

**SHAREHOLDERS' PERCEPTION OF COMPANY'S INVOLVEMENT IN
CORPORATE SOCIAL RESPONSIBILITY: A CASE OF SAFARICOM
LIMITED**

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DECLARATION

This research paper is my original work and has not been presented for the award of any degree in any other university

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This project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

To my Dad, Mum, siblings and my husband Peter Mokaya for their continued moral and financial support.

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LIST OF ABBREVIATIONS AND ACRONYMS

BSR	Business Social Responsibility
CSR	Corporate Social Responsibility
FA	Factor Analysis
KMO	Kaiser-Meyer-Olkin
LTD	Limited
SPSS	Statistical Package for the Social Science
TKL	Telkom Kenya Limited
VS	Versus
WBCSD	World Business Council for Sustainable Development

ABSTRACT

The purpose of this study was to determine shareholders' perception of company involvement in CSR at Safaricom Limited. The study also sought to establish whether the shareholders believe CSR reduces the shareholders' wealth. This was a descriptive study that was conducted by use of questionnaires. Data was collected through structured questionnaires. The study targeted 100 East African Individual shareholders of Safaricom Limited. 93% response rate was achieved. The data was analyzed through Factor Analysis mode with the help of SPSS software. The findings of this study show that philanthropic giving enhances the company's image and continuous disclosure of CSR activities in the company's annual returns increases the company's reputation. The findings of this study also show that most shareholders perceive CSR as worthwhile and that it should continue and its participation promotes good relationship among citizens of the country. From the findings of the study across various perspectives of CSR, most shareholders to a large extent are in support of CSR since they agree positively to the CSR statements provided in the questionnaire. The study also revealed that majority of the respondents agree that Safaricom Limited involvement in CSR activities reduces the share value and consequently affects the shareholders wealth. CSR as a concept is wide and this study only aimed at shareholders' perception of Corporate Social Responsibility at Safaricom Limited. The sample used is not representative of the population as a whole and cannot be generalized. This study is a valuable contribution to the development and promotion of CSR principles at Safaricom Limited. The managers and the policy makers may revise the strategies and policies with the expectations of the shareholders. The study concludes that the perception by the shareholders at Safaricom Limited is largely positive and in the long run it should continue its participation in CSR as a way of giving back to the community. The key recommendation for this study is that Safaricom Limited should continue contributing to charitable organization since it fosters economic growth of the nation. The study suggest further research on other aspects of CSR like the role that philanthropic plays in shaping company's perception among their stakeholders.

Key words: Corporate Social Responsibility, Perceptions, Safaricom Limited, Corporate Social responsibility Aspects.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Over the years the concept of Corporate Social Responsibility (CSR) has continued to grow importance and significance. It has attracted considerable debates, theory building and research. CSR has developed and evolved in both academic as well as practitioner committee worldwide despite all these deliberations. In the 1950s the major role of the organization was to maximize shareholder's wealth and there was some limited discourse about CSR. Today there is paradigm in the role of organization from delivery of wider shareholder value to economic, social and environmental focus mode of delivery as postulated by stakeholder theory which explains that an organization has a relationship with many constituents groups with whom it has symbiotic relationship with (Reynolds, Schultz and Hekman, 2006).

CSR is about an organization exceeding its minimum obligations to stakeholders specified through regulations (Johnson et. al. 2008). Pearce and Robinson (2007) explain that within the strategic management theory all organizations are environment serving, hence there is continuous interaction between an organization and the environment in which it operates hence. Open system theory explains that organization depends on their environment for their continued survival and success. Resource dependent theory further emphasizes that organizations are not resource sufficient in themselves and that they must develop relationships with various stakeholders to access the resources they require. All these theories have led to the rising importance of understanding corporate social responsibility and the need for the involvement in CSR by corporations and business enterprise. As to whether CSR involvement add value to the organization or not remains a perception more so with the shareholders. Gee, (2004) suggested that the mind acts as a pattern recognizer and guides the learners in accordance with perceived cultural patterns not just in the head but also in the mind. According to Gee, meaning does not just exist in the form of words or images but rather within our relationships among and across our

experiences, actions, talks, people and also through all types of culturally situated knowledge hence different people could perceive the CSR involvement by organization in different ways.

Safaricom Limited is the leading telecommunication company in Kenya. The company has a number of stakeholders both internal and external. The company has been in active involvement in CSR so as to meet the expectations of the stakeholders. Safaricom Limited has set up a foundation called Safaricom Foundation which is the institution that Safaricom uses to exercise its corporate social investment mandate. The aim of the foundation is to give back to the community part of what the company has gained as way of investing in and existing in within the same community. The company seeks to make positive contributions to the community through financial support and through staff involvement.

