, this was a very successful campaign calling upon Kenyans to contribute to other Kenyans facing serious hunger in North Eastern part of Kenya. This initiative was meant to assist hunger victims since the government was doing little to provide relief food despite being cautioned by experts that drought was imminent in Turkana and other parts of North Eastern. This exposes lack of disaster preparedness and good will from the government. Kenyans contributed in excess of Kshs100 Million. Critics however say that these are short term temporary measures which need to be addressed since the government is in position to plan and allocate funds for such emergencies instead of reacting after the damage has been done (Safaricom annual report, 2010). Social identity theory, stakeholder theory organizational justice, and social exchange theory underpin the relationship between employee’s perception on benefits of CSR and their attitudinal and behavioral outcomes.

### **1.1.1 The concept of perception**

Perception refers to constructing an understanding of the social world from the data we get through our senses. Thus, perception “refers to the process by which we form impressions of other people’s traits and personalities.”(Michener, DeLamater and Myers, 2004). You may have noticed that by referring to “our senses” as the means of data collection the authors may have placed too much emphasis on its perception component, which the first two definitions clearly avoided. In order to shed more light on this concept it is important for you to pay attention to the following elements of the above definitions of perception listed by Rao and Narayan (1998): Our attention, feelings and the way we act are influenced by our environment; perception helps you to gather data from your surroundings; process the data and make sense out of it; in perception it is sometimes difficult to separate the information from the action; it is basically a process of gaining mental understanding and perception guides the perceiver in harnessing, processing and channeling relevant information towards fulfilling the perceiver’s requirements.

According to Rao and Narayan (1998), they emphasize that perception ranks among the important cognitive factors of human behavior or psychological mechanism that enable people to understand their environment. In their own words, “perception is the process whereby people select, organize, and interpret sensory stimulations into meaningful information about their work environment Rao and Narayan (1998). They argue that perception is the single most important determinant of human behavior, stating further that there can be no behavior without perception. Though focusing on managers in work settings, Rao and Narayan draw attention to the fact that since there are no specific strategies for understanding the perception of others, everyone appears to be left with his own inventiveness, innovative ability, sensitiveness and introspective skills to deal with perception.

### **1.1.2 Corporate social responsibility**

For any organization wishing to enhance CSR, the management must exhibit social conscience in their operations which goes beyond participating in community projects or donating money to projects (Thompson, Peterafet al, 2010) .To be able to adequately plan for social responsibilities the management must consider four types of social commitment thus economic, legal, ethical and discretionary social responsibilities (Pierce and Robinson, 2011). The organization’s decision on whether or not to engage in Social responsibility is largely dependent on the stance assumed by the organization. The organization can take up a posture of Laissez-faire which in French means let do. This means that the organization only undertakes responsibility of generating profit and interest for the shareholders. Secondly an organization can take posture of enlightened self interest where the management realizes there is a long term benefit of managing relationships well with other stakeholders. As a forum for stakeholder interaction the management tends to seek to balance the various stakeholders’ interests. Lastly organization can view itself as a shaper of society and this could be its sole reason of existence (Johnson, Whittington et al, 2011).

A company can choose to participate in a number of different socially responsible endeavors and it is this then that coins its strategy for CSR (Thompson, Peterafet al, 2012). A CSR strategy has five components thus it should observe ethical principles in operating the business. Ideally an unethical conduct would go against the company’s quest of being ethical. Secondly, it could

entail organization making charitable contributions, supporting the community service and reaching out to making a difference in the lives of individuals. Thirdly, company taking action to protect the environment from any adverse impact (especially those stemming from its own activities). Fourthly, taking actions to create a work environment that enhances the quality of life for employees for instance Safaricom has a nursing station for mothers with small infants. Lastly, the organization taking deliberate effort in building a diverse workforce such as one with the right mix of men and women and even different nationalities.

In light of the above many companies have started blowing their own trumpet to what benefits their CSR strategies have through ads, websites in order that they can highlight their actions. In creating a corporate image of being socially responsible then the company has to create perception to Safaricom employees that it contributes to attracting and retaining competent people ,community development, it supports artistic and social activities and that its generally trying to improve the welfare of society as a whole (Keller, Apéria and Georgson,2008).

### **1.1.3 Benefits of Corporate Social Responsibility**

As organizations strive to optimize their operations their main source of inputs that is raw materials, human resources emanate from the society. Therefore managing to balance stakeholders 'needs is one major relationship that they must nourish (Porter 1985). This largely helps in attracting the best expertise in terms of human resources as people will be drawn to working for brands they believe in. For instance, Safaricom has many students aspiring to work for them.

Secondly, any organization seeking to expand its operations will find it easy to attract Investors if it is socially responsible. Outstanding performance and optimism shared by the then CEO of the leading mobile Services Michael Joseph who told the Economist that “getting phone service to the underprivileged in Africa has been hugely more successful than aid” ( Wealth Daily newspaper, Monday June 23<sup>rd</sup> 2008, Hopkins).It was this that fuelled Safaricom in quarter two to float its shares to the public to realize \$800 million (Ewing, Barclays May 30<sup>th</sup>, 2008). It was therefore no wonder when the Safaricom shares were oversubscribed to a tune of up to 200%. This was all because they wanted to be identified with the number one mobile operator of the day.

Thirdly, out of organizations participating in social issues and communicating the same to the consumers at large then customers get the impression that they are cared for. This then causes them to have a deeply entrenched brand loyalty that is difficult to break, Safaricom strive to ensure that their activities are socially responsible (Porter and Kramer (2006).