1.1.1 Shareholders' Perception

A shareholder is any person or other institution that owns at least one share of a company's stock. These are a company's owners. Shareholders have the potential to profit should the company do well or potential to lose if the company performs poorly. Perception on the other hand has no universal definition and the definition draws from several theories that have been put across. Tyre (1995) proposed the intentional theory of perception in which the internationalists emphasize parallels between perception and beliefs. According to this theory, beliefs represents the world for instance if one has a belief about a pencil tin the one that contained olive oil then this belief represents a particular part of the world as being green. The beliefs therefore represents aboutness or what the philosophers of mind call intentionality. Intentionality is therefore considered to be an essential feature of the mind which describes the property that certain mental states have of representing or being about certain aspects of the world. Intentional content specifies the aspects of the world that a belief is about.

Shareholders perceptions regarding CSR activities is simply how the shareholders view or perceive CSR activities which in turn give rise to discussions or debate which would determine whether the company should continue with CSR involvement or not.

Perception could be in terms of value of share diminishing or increasing, reduced dividend because of the reduction in retained earnings majorly financial loss.

1.1.2 The Concept of Corporate Social Responsibility

Corporate social responsibility is a set of obligations an organization undertakes to protect and enhance the society in which it functions. Prof. Michael Porter and Mark Kramer (2006) defined CSR beyond the triple-bottom line concept of philanthropy. These two argued that CSR should be strategic and sustainable social and economic engagements with the community through carefully thought out long term initiatives that are aligned to a company's corporate strategy, mission and strengths. They further suggested that they must be driven by a clearly defined vision that merges with the values, principles and aspiration of the community. According to Porter and Kramer, (2006) companies do not function in isolation from the society around them and that the ability of the company to compete depends heavily on the circumstances of the locations where they operate for example improving education is generally seen as a social issue but the education level of the workforce substantially affects a company's potential competitiveness. The more a social improvement relates to a company the more it leads to economic benefits as well.

According to World Business Council for Sustainable Development (WBCSD) CSR is the commitment of business to contribute to sustainable economic development working with employees, the families, their local community and the society at large to improve their quality of life (WBCSD, 2006). Business for social responsibility (BSR) define global CSR as business decision making linked to ethical values and respect for people, communities and environment. According to the European commission (2001) green paper on CSR covers the importance of interaction with both internal and external stakeholders' e.g. customers, employees, non-governmental organization, public organizations and building partnerships between key stakeholders' group including the relationship between different companies along the supply chain.

The term 'responsibility' extends from purely financial aspect to environmental, social and community issues (Tsoi, 2010). According Tsoi corporations should not only be

responsible to their shareholders but since companies exist within the society, they should therefore have responsibility to the society as a whole. (Maignan and Ferrell, 2001) suggests that CSR should be understood from a broader perspective since it takes into a whole set of philosophical and normative issues relating to the role of business in the society. (Pride and Ferrell, 1997) explain that it should involve all the moral obligations that maximize the positive impact of the firm on its social environment and minimizes the negative impact. The way CSR is viewed by the shareholders of the organization is very important as it will determine whether the organization will continue with the CSR practice or not.

1.1.3 Safaricom Limited

Safaricom was started as a department of Kenya Posts and Telecommunication Corporation and was launched in the year 1993. It was incorporated on 3 April 1997 under the Companies Act as a private limited company. On 16th May 2002 it was converted into public company with limited liabilities. The government of Kenya owned 60% shares thereby Safaricom became a state corporation within the meaning of the State Corporations Act (Chapter 446) laws of Kenya which defines a state corporation to include a company incorporated under the Companies Act which is owned or controlled by the government or state corporation. By December 2007 the government share were held by Telkom Kenya Limited (TKL) which was a state corporation under the Act. In March 2008 there was the initial public offer of 25% which made the government to cease from the controlling interest in Safaricom under the state corporation Act and therefore the provision of the state corporation Act no longer apply to it (safaricom.co.ke) The company's audited financial statements for the year ended 31st March 2014 indicated a growth in financial performance. There was a slight increase in the subscriber base from 19.4 Million (as at 31st March 2013) to 21.6 Million that is 11.1 percent. There was also an increase in the proposed dividend of 52% percent from the previous Ksh. 12.4 Billion to Ksh. 18.83 Billion. Profit after tax grew to 23.02 billion an increase of 31.2 percent over the previous year's profit of Ksh. 17.53 billion (safaricom.co.ke).

Safaricom Limited has over the years been actively involved in CSR which makes it a better choice for this study. Safaricom's aim is to make positive contributions to the community by directly adding value to the society through financial support and through staff involvement. To achieve this company has set up a foundation to carry out CSR activities. Safaricom foundation was founded in the year 2003 and it is the Corporate Social Investment (CSI) arm of Safaricom Limited. Some of the CSR activities in which Safaricom foundation is involved in through the foundation that they set up include economic empowerment, improving access to quality and affordable health care by all Kenyans through partnerships e.g. a case of new maternity clinic for Turkana residents, environmental conservations, sports, promoting education by constructing and equipping classrooms e.g. a case of Ebukoko Primary school, initiating community based water projects e.g. Abass Farm Maji na Uhai Project, preserving and promoting Kenya national heritage through arts music and culture, employee engagement through world of difference program that provide opportunities to staff to take part in life changing experiences and to strengthen the foundation's partnership with both its project partners and with the local communities served by their partners. In the financial year April 2012-March 2013 Safaricom Foundation disbursed Ksh. 416.8 Million to 119 projects in its thematic areas (Safaricom Limited Annual Report for the Year ended 31st March 2013).

1.2 Research Problem

Over the years CSR has attracted numerous debates where scholars have come up with different ways of defining CSR. While others think that when they company engage in CSR activities stand to place the company at a competitive edge (Donaldson and Preston, 1995) others think that this is a waste of time and company resources and that they do not understand why the company should be wasting resources on non profit making activities but instead the corporation should legally maximize shareholder wealth (Jensen, 2002; Smith, 2003a; Schaefer, 2008). With the debate taking its centre stage; it could be a matter of how shareholders perceive the company involvement in CSR activities.

Safaricom Limited through a registered foundation called Safaricom Foundation has over the recent years engaged the company in corporate social activities intended to give back

to the society and change people's life and this makes it a better case for this study. The company has for the recent years been actively involved in CSR hence the concept is not new in the company hence the findings can be generalized. Safaricom Foundation projects have attracted quite a huge resource base from the company together with other partners. All these activities to some extent add value to the society but whether this statement is true or false could be a matter of perception more especially from the shareholders of the company this therefore provides the need to carry out an investigation of shareholders' perception on the company's involvement in CSR activities.

A number of studies on CSR as well as perceptions on CSR have been carried out both locally and globally. (Omwenga, 2013; Muriuki, 2008 and Kariuki 2013). Omwenga (2013) conducted a study on the management perception of CSR at KPLC; Muriuki (2012) conducted a study on the CSR link to corporate strategy among mobile telephone service providers in Kenya; Kariuki (2013) conducted a study on the challenges facing Safaricom Foundation in aligning CSR to corporate strategy. A study on CSR perceptions has also been conducted (Arena, Lozano and Albareda, 2009; Azmat and Zutshi, 2012; Smirnova, 2012; Obalola and Adelopo, 2012; Tsoi, 2010). All these studies provide evidence that in deed CSR has been studied on a broader perspective though they are in different concept as well as context hence the findings cannot be generalized to apply at Safaricom Limited. Therefore there is a knowledge gap that this study seeks to address. What is the nature of shareholders' perception on company's involvement in CSR at Safaricom Limited.?

1.3 Research Objectives

The objectives of this study are as follows:

1. To determine shareholders' perception of company involvement in CSR at Safaricom Limited.
2. To establish whether the shareholders believe CSR reduces the shareholders' wealth.

1.4 Value of the Research

The study will provide a better understanding of the existing theories that have been put across by different scholars. Numerous theories have been brought to bear the subject on CSR. Stakeholder theory, legitimacy theory, institutional theory etc perspective for example implies that CSR is relevant and that it should be practiced by all firms. Studying the shareholders perception of company's involvement in CSR will help to identify whether this study supports the existing theories and add to the existing body of knowledge on CSR concept to benefit academicians and aid further research on the concept.

Managers and the policy makers may revise their strategies and policies on CSR with the general expectation of the shareholders. The study will to a great extent enable the shareholders of the company to draw a relationship between CSR and the share value and this may determine whether the shareholders especially the private owners would see the need to support CSR activities. The study will also provide important insights into the shareholders' perception of the benefits of ethics and social responsibility in various companies.

This study will also provide a better understanding of how the shareholders of the company view the need for the company's involvement in CSR. It will also have an implication on the decision making by the management as they decide to disburse the corporate resources to social initiatives; they will have the shareholders thoughts in mind. The findings of this study will be a valuable contribution to the development and promotion of CSR principles at Safaricom Limited.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focuses mainly on the theoretical, conceptual and empirical literature along the theme of the study; it is based on the research problem and involves a review of the literature. The literature involves theoretical perspective of the study which is followed by the literature on corporate social responsibility and its practices. Lastly the chapter involves literature on shareholders' perception on corporate social responsibility which is the main focus of the study.