#### **1.1.4 Safaricom Company limited**

The Safaricom established a Foundation 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. (Safaricom foundation, 2011) 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 (Safaricom foundation, 2011). 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 ([www.safaricomfoundation.com](http://www.safaricomfoundation.com)). 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 Research Problem**

Corporate social responsibility has become an important area of focus for companies' today. Involvement in charity ranges from cash and material donations, scholarships, community development and environmental cleanups. This is a far cry from the doctrine of Friedman (1970), which states that the one and only responsibility of a firm is to engage in activities that will increase its profits within the confines of the law. Corporate social responsibility is now an integral part of what a company is about. However, no matter how it is specifically defined, corporate social responsibility cannot be a separate or sometimes equal element in the collection of strategies that propel a company towards its ultimate goals. Real corporate social responsibility is linked to, and an integral part of corporate strategy.

Several studies have been conducted on corporate social responsibility in the context of Safaricom limited. Mulwa (2001), Kiarie (1997) and Kweyu (1993) studied employees' attitudes towards corporate social responsibility in selected Kenyan companies. The studies have

investigated the impact of CSR on economic outcome such as corporate financial performance and marketing methods such as customer relationship management. Mulwa(2001) study CSR at the individual level that is mainly concerns with the external impact of CSR on potential employees via mechanism such as corporate reputation. The focus is on organization attractiveness towards prospective employees rather than current employees. The study supports the idea that CSR can positively affect employee attitude. Whereas little has been said about the influence of CSR on employee's performance through job attitude. Safaricom limited employees actively participate in corporate social responsibility. An employee is given a chance to come up with a project; his or her proposal will be presented to the management team in charge of corporate social responsibility. Once it has been accepted he /she will be the leader of the project to ensure that everything is implemented. Safaricom ensures that each employee who participates in any corporate social responsibility project earns points and employees are appraised based on their performance and participation in CSR. There is salary increment for those employees who participate in CSR; this motivates employees to be part of corporate social responsibility.

Kwalanda (2007) studied corporate social responsibility practices at Safaricom Limited and found that corporate social responsibility was a key component of both corporate and business strategies. The study also found that there was a plan, budgetary and staff allocations for corporate social responsibility. The purpose of the study was to enable the company attain a positive corporate brand image. Kamau (2001) investigated the awareness of the social responsibility concept among managers in Kenyan firms and concluded that there was indeed awareness but lack of positive implementation of the concept. A study by McWilliams and Siegel (2001) found that corporate social responsibility is only a way to attain differentiation and has no effects on profits and financial performance. Ayele (2003) in a study of social responsibility practices of polythene manufactures in Kenya concluded that though management of these firms was aware of the concept, little was done to implement it. Gichane (2004) conducted a survey of corporate social responsibility practices by Kenyan companies listed in the Nairobi Stock Exchange. The survey concluded that larger companies were more aware of the social responsibility concept and applied it more. More closer though was a study by Ominde (2006) on the link between corporate social responsibility and its link to strategy among companies listed in the Nairobi Stock Exchange. She found that companies studied engaged in

corporate planning, and the corporate plan included a corporate social responsibility strategy, which was viewed as crucial for achieving business success.

Recently the emphasis on CSR has shifted from unilateral profit oriented to multilateral social benefit (Valentines& Fleischman 2008). However growing attention has been given to CSR, many studies have focus on stakeholders outside the corporation. Less focus has been paid to internal stakeholder such as employees. Therefore there is the need to examine the effect CSR on its important stakeholders. Employees' perception of an organization's ethics and social responsibility may influence their attitude and performance, which in turn will have effect on their organization. There is therefore need for a detailed and focused study to establish employees' perceptions of benefits of corporate social responsibility. This study seek to answer the following question: What are Safaricom employees' perceptions of benefits of corporate social responsibility?

### **1.3 Research Objective**

To establish employees' perceptions of benefits of corporate social responsibility by Safaricom Limited.

### **1.4 Value of the Study**

Corporate Social responsibility is a very important aspect of the organization in establishing a human face that the society can relate to. The impact that CSR has on helping the organization establish a competitive advantage over its competition is a beneficial concept that would be relevant to players even outside telecommunication and even researchers wanting to dig into the topic further. Findings from this study will enable management to draw the employees' perceptions on the benefit in the CSR. It may help the shareholders and other stakeholders change their view in favor of engaging on corporate social responsibility more than before. Multinational corporations within the food and beverage industry and other industries can draw great learning from this study. In essence organizations that may be hesitant on engaging on CSR will now have greater and deeper insights as to the intangible benefits of this engagement.

The study was significant as the researcher hopes that the study will give Safaricom reason to rethink and be more active in participation in the CSR projects specifically in giving the information that affects them in regards to what affects the sustainability of CSR projects. The research is also aimed at refocusing the CSR projects, especially considering that Safaricom concentrates mostly on sponsorship of events that promotes well being of the society. It is hoped that with insight from this study, CSR scope could be expanded to cover all aspects that might be causing the limitations in achievement of those projects objectives.

The study provided background information to research organizations and future researchers who would want to carry out further research in their area of study. It also facilitated individual researchers to identify gaps in the current research and carry out various researches in those areas, especially given the limits and constraints contemplated for this study. The study was significant to any other organizations in Kenya who take part in CSR projects by giving them an opportunity to be more active in undertaking and sustaining CSR projects. The organizations, it is hoped, will find the results of this study and the subsequent recommendations useful in terms of re-engineering their CSR activities to reflect the needs of the local communities as well as ensure that the corporations reap benefits globally associated with CSR.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents theoretical, conceptual and empirical literature along the theme of the study. First, literature on the theoretical underpinnings of the study is presented followed by literature on corporate social responsibility and its aspects. Lastly the chapter presents literature on management perception of corporate social responsibility, which is the main focus of the study.

#### **2.2 Theoretical foundation**

Social identity theory, stakeholder theory organizational justice, and social exchange theory underpin the relationship between employee's perception on benefits of CSR and their attitudinal and behavioral outcomes.