2.2 Theoretical Foundation of the Study

This part will cover some of the theories that have been put forward to build an understanding of the concept of CSR as well as perception. Stakeholders' theory, Legitimacy theory and Institutional theory are some of the theories explained in this part. Perception theories on the other hand include the attribution and Schema theory.

2.2.1 Stakeholder theory

Stakeholder theory (Donaldson and Preston, 1995) has become one of the main pillars of business ethics and CSR literature. This theory suggests that a prevalent way of exploring the roles and responsibilities of companies in today's society has been to look at them as nodes in a network relationship among different parties that have stakes in their activities. The theory emphasizes that the principal function of managers is to handle stakeholders' needs, expectations and demand, and to manage conflicts among them. The theory maintains that corporations should put into consideration how their actions would affect the consumers, suppliers, general public, employees and others who have a stake or interest in the corporation (Jensen, 2002; Smith, 2003a; Freeman, Wicks, & Parmar, 2004; Lee, 2008; Schaefer, 2008). The proponents for CSR argue that by the corporation providing for the needs of the stakeholders their continued success is enhanced.

Stakeholder theory is one of the theories that support CSR; it contributes in the understanding of CSR and bringing a picture of CSR being necessary in any organization. It is considered as a theory of organizational management and business ethics in that it

addresses the morals and values in organizational management. The theory suggests that in addition to making profits and obeying the law; a company must work hard to alleviate or solve social problems by serving the interest of a number of groups and not only shareholders. The firms must also acknowledge the legal and moral obligations to all the legitimate stakeholders (the consumers, suppliers, general public, employees and others who have a stake or interest in the corporation). Ethically organizations should treat all the stakeholders fairly. The theory concludes that maintaining shareholders wealth is too a myopic view whereas increased CSR makes firms more attractive to consumers hence CSR should be undertaken by all firms.

2.2.2 Legitimacy Theory

Legitimacy theory (Deegan, 2006) is a theory that has mostly been used by accounting researchers in the last decades. This theory emphasizes that organization legitimacy can be considered as a resource upon which many organizations are dependent on their survival. It is derived from political economy theory hence accepts the organization as part of a broader social system in which both the organization impacts and is impacted by the society in which it operates. It gives explicit considerations to the expectations of the society this is embodied in what we call the social contract between the organization and the society within which it interacts and whether the organization appears to be complying with the expectations of the societies within which it operates.

Social contract describes the set of expectations a society holds about how an organization should conduct its operations. Organizations are expected to comply with the terms (expectations) embodied within the social contract). According to legitimacy theory failure to comply with community expectations can be predicted to have implications for ongoing survival of the organization. If the legitimacy of the organization is questioned by the community then the organization will suffer since it will have difficulties in attracting capital, employees, customers and so forth. Legitimacy theory also claims that organizations have implicit contracts with stakeholders to provide for their long term needs and wants.

The theory is a positive theory and adds knowledge to the understanding of CSR in a wider perspective in that it seeks to describe or explain corporate behavior (in terms of efforts made to appear legitimate rather than prescribing how the organizations should behave. Legitimacy theory supports CSR in that it suggests that organizations have implicit contracts with stakeholders to provide for their long term needs and wants. Through this contract corporation legitimizes its existence by meeting stakeholders' demands (Guthrie & Parker, 1989). There is a mutual relationship between the society and the organization since the society provides important benefits to the corporation, then the corporation has the obligation to promote society interest in return (Cheers, 2011). According to this theory organizations have resources therefore they should engage in social ventures and that larger organization should support smaller organizations hence CSR is very appropriate and should be practiced by all firms.

2.2.3 Institutional Theory

Institutional theory is simply policy-making that emphasizes the formal and legal aspects of government structures (Krafts Public Policy (2007). This theory emphasizes on rational myths that is isomorphism and legitimacy. It concentrates on the deeper and more resilient aspects of social structure. According to (Scott, 2004) institutional theory puts into consideration the processes by which structures including schemes, rules, norms and routines become established as authoritative guidelines for social behavior. There is no universal way of defining institutions however Scott (1995) defined institutions as social structures that have attained a high degree of resilience. He further suggests that they are made up of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. These institutions operate at different levels of jurisdiction that is from the world system to interpersonal relationships.

This theory has played a major role for the understanding of CSR as a concept in general (Matten & Moon, 2008). Corporations do not completely act independently but rather they are governed and influenced by the rules of the game in the society. The rules of the game keep on changing hence corporations make behavioral adjustments visa vis society.

Depending on the institutional setting; socially responsible behavior could mean different things at different times. Socially responsible behavior may mean different things to different people and at different times. The level of CSR activities and engagement are largely dependent on the specific institutional settings within the society. (Visser and Tolhust, 2010) suggested that the institutional settings are different and this brings about different expectations hence adoption of institutional theory aids in explaining the vast expansion of the CSR notion in different forms and names in various countries.