##### **2.2.1 Social identity Theory**

Social identity theory was originally proposed by Tajfel and Turner (1979). It is a theory about perception of psychological basis of intergroup discrimination. Social identity theory is concern with both the psychological and sociological aspect of group behavior. It studies the impact of individual perspective, social categorization and group distinctiveness on individual's attitude and behavior (Cinnirella 1988). Social identity theory suggests that individual categorize themselves as members of a certain social group. The Individuals may achieve positive self-esteem when they sense an in-group identity that differentiates them from the out-groups. By doing so, their behaviors will conform to the group (Taifel, 1982) Tuner,(2001) also argued that individual see themselves more as similar representative of their in-group. Their reactions thus are not regards as individual behavior but as a common characteristic of their group.

In this study employees are the individuals who attempt to achieve positive social identity from their perception of CSR. According to social identity theory a corporation's engagement in CSR will promote employees' identification with their corporation. The identification will lead to positive reaction to the organization's CSR program (O'Reilly & Chatman 1986, Rodrigo & Arenas 2008).

### **2.2.2 Stakeholder Theory**

Stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. The theory postulates that companies should serve the interests of a number of groups; not only that of shareholders (Freeman, 1984). This approach is broad since it articulates management policies and attends to diverse stakeholders. Accordingly, organizations should acknowledge their legal and moral obligations to all legitimate stakeholders, both internal and external, individual and group, institutional and otherwise. From the ethical perspective, organizations have an obligation to treat all stakeholders fairly.

### **2.2.3 Organizational Justice Theory**

Organizational justice is the study of people's perception of fairness in the organization. It refers to the way in which employees determine if their organization treats them in a fair way. The study of organizational justice has progressed steadily since Adams (1965) introduced the concept of distributive inequality. Justice is a basic social expectation which will motivate work behavior (Trevino & Weaver 2001). The perceive justice will employees' subsequent attitudes and behavior (Moorman 1991). Thereby, when employees perceive justice, they will react positively to their organizations. Organizational Justice and CSR share common principles (to be ethical to be fair) and similar outcomes (positive work attitude and behaviors) (Folger, Cropananzo & Goldman 2005). That is employees experience and evaluate their corporation's CSR program. The CSR perception is expected to function as a fairness measurement to guide employees' decision about their relationship with their corporation ( Liao & Rupp 2005). The extent of the fulfillment of fairness will affect employees' work attitude and behaviors.

Social exchange highlights that social behavior is the result of an exchange of a process (Blau 1964). The exchange refers to the reciprocal behavior (Konovsky & Pugh 1994). Specifically if employees feel happy when they are working in their corporation, they are likely to be actively support their corporation as mutual social exchange. Sometimes employees may even engage in extra- roles behavior to reciprocate the treatment that they receive from their organization (Organ 1990). Previous studies have shown a significant relationship between perceived organizational

support and individual extra-role behavior based on the reciprocal rationale (Moorman 1993, Tepper& Taylor 2003, Gonzales &Garazo 2006). Based on social exchange theory, when the CSR programs fulfill employees expectation employees are likely to show positive attitude will in turn lead to their efforts in support of corporation such as extra-role behaviors (Organ &Lingl 1995). Hence the social exchange could explain the relationship that perceives CSR would lead to employees' work attitude and behavior.

### **2.3 Benefits of Corporate Social Responsibility**

When a company has corporate social responsibility initiatives, employees are more proud of and committed to the organization, this is because our personal identities are partly tied up in the companies we work for. If my company is saving the world, I am too, so my association with the company reflects positively on me and makes me feel good about the work I do for the company Wood and Jones (1995). Employees' perceptions of their organizations' concern for community and environment is linked to their level of organizational commitment. That is, the higher an employee rates their organization's corporate citizenship, the more committed they are to the organization Peterson (2004). Organizational commitment has previously been linked to favorable outcomes for companies including increased job satisfaction, reduced intentions to turnover and increased job involvement. Commitment enhances employees' ratings of corporate image and positive image increases employees' commitment. It make sense that knowing about the good deeds of an organization might make an employee more eager to discuss their company with outsiders, as well as feeling more committed to their organization which is doing these good things(Hess et al., 2002). Either way, perception of CSR is one of many factors that impacts commitment.

Companies believed to have a strong CSR commitment often have an increased ability to attract and to retain employees (Turban & Greening 1997), which leads to reduced turnover, recruitment, and training costs. Employees, too, often assess their companies CSR performance to decide if their personal values clash with those of the businesses at which they work. Firms may benefit from socially responsible actions in terms of employee confidence and productivity (Parket&Eibert 1975; Soloman& Hansen, 1985).The role of corporate social responsibility on employees is becoming more present in the business world, one of the reasons being that

successful companies should attract, hold the best work force. If employees are satisfied and attach the company, they will recommend to friends and family as a good employer (Bhattacharya et al., 2008). In the classical approach, many companies consider that the client is only interested in the final product that he buys, and not necessarily in how it is produced. Currently, however, consumers begin to evaluate companies in terms of working conditions of the company. Quality of products or services of a company depends to an extent of the degree of motivation and training of its employees. That is why the company should look at employees from the stakeholder theory perspective and consider their requests.

Promoting corporate social responsibility inside the company and encouraging employees to participate in these activities, allows the companies to develop a muscular relation with its internal stakeholders (Harwood et. al, 2008). When the level of the quality of relationship between a company and employees improve, the customer satisfaction increases as well, and this cycle of success leads to better profit margin (Schlesinger and Heskett, 1991). CSR can enhance specific employees' attitudes at work (e.g. organizational justice, organizational trust, organizational commitment, and satisfaction at work) through identification. CSR can also affect the social exchange dynamics between employees and the corporation through its alteration of the identification processes (Flynn, 2005). As a result, CSR can ultimately affect employees' behaviors and consequently Corporate Organizational Performance.