2.2.4 Attribution Theory

Attribution theory of perception is a method that can be used to evaluate how people perceive their behavior and that of other people. Cole (2004) described attribution theory as a three step process in which we perceive others as agents. It involves perception of action where the person must observe the behavior, judgment of intention where the person must determine deliberateness; the person must believe that the behavior was intentionally performed and finally attribution of disposition which involves the person determining if he/she believes the other person was forced to perform the behavior in which case the cause is attributed to the situation or in which case the cause is attributed to the other person.

2.2.5 Schema Theory

Schema theory according to Gee (1997b) defines cognition as a cultural process which implies a social conception of the mind. Gee characterized the social mind and its ability to interpret the world as a pattern recognizer. The learner must be guided in selecting certain patterns and sub patterns to focus. The learner could be guided by social cultural settings in terms of which the learner thinks, talks, values and interact. An illustration of schema could be seen in the way the new information becomes available and then a person would try to fit the new information into the pattern he/she has used in the past so as to interpret information regarding the same situation. In case the new information does not fit very well into the existing pattern something has to give. A good example of schema could be balance especially in terms of friendship relationships where a person has a balance set of beliefs about his/her acquaintances.

2.3 Shareholders' Perception of Corporate Social Responsibility

In the recent years there have been a growing number of companies adopting corporate social responsibility initiatives. CSR has attracted numerous debates where some proponents perceive CSR benefits outweigh CSR costs (Cochran and Wood, 1987; Waddock and Graves, 1997; Margolis and Walsh, 2003) while the opponents perceive CSR as irrelevant and potentially costly (Jensen, 2002; Smith, 2003a; Schaefer, 2008). These debates further raises questions like for whose benefit is the CSR and at whose expense should the firm be managed.

CSR has been revived more so in the recent prominent debates over whether a firm should exist entirely for profit making or whether it should be obligated to the society and environmental concerns that accompany the practice of social corporate responsibility. All these bring to light the wider perspective of CSR which further underlie the shareholders' perception of company's engaging in CSR. The perceptions could be economic, legal, ethical and philanthropic (Carroll, 1991) or critical, normative, instrumental, supererogative and sustainable (Andre, 2013).

2.4 Corporate Social Responsibility

The concept of CSR has been the object of much research in recent decades and researches have adopted varying perspectives. Initially this concept was mainly associated with economic aspect which was understood as the firm's obligation to maximize shareholders' value (Zenisek, 1979). With this perspective a conclusion is drawn from (Friedman, 1962) position for which CSR is simply carrying out actions that increase profits while respecting the rules of the game.

There are other researches that related the concept with marketing activities with a social dimension (Davis and Blomstrong, 1975; Drumwright, 1996; Handelmann and Arnold, 1999). The approaches to social dimension are quite narrow since they are limited to particular aspects of the concept and do not take its multi-dimensional nature into account.

(Maignan and Ferrell, 2001). According to these two CSR should be understood as a broad concept since it takes in the whole set philosophical and normative issues relating to the role of business in the society. (Pride and Ferrell, 1997) looks at CSR as the moral obligations that maximize the positive impact of the firm on its social environment and minimize the negative impact. Other frameworks have also been used to explain the construct (Carrolls, 1979, 1991). (Wartick and Cochran, 1985; Burton et al., 2000) model suggests that firms have economic, legal, ethical and philanthropic obligations towards their environment and these four dimensions are what make CSR.

2.5 Empirical Basis of Shareholders Perception of CSR

Several studies on the perceptions of CSR have also been done both locally and internationally. One of the studies was about perceptions of CSR amongst immigrant entrepreneurs (Azmat and Zutshi, 2012). The study sought to explore the understanding of the term CSR by Sri Lankan immigrant entrepreneurs in Australia. The study found out that CSR was considered to be important and the immigrants' entrepreneurs had a better understanding of what CSR is. All the participant businesses in the sample were very small and most of them were family members hence a limitation and further research needs to be done to generalize the findings.

Another study was done on perceptions of CSR in Kazakhstan (Smirnova, 2012). The study was conducted in Central Asia and its purpose was to understand the attitudes of individuals towards CSR in Kazakhstan and also understand the benefits that CSR may to business and its stakeholders. This study suggested that environmental friendliness, legal responsibility and stewardship principle are considered to be very vital in Kazakhstan. This research work contributed to the limited scope of literature on the attitudes towards CSR in Kazakhstan. The limitation of this study was that the concept of CSR is relatively new in Kazakhstan which might have led to misunderstanding of CSR principles hence wrong perceptions and attitudes which distorted the research results.

A Survey of Managers' Perceptions of Corporate Ethics and Social Responsibility and Actions that may Affect Companies' Success (Cacioppe et al. 2008) in 60 well known

Australian and International companies was conducted. This was an exploratory study that was aimed at determining what the participants considered 'ethical' and 'socially responsible' behavior in organization to be. It also examined how the participants' beliefs influenced their attitudes and intended behaviors towards these organizations. The results of this survey indicated that many managers and professionals have clear views about the ethical and socially responsibility reputations of the companies which affect their attitudes towards these organizations eventually having impact on their intended behavior towards them. The study limitation was that participants were selected mainly from managers and professionals associated with the University of Western Australia the Australian Institute of management and Curtin University which indicates biasness necessitating further research.

Within Kenyan context a descriptive study on management perception of corporate social responsibility at Kenya Power and Lighting (Omwenga, 2013) was also done. The main focus of the study was to determine management perception of corporate social responsibility at Kenya Power and Lighting. The findings of the study showed that most managers had positive perception of CSR. This study focused only on the management perception of CSR at Kenya Power & Lighting Company despite the CSR concept being wide hence a limitation.

Another study was also done on restructuring dimensionality of customer corporate social responsibility and customer response outcomes by hotels in Kenya (Cheruiyot et al.). This study sought to examine the dimensionality of customer response outcomes and also to evaluate the differences in perceptions of customer corporate social responsibility and customer related outcomes in sample classified hotels. The study found lack of significant differences in perceptions across customer's intent to stay, country of origin, income level, hotel and customer length of stay. It also established that the customer's willingness to pay for CSR was neutral in regards to CSR perception. The limitation of this study was that it focused on customers as homogenous individuals instead of customer sub-types as it relates perceived effect of CSR.

2.6 Summary of the Literature

Several theories have played a role for the understanding of the concept of CSR some of which include the stakeholder theory (Freeman, 1984), legitimacy theory and Institutional theory. CSR has also attracted a number of studies globally some of which include perceptions of CSR amongst immigrant entrepreneurs (Azmat and Zutshi, 2012), perception of CSR in Kazakhstan (Smirnova, 2012, an empirical test of risk management hypothesis on the relationship between CSR and shareholder value (Godfrey et al.), a Survey of Managers' Perceptions of Corporate Ethics and Social Responsibility and Actions that may Affect Companies' Success (Cacioppe et al. 2008) and a descriptive study on management perception of corporate social responsibility at Kenya Power and Lighting (Omwenga, 2013). Another local study was done on restructuring dimensionality of customer corporate social responsibility and customer response outcomes by hotels in Kenya (Cheruiyot et al.). All these studies show that that in deed CSR has been studied on a wider perspective though they are in different concept as well as context hence the findings cannot be generalized to apply at Safaricom Limited hence there is a knowledge gap that this study seeks to address.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the steps that were adopted in studying the research problem along with the logic behind them. It involves a description of all the procedures that were used to undertake the study. The research design guiding the study was indentified, described and justified. The chapter also describes the population, sample and sampling techniques that were used in the study. How the data was collected and analyzed is also captured in this chapter. The choices made regarding the procedures and techniques were guided by the objectives of the study.

3.2 Research Design

This study was based on a cross- sectional descriptive survey design. Descriptive research studies are studies concerned with describing the characteristics of a particular individual, or a group (Kothari, 2004). After collecting the information the inference was made.

This method was appropriate because it helped in obtaining information from a cross-section of shareholders at Safaricom Limited which assisted in describing the phenomena under investigation that is their perception of the company involvement in CSR. This research design has also been used in previous similar studies (Omwenga, 2013; Korir, 2006 and Mbugua, 2012) among others.

3.3 Population of the Study

The population for this study was all the shareholders of Safaricom Limited. According to the company's registrar office the total number of shareholders was 650,452 as at 30th June 2014. This figure includes the two principal shareholders with 75% ownership and the public count shareholding of 25%. The study targeted the individuals who own shares at Safaricom Limited mainly the 25% public shareholding.

3.4 Sampling and Sampling Technique

Since the population was too large, the study was based on sampling which was a representative of the entire population after which an inference was made. The sampling frame for this study was all the East African Individual shareholders of Safaricom Limited who belong to the 25% public count shareholding which is 630,333. The study targeted 100 East African individual shareholders which represented the entire population. Using random sampling technique, the respondents were picked as they walked in the registry office.

3.5 Data Collection

This study made use of both primary data. The primary data was gathered by means of semi structured questionnaires that were designed alongside the study objectives. The questionnaire focused on obtaining data on the shareholders' perception of company involvement in CSR activities which was based on several parameters like Carroll's pyramid of CSR, charity and stewardship principles (Carnegie, 1889) and (Andre, 2013) CSR perceptions.