As early as 1980 it was identified that corporate social responsibility not only benefits employees, but can also bring benefits to the business. Corporate social responsibility not only benefits employees, but also delivers business benefits in terms of more committed, motivated employees (Business in the Community, 2002; Murillo & Lozano, 2006; Palimeris, 2006). Many studies report that CSR can enhance a business's reputation (Murillo & Lozano, 2006) states that CSR results in a more professional image and this can lead to an increase in trust and loyalty from stakeholders. It has also been acknowledged that CSR can provide a competitive advantage through providing a more prominent profile and market position (Murillo & Lozano). Other benefits include improved word of mouth and public relations, which can then lead to increased sales and revenue.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter sets out various stages and phases that are followed in completing the study. Specifically the following subsections are included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

#### **3.2 Research Design**

This study is approached through the use of descriptive research design. According to Mugenda and Mugenda (2003), descriptive survey design helps a researcher gather, summarize, present and interpret information. The design chosen for the study is consider appropriate for this study because of large number of respondents expected to participate in the study and the fact that data will be collected at one point in time.

#### **3.3 Target Population**

Kombo and Tromp (2006) defines population as a group of individuals, objects or items from which samples are taken for measurement or it is an entire group of persons, or elements that have at least one thing in common. Data that has been collected comprise of two sources that is, primary sources. The target population comprises all the 100 employees at Safaricom Limited. The study will be a census survey.

#### **3.4 Data Collection**

Primary data used; the respondents are the 100 employees, regardless of their rank. Data is collected through a semi structure questionnaire. The questionnaire consists of two sections. Section one collects biographic data while section two focus on employees' perceptions of benefits of corporate social responsibility to Safaricom limited. The questionnaire is given to the project manager by the researcher to distribute to the staff. The completed questionnaires are collected by the researcher within a period of one week.

### **3.5 Data Analysis**

Data is analyzed using descriptive statistical measures of standard deviation, frequency distribution, percentage based on the questionnaire. The findings are presented in tables, pie charts, graphs.

## **CHAPTER FOUR**

### **DATA ANALYSIS, FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents analysis and results from data collected through questionnaire targeting one hundred (100) employees drawn from Safaricom Limited. The data was analyzed using content analysis based on meanings and implications emanating from respondents' information. Specifically, it starts with the analysis of the general information on the respondent, and then proceeds to results on employees' perceptions on benefits of corporate social responsibility at Safaricom limited in Kenya. Mean was used as a good indicator of employees' perception of benefits of corporate social responsibility. Presentation of findings is through pie charts, tables and graphs as these are easy to interpret.

#### **4.2 Response Rate**

The researcher distributed questionnaires to the Safaricom employees through project officer. The targeted 100 respondents in the organization were all available to undertake the questionnaires and this made a response rate of 100%. The data provided was taken to be a true representation of the respondents' views due to the independence of the study carried out from the organization.

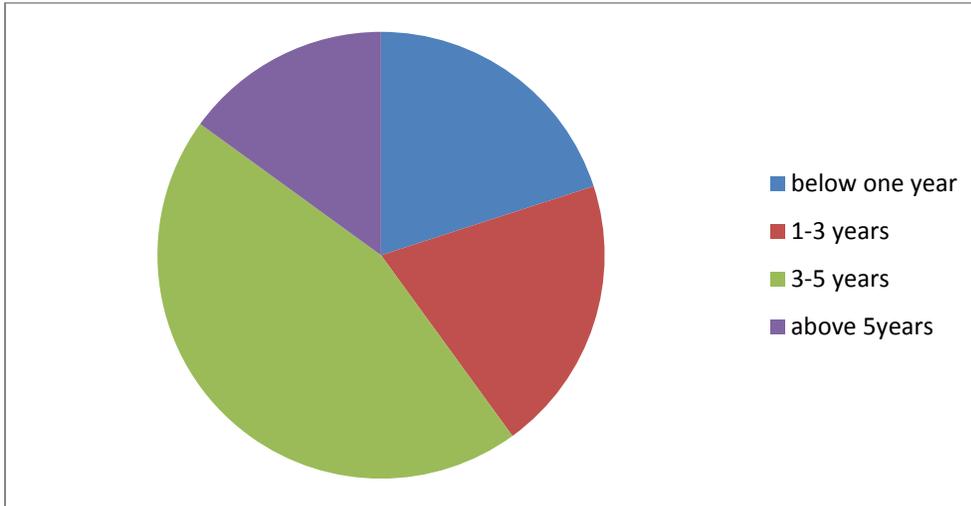
#### **4.3 Background Information**

A survey instrument in form of a questionnaire was used to capture data on employees perceptions of benefits of corporate social responsibility. The structure of the questions started with the general questions followed by questions targeting benefits of corporate social responsibility.

##### **4.3.1 Length of service**

The length of service was varied with 20 % of respondents having worked below one year, 20 % between 1 -3 years ,45% between 3 -5 years and 15% above 5 years. As show in figure 4.1

Figure 4.1: Distribution of the respondents by length of service



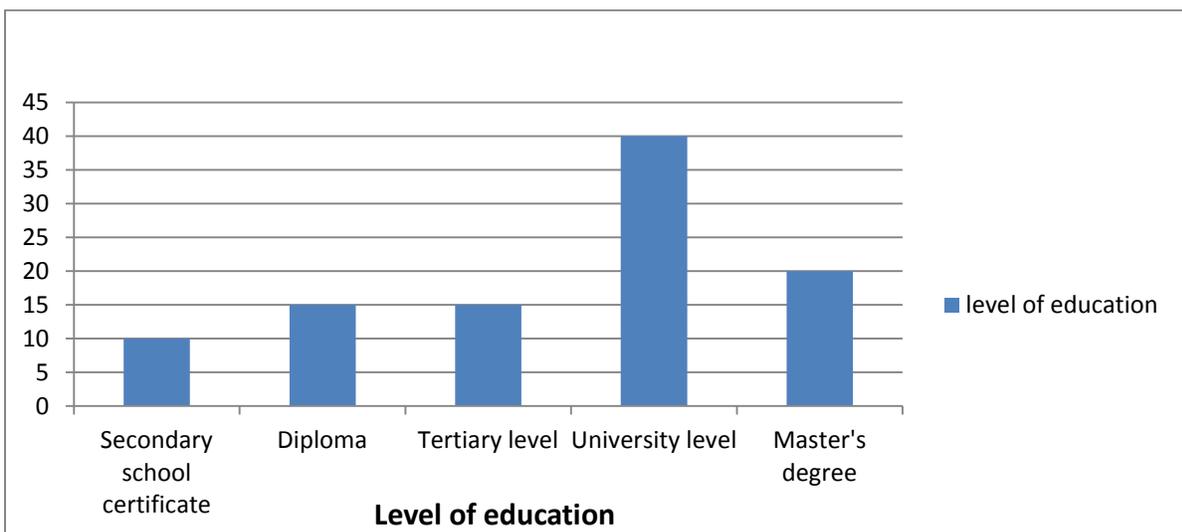
Source (Martha, 2014)

The results showed that the higher percentage of the respondents had worked in Safaricom for more than 3-5 years (45%). This provided a good ground for CSR projects sustainability analysis as the staff had adequate long standing knowledge on benefits of CSR.

#### 4.3.2 Level of Education

On the level of education 10% attained secondary school certification 20% attained Diploma another 20% Tertiary (college) level, 30% attained University level - Degree and 20% had Master's degree level. The results are presented in Figure 4.2

Figure 4.2: Classification of respondents by level of education



Source (Martha, 2014)

The results above indicated that at least the respondents had attained a level of education beyond secondary school level, meaning they were literate enough to handle CSR projects sustainability issues appropriately with minimal difficulties if any.

#### **4.4 Corporate social responsibility activities**

The questionnaire sought response on the corporate social responsibility activities carried out by Safaricom Ltd. The Company supports projects that provide sustainable solutions to the most pressing social challenges with specific focus to areas like Education, Health, Economic Empowerment, Environmental Conservation, Arts and Culture, Music and Sports. The results reveal that the foundation also responds to disasters and humanitarian emergencies. From the responses received these initiatives includes; Good working conditions for employees, Employees welfare, Truthful advertising, Environmental conservation and involvement in Community activities.

Moreover, the study inquired on how Corporate Social Responsibility activities are identified. It was clearly evident that first a request for sponsorship is sent by completing the form and attaching relevant documentation then through reviewing sponsorship requests by an internal committee which is done once a month, Corporate Social Responsibility activity is identified. On further probing to which areas that corporate social responsibility activities cover, the responses given revealed clearly that the specific focus areas are Education, Health, Economic Empowerment, Environmental Conservation, Arts and Culture, Music and Sports. The findings further indicated that it also responded to disasters and humanitarian emergencies. The study inquired some of the corporate social responsibility activities or projects undertaken in the last one year in the following areas; Responses gotten from the field revealed that, the Foundation had supported 59 economic empowerment projects worth 67 million. The foundation has partnered with the Kenya Community Development Foundation, to provide drip irrigation and greenhouses to communities in arid and semiarid areas of the country, in order to provide food for domestic consumption, as well as foodstuff for sale to generate income. The initiative covered areas including Yatta, Kwale, Garissa, Turkana, and Marsabit.

With the aim of providing quality education to Kenya's children, the Foundation has constructed and equipped libraries and laboratories in schools. The Foundation invested in infrastructural development and the provision of specialized learning equipment for special schools and schools in extremely marginalized areas. The Foundation supported 60 education projects worth Kshs. 81 million. Our support to institutions supporting children with special needs included the production of audio books by the Africa Braille Centre, construction of a vocational training Centre at Reverend Muhoro School for the Deaf in Mukurweini and the donation of a school bus to Joytown Secondary School in partnership with Isuzu/General Motors.

The Foundation has invested in supporting initiatives in environmental and wildlife conservation through participatory conservation activities, public education and sustainable preservation of natural resources. The Foundation supported 11 environmental conservation projects worth Kshs.15 million. With due recognition to the growing challenge of e-waste management, the Foundation funded the purchase of a state of the art e-waste grinder for Computers for Schools Kenya. The grinder complements their already existing e-waste management center and will increase their grinding and recycling capacity. The Safaricom foundation was also involved in tree planting in the Nairobi national park.

The Foundation supported initiatives that increase access to affordable healthcare, including specialized health care that is often out of the reach of many Kenyans. The Foundation partnered with health care service providers and communities in constructing and equipping health facilities, providing health information and services through medical camps and supporting the provision of specialized health services. The Foundation funded 25 health projects worth Kshs.38 million. The Foundation has ran a series of medical camps, providing a wide range of preventive and curative services in Turkana South, Mt. Elgon, Runyenjes, Sabatia, Gichugu, Karachuonyo, Kitui West, Mogotio and Mwatate. At these camps, diabetes and hypertension information and management services, eye care, dental care, VCT and family planning, paediatric care and general medical services are provided. Averages of 3,000 people were provided with free health services at these camps. In order to assist patients with renal failure a kidney dialysis machine was donated to Kenyatta National Hospital.