Some questionnaires were administered in person and others by mail method so as to increase the response rate as other respondents were far. The respondents comprised of all shareholders who were sampled according to part 3.4 above. The questionnaire items were measured using Likert five- point three directional categorical scale to determine positive, negative and neutral positions.

3.6 Data Analysis

Factor analysis was conducted on the data using SPSS version 22. Principal component analysis (PCA) was the extraction method used in factor analysis while the rotation method used in extraction was Varimax with Kaiser Normalization. PCA tries to organize data to reduce its dimensionality with as little loss of information as possible in the total variation that the variables explain (Giri, 2004). Variables for the new factors were created on the data set using the regression method.

To measure the sampling adequacy, The Kaiser-Meyer-Olkin (KMO) measure was used which should be greater than 0.5 for a satisfactory factor analysis.

As seen in the table below, KMO measure was 0.623 which confirms sampling adequacy and hence a satisfactory factor analysis.

Table 3.1 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.623
	Approx. Chi-Square	2722.141
Bartlett's Test of Sphericity	df	1081
	Sig.	.000

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The purpose of this study was to determine shareholders' perception of company involvement in CSR at Safaricom Limited and to establish whether the shareholders believe CSR reduces the shareholders' wealth. The study was carried out using cross-sectional descriptive design. Questionnaires were used to collect the data. Out of 100 questionnaires issued only 93 questionnaires were collected and this represents 93% response rate. This chapter therefore represents the analysis of the respondents' demographics, the respondents' perception of Safaricom Limited involvement in CSR and the respondents' views on whether Safaricom Limited involvement in CSR affects the value of their shares by use of factor analysis and finally the chapter presents the discussion of the findings.

4.2 Profile of the Respondents

This part provides the descriptive statistics of the respondents on gender and the age bracket. The profile of the respondents is very important in this study in that it gives a snap shot of how different people perceive things. For instance the young people might have a different perception on the Safaricom Limited involvement in CSR as compared to the old. The young could also have a varied opinion with regards to whether CSR participation affects the value of their shares as compared to the old. Gender is also vital in that it helps in determining how men perceive things as compared to women. To obtain this information the data was captured by use of semi structured questionnaires where the respondents were required to tick their gender and their respective age bracket. The findings of the respondents profile are represented in table 4.1 and 4.2 below.

Table 4.1 Respondents gender

Gender				
	Gender	Frequency	Valid Percent	Cumulative Percent
Valid	Male	59	63.4	63.4
	Female	34	36.6	100
	Total	93	100	

Source: Field data (2014)

63.44% of the respondents were male with 36.56% of the respondents as female. According to the table above, the population of male respondent is higher than that of female respondent. From this finding it means that most men have invested in Safaricom Limited shares compared to female.

68.8% of the respondents age was 40 years and below. This means that majority of the young people are represented in this age bracket. At this age most people want to explore different opportunities in life as far as investment is concerned so their perception relating to company's involvement in CSR could be different compared to the old people. Generally, 83.9% of the respondents were aged 50 years and below as seen on the table 4.2 below.

Table 4.2: Respondent Age

Age bracket				
	Age Category	Frequency	Valid Percent	Cumulative Percent
Valid	20-30yrs	28	30.1	30.1
	30-40yrs	36	38.7	68.8
	40-50yrs	14	15.1	83.9
	50-60yrs	10	10.8	94.6
	Above 60yrs	5	5.4	100
	Total	93	100	

Source: Field Data (2014)

Age 50 and below is a very productive age and the respondents of this particular age bracket are considered mature and very active in terms of investment. Some of these individuals may invest quite a huge amount of capital in the shares hence they could have a different perception of how CSR involvement affects their share value.

4.3 Respondents' Perception of Safaricom Limited Involvement in CSR

This was one of the general and major objectives in the study that sought to establish an overall overview of shareholders perception of corporate social responsibility at Safaricom. To achieve this response, the respondents were supposed to rate how they perceive descriptive statements on a 5 point Likert Scale where 5 represented the highest level of agreement, 1 represented the lowest level of agreement and 3 represented a neutral agreement. Factor analysis was then done on sets of variables that seek to explain individual objectives as well as the general objectives of the study.

Below is the summary solution for the rotated component matrix extracted at 7 factors. Rotations converged on 23 iterations.

Table 4.3 Factor Categories

Factor No.	Factor Category
1	Safaricom is obliged to play an active role in community projects/service
2	Law abiding-Safaricom should perform its mandate within the legal framework
3	Safaricom reputation- CSR helps improve the positive reputation of Safaricom in the society
4	CSR continuity-Safaricom CSR should continue and not just focus on profit making
5	CSR activities enhances the company's profitability
6	CSR cost versus gain- Safaricom ought to balance between costs, project sustainability and impact on society
7	Core business- the core business is profit making and CSR is just an activity Safaricom is not obliged to perform

Factor 1: Safaricom Limited is obliged to play an active role in community projects/service

This factor strongly loaded on 13 variables. Table 4.4 below presents the factor loadings against respective variables.