The Foundation partnered with the Kenya Red Cross Society and Action Aid International – Kenya to implement large scale community water projects, under our Maji na Uhai’ initiative. This year the Foundation committed funding for large scale water projects in arid and semi-arid areas of the country such as Katalwa, Gachoka, Garbatulla and Makueni. The Foundation funded 8 water projects worth Kshs 24 million. The Mumbuni – Katalwa Water Supply Project is an initiative of the Kenya Red Cross (KRCS) in conjunction with the Mumbuni and Katalwa communities, funded by the Safaricom Foundation. The Katalwa community used to walk 15km to draw water from the river or use raw water collected from ground water catchments (pans), whereas the Mumbuni community used raw water direct from the Tana River in their neighborhood. A total of 8,500 persons comprising 3 primary schools, 1 dispensary and one market center are currently benefiting from the project.

The Foundation partners with organizations and community groups to preserve and promote Kenya’s natural heritage in arts, music and culture. The Foundation donated Kshs.23 million to fund 2 projects in this category. The Foundation partnered with the National Museums of Kenya and the Kenya Museum Society to renovate the Louis Leakey Auditorium. The Auditorium is now a state-of-the-art multipurpose auditorium that is contributing towards revenue generation for the Museum. From the results of findings, for the last one year, corporate social responsibility has covered the five major areas of economic empowerment projects, Environmental Conservation, Health, Water and Arts, Music and Culture. The study further explored factors put into consideration by the company in its corporate social responsibility (CSR) endeavors. It was evident that most of the respondents indicated both institutional and cultural environment factors focused to offer inclusive solutions that would socially and economically empower the society whose clients is part of and other stakeholders.

#### **4.5 Benefits of Corporate Social Responsibility**

The respondents were requested to give their opinions on how employees benefit from corporate social responsibility. The findings are presented in table 4.3 from the responses presented in table 4.3 it emerged out clearly that employees really do benefit from corporate social responsibility.

Table 4.3: Means and Standard Deviations for responses on benefit attributes.

<b>STATEMENT ON BENEFITS</b>	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>4</u></b>	<b><u>5</u></b>	<b><u>MEAN</u></b>	<b><u>STANDARD DEVIATIONS</u></b>
1. Corporate social responsibility has made a significant contribution to growth in the company market share	0	10	12	52	16	3.74	0.84
2. Corporate social responsibility has led to organization learning at Safaricom Limited	19	5	37	18	21	3.17	1.34
3. Corporate social responsibility has led to organization new innovations	0	14	46	17	23	3.49	1.0
4. Corporate social responsibility has contributed to committed, pride, happy and engaged employees at Safaricom Limited	0	2	57	35	6	3.45	0.64
5. Corporate social responsibility has enhanced the company's reputation	0	19	46	17	23	3.59	1.0
6. Corporate social responsibility is associated with increase in employees earnings	41	28	31	0	0	1.90	0.84
7. Corporate social responsibility contributed has improved Safaricom's relationship with the investors	0	7	63	29	5	3.44	0.68
8. Corporate social responsibility has led indirect increase in sales	13	37	42	8	0	2.41	0.81
9. Corporate social responsibility has contributed to the optimization of corporate image	1	33	32	19	15	3.14	1.07
10. Corporate social responsibility has led to Improvement in the working environment within the organization	3	22	23	17	24	3.04	1.26

11. Corporate social responsibility is associated with attraction and retention of qualified employees	0	0	11	21	68	4.57	0.68
<b>GRAND MEAN</b>						<b>3.27</b>	

Source (Martha.2014)

In Safaricom Limited corporate social responsibility was viewed to offer the company's improved relationships with key stakeholders, more loyal customers and an overall improvement of the business' standing in society. It was also seen as a key determinant in shaping the relationship and future of the company with their stakeholders and an opportunity to meet societal. It was evident that the corporate social responsibility initiatives not only gave the company good publicity but also helped in the uptake of its products by the public. The research established that the work of Safaricom Foundation is a reflection of Safaricom Limited's believe and slogan "passion for the world around us". The study also sought to establish various views pertaining corporate social responsibility initiatives on the following areas;

#### **4.5.1 Growth in market share**

The respondents admitted that corporate social responsibility initiatives attract a lot of publicity which adds a lot of value to brand visibility. By investing a lot in social initiatives the company has won the heart of the public which has in turn helped in the uptake of the company's product in the market. CSR has endured the Organization in to the heart of the community who are the customers and this has helped in growing its market share which currently stands at 65%.

#### **4.5.2 Attraction and retention of high quality employees**

The findings further revealed that corporate social responsibility is also extended to employees through innovative employees' welfare initiatives. Safaricom Ltd has established a day care center where the young parents can bring their young children to work and see them during break times. This initiative has attracted and retained high quality, committed and engaged employees. The results further reveals that when employees view their organization's commitment to socially responsible behavior more favorably, they also tend to have more positive attitudes in other areas that correlate with better performance, such as customer service. Corporate social

responsibility is important driver of employee engagement and retention. Corporate social responsibility perceptions shape employees' subsequent attitudes and behaviors towards their firms. Job applicant and employee perceptions of a firm's corporate social responsibility affects how attractive these individuals perceive the firm to be, and employee satisfaction with corporate social responsibility leads to enhanced job satisfaction, organizational commitment and organizational citizenship. The study further probed the connections between corporate social responsibility and company reputation where it was evident that corporate social responsibility practices or initiatives endures the organization in the hearts of the community in which it operates in.

#### **4.5.3 Enhance brand image and reputation.**

The findings show us that Safaricom Limited benefits of being corporate social responsibility is enhanced brand image and reputation which is fundamental in e.g. maintaining and attracting new customers and employees. Their brand is their most valuable assets. Corporate reputation and brand image has in today's competitive world become more vulnerable (Smith, 2003). Safaricom limited is aware of that and the way for them to stay competitive is to work with values over long term. (Forselius, 2006). Their image and reputation is critical to their commercial success and long term sustainability (Safaricom limited Annual Report, 2011). And having a good image and reputation is much more important in a country with very high level of educated people, which is the case with Kenya. A good image and reputation and therefore help Safaricom to create loyalty amongst their customers, business partners and NGO's which can stronger their market position and empower the company. Having a good image and reputation will bring financial corporate benefits through improved sales. Today's consumers have become increasingly sensitive to the corporate social responsibility performance of the companies from which they buy their goods and services (Smith, 2002). And that is the reason why Safaricom Limited has become so well known and loved in Kenya.

#### **4.5.4 Commitment, pride and happiness**

Other important and interesting results from the survey for this thesis are the answers on the questions whether employees get more committed to and get more proud of the organization through CSR activities and if these activities also cause more enjoyment in work. As described in

the literature review, at the beginning of this thesis, are pride, commitment and happiness important determinants of employee loyalty. The following section will discuss the results of these three topics and the possible management implications.

As shown in the table below, 90 employees of Safaricom answered that the CSR program has a positive influence on their commitment to Safaricom ,38 employees 'totally agreed' with the proposition and the other 46 just normally 'agreed' with the proposition. The other 15 employees didn't agree with the proposition, this doesn't mean that these employees state that the CSR program make them less committed, they just say that the CSR program doesn't make them more committed, they could have a neutral opinion about it.

Another indicator for employee loyalty is pride (Davis-Blake, et al., 2003), in the Safaricom research is asked whether the employee feels that the CSR program of Safaricom make them proud. As shown in the table below, are almost all the employees to a very great extent that the CSR program makes them proud, 55 employees to a very great extend and 30 employees to a great extend. Just 5 of the 90 requested employees disagreed with the proposition. One could say that in general a CSR program makes the employees of Safaricom more proud.

#### **4.6 Discussion**

This chapter has presented the findings from the questionnaire. The questionnaire findings suggest that the most common types of CSR practices are community-related, the most highly identified benefits were business-related, and the most common motivations to engage in CSR are related to the individual owner of the business. The major finding from the study is that the management structure of a business appears to have the most significant influence on corporate social responsibility engagement.

The results show a clear indication for a positive link between the CSR perception of the employees and their level of commitment to, pride of and happiness in their work. All three variables correlate positively with the CSR perception. Managerial implications from these results are that managers, who want to increase the commitment and satisfaction of the employees, should focus on the perception of employees about the CSR policy. When employees

are more satisfied about the policy and value the policy higher than they did before, these employees could be more satisfied and committed to the organization. Increasing the CSR perception can be obtained through several ways but one way is enlightened in this research. Managers who want to increase the satisfaction of employees about certain CSR policies should focus on increasing the awareness of importance of the policies. Employees get more understanding about the policy decisions and therefore get more satisfied. Overall give the results a clear indication for a positive relationship between the CSR perception of the employees and employee commitment and satisfaction

The qualitative findings reinforce community-related corporate social responsibility practices as the most common, and employee-related corporate social responsibility practices were also common. The motivations of engaging in corporate social responsibility were found to be mostly personal, but business benefits and issues within the community were also identified as motivations for engaging in corporate social responsibility. Safaricom employees perceive corporate social responsibility namely what organizations do, how they do it and the impact of their behavior on society at large. They also infer that corporate social responsibility reflects acting as a good corporate citizen, being ethical, obeying the law and being profitable.

The benefits for Safaricom limited to have a good corporate social responsibility include enhanced brand image and reputation. They find their brand as their most important asset. Having a good image and reputation increases sales as well as boosts employment relations. For Safaricom Limited it is vital to harmonize employee relations. Employees of Safaricom stated that by having good corporate social responsibility policies they attract, sustain and develop human capital, and therefore improve their own performance. A final benefit of having good corporate social responsibility embraces the management of crisis. They all improve their management and control over risks and help exploits and prevents crisis before they occur. Risk management is overall a way for Safaricom limited to avoid negative publicity and negative consumer actions.

#### **4.7 Managerial Implications**

The relationship between Safaricom limited employees' and CSR perception and work outcomes in such a culture deserve special attention. The culture to be in a corporate culture might influence and organization CSR programs. Thus it is necessary for researchers and managers to take account of the cultural influence. When organizations engage in CSR- activities to foster the satisfaction and commitment of their employees, they should notice which CSR activities are most likely to have such effects. Even though there may be good reasons to show care for the environment or to be involved in community activities, it is not self evidence that this will enhance employees' commitment and satisfaction. Thus when an organization has concrete goals it wants to achieve its CSR- activities, it does well to specify whether these goals relate to work attitude of their employees, to the image towards their customers, or to their goodwill in the broader community , as different types of CSR- activities are likely to impact upon the responses of different constituencies . That is, while the present data illustrate the importance of perceived organizational morality and organizational involvement in CSR – activities for employees' commitment and satisfaction, they also remind us that there is no 'quick fix' in that any type of CSR –involvement is likely to benefit the organization regardless of its current concerns. If the goal of the organization is to improve its imagine towards customers, different kind of CSR activities may be required. This research is useful in this respect, as it helps understand some of organizational CSR- activities, why it has these effects and whom this is most likely to impact on.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter will cover the following areas; summary, conclusion, recommendation and limitation.

#### **5.2 Summary**

In summary, the purpose of this study is to obtain a better understanding of how Safaricom employees perceive the benefits of corporate social responsibility activities developed by their employer. The findings from this study reflect that several important aspects: All the respondents agreed that corporate social responsibility activities had been of benefit to the organization and also them as employees. This was reflected in the improved company image or reputation, increased number of customers or market share, attracting outstanding talented employees as well as improved profitability. The study revealed that Safaricom Limited, do practice corporate social responsibility by choosing its own unique activities. The range of activities the firm was involved in included good working conditions for employees, employees' welfare, product safety, truthful advertising and community based activities as well as environmental issues. Implementation of CSR activities was largely done through employees, volunteers and other stakeholders.

This study found that employees' corporate social responsibility perception has effect on employees' work outcome. Employees play a big role their organizations and their perception on corporate social responsibility will influence subsequent work outcomes. The corporate social responsibility programs would therefore benefit both the corporations and their employees. It is worth noting that Safaricom laid emphasis on staff involvement in corporate social responsibility, thereby making use of available skills and expertise. Porter and Kramer (2002) are of the view that by aligning charity and strategy, corporations do not only give money; they donate distinctive capabilities and that can result in greater social good even as it strengthens a company's competitive edge Safaricom foundation corporate social responsibility movement

should thus consider a focus on engaging in ethics and CSR programs by actively communicating good corporate social responsibility strategies with its stakeholders. Organization would also benefit from effectively interacting with their employees on corporate social responsibility issues. All in all this study provided suggestions organizations to have holistic corporate social responsibility programs, including not only shareholders but also all their stakeholders.

It was found that organizations engage in CSR for a range of reputational, operational, personal and community benefits including: improved reputation; increased customer satisfaction; increased sales; repeat business; harder working staff; greater staff retention; feeling good about themselves; being a part of the community; to promote a cause; to save the environment; and to support the local economy. CSR programmes can predict organizational competitiveness and customer satisfaction in all types of organizations in general Safaricom Limited has build competitive advantage through involvement in the above reviewed CSR activities However, managers should take into account various micro and macro-environmental factors before implementing them.

### **5.3 Conclusion**

Based on the findings it is evident that most Safaricom engage in one or more forms of CSR at any given time. It is also evident that the involvement in CSR is a deliberate action and not merely accidental thus it is planned for and necessary resources set aside at any given time. A winning formula in addressing CSR activities can be achieved by organizations harnessing a common ground in choosing corporate and individual CSR activities. For instance giving out food and clothing during festivities like Easter can work well for both the organization and the employees. What the employees contribute being topped up by the employers. Another issue that may raise concern in the future might be the extent to which CSR should be built into Strategy. This is important if the organization is to drive its ideas through selection of CSR activities that will tie well into their strategy long or short term.

In conclusion, Safaricom Limited thought that the more they engaged in CSR the higher the chances of employees being loyal to them and having a competitive advantage over their

competitor as a way of attracting and retaining talented employees. This was owing to the fact that they pegged their brand as being visibly involved in social issues.

#### **5.4 Recommendation for further study**

Further studies should also attempt to achieve a large sample across a bigger organization in the country to determine whether the results can be generalized. The current research being a case study; additional studies can be carried out on a wider scale. This could be through conducting industry research on CSR in different economic sectors, such as government, private and public sectors and other economic sectors. The research carried out has shown some other existing gaps in the relationship of CSR and competitive advantage. Thus some potential areas for further research include reconciling stakeholders' varied interests with companies' quests to fulfill various CSR activities. Another area that would be of interest is how the government's arm can enhance companies' involvement in CSR without necessarily hampering their efforts.

For effective aligning of CSR to the Safaricom Limited's corporate strategy, this study recommends that, the management of Safaricom Limited should evaluate the outcomes from the Foundation's investments in order to understand if and how they positively impact on the overall performance of the company. This would include performing market research that examines the effects of CSR initiatives on strategic outcomes like market share growth for Safaricom Limited that would be particularly informative.

Safaricom Limited and the Foundation ought to engage the stakeholders more to enable them perceive value in all CSR activities so as they support the firm's engagement in it. This should be particularly so for the employee who is a key stakeholder for any business enterprise.

Safaricom Foundation should endeavor to examine the potential value creation of CSR activities and align this value to Safaricom Limited's overall strategy.

#### **5.5 Limitation of the study**

The researcher encountered a limitation of time. Time constraint was experienced due to the nature of data that was to be collected as it needed authorization from various levels of authorities. At the same time, the different components and variables that were many in number. The researcher

mitigated this problem by planning on manpower where a large team was involved in data collection.

The other limitation was that some respondents feared disclosing information on Safaricom for they feared breach of confidentiality. The researcher however assures them that the information given would be treated with high confidentiality.

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**APPENDIX: QUESTIONNAIRE**

**Section 1: General Information**

- 1. Name of organization.....
  
- 2. Position of respondent in the organization.....
  
- 3. Level of education

Secondary ( )      Diploma ( )      College ( )      Degree ( )      Masters ( )

- 4. How many years have you served the department?

0-1 yrs [ ]      1-3yrs [ ]      3-5yrs [ ]      over 5yrs [ ]

- 5. State types in Corporate Responsibility practices that your firm is involved in

**Section 2: Benefits of Corporate Social Responsibility**

1. The statements presented in the following matrix represent different benefits that accrue from corporate social responsibility activities. Indicate the extent to which each statement applies to Safaricom limited. Tick in the box that reflects your view. The numbers are interpreted as follows:

- 1- Not at all
- 2- To a less extent
- 3- To a moderate extent
- 4- To a great extent
- 5- To a very great extent

<b>STATEMENT</b>	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>4</u></b>	<b><u>5</u></b>
1. Corporate social responsibility has made a significant contribution to growth in the company market share					
2. Corporate social responsibility has led to organization learning at Safaricom Limited					
3. Corporate social responsibility has led to organization new innovations					
4. Corporate social responsibility has contributed to committed, pride, happy and engaged employees at Safaricom Limited					
5. Corporate social responsibility has enhanced the company's reputation					
6. Corporate social responsibility is associated with increase in employees earnings					
7. Corporate social responsibility contributed has improved Safaricom's relationship with the investors					
8. Corporate social responsibility has led indirect increase in sales					
9. Corporate social responsibility has contributed to the optimization of corporate image					
10. Corporate social responsibility has led to Improvement in the working environment within the organization					
11. Corporate social responsibility is associated with attraction and retention of qualified employees					