Table 4.4 Factor Loadings on Safaricom Limited Obligation in community projects

CSR Contributing Statement	Factor Loading
Safaricom Limited should always balance the interest and the needs of different groups in the society	.691
Establishment of Abbas Farm Maji na Uhai project in Wajir East District that was meant to cushion over 5,000 pastoralists from water scarcity and insecurity was a worthwhile project	.641
Planting of trees by Safaricom staff in the financial year 2012-2013 at the Nairobi green line of the Nairobi National Park and at Ngare Ndare Forest trust demonstrated a spirit of volunteerism which significantly changed the image of the company by the public	.636
Establishment of new maternity clinic for Turkana in the remote village of Loreng'elup in Turkana Central Constituency by Safaricom limited strengthened the public image	.602
Safaricom Limited should be distracted from their economic functions by solving social problems	-.600
Safaricom Limited through philanthropic giving improves the standard of living in the society	.577
Construction and equipping of classrooms, libraries and laboratories so as to provide satisfactory learning environment for children by Safaricom limited should continue.	.570
Safaricom Limited as service providing industry and the society is interdependent	.541
CSR enhances Safaricom Limited returns	.537
Promotion of Arts, music and culture improve the talents of the young ones in the society	.517
Philanthropic giving increases competitive advantage of Safaricom Limited	.507
Engaging in CSR by Safaricom Limited enhances the company's image	.503

Factor 2: Law abiding-Safaricom Limited should perform its mandate within the law

This factor strongly loaded on 9 variables. Table 4.5 below presents the factor loadings against respective variables

Table 4.5 Factor Loadings on Law Abiding

CSR Contributing Statement	Factor Loading
Safaricom Limited will always aim at complying with all the state laws and regulations	.701
Good corporate governance by Safaricom Limited enables the company achieve its goals and objectives for the benefit of all the shareholders	.661
Safaricom Limited through CSR activities contributes in the economic growth of the nation.	.603
It is sometimes necessary for Safaricom Limited to violate some state laws and regulations	-.597
Safaricom Limited pays its taxes promptly.	.587
CSR involvement by Safaricom Ltd promotes good relationship between the citizen and the community	.517
Safaricom Limited offers equal employment opportunities to the society	.486
Safaricom Limited should always aim at achieving the highest returns to their shareholders	.442
Safaricom Limited should not participated in CSR since it is irrelevant and inconsistent	-.436

Factor 3: Safaricom Limited reputation-CSR helps improve the positive reputation of Safaricom Limited in the society

This factor strongly loaded on 6 variables. Table 4.6 below presents the factor loadings against respective variables.

Table 4.6 Factor Loadings on Safaricom Limited Reputation

CSR Contributing Statement	Factor Loading
Safaricom Limited reputation has increased because of disclosing the CSR activities in the annual reports	.716
Volunteering action by Safaricom Limited through employee involvement promotes social good thereby strengthening the company's reputation	.690
Safaricom Limited employees fully participate in the life changing experience by creating a world of difference	.682
Engaging in promoting education to less fortunate in the society improves public perception of Safaricom Limited	.580
The profits Safaricom Limited generates are fair and acceptable by the society	.511
Safaricom through CSR has been able to enhance human resource management by volunteering to the community	.465

Factor 4: CSR continuity-Safaricom Limited CSR should continue and not just focus on profit making

This factor strongly loaded on 5 variables. Table 4.9 below presents the factor loadings against respective variables.

Table 4.7 Factor Loadings on CSR Continuity

CSR Contributing Statement	Factor Loading
Safaricom involvement in CSR activities is worthwhile and should continue	.754
There is need for Safaricom Limited to continually contribute to the charitable organizations	.750
Safaricom participation in charitable programs should continue	.728
Safaricom Limited should only aim at making profits and nothing more than that	-.484
Safaricom Limited has an obligation to the needy persons in the society	.415

Factor 5: CSR activities enhances the company's profitability

This factor strongly loaded on 6 variables. Table 4.8 below presents the factor loadings against respective variables.

Table 4.8 Factor Loadings of CSR Activities enhancing company's profitability

CSR Contributing Statement	Factor Loading
Safaricom uses CSR as an opportunity to make more profits	.723
CSR activities at Safaricom Limited are a mere public relation exercise	.722
Safaricom Limited should mainly focus on delivering telecommunications services to the community	.602
CSR activities by Safaricom Limited are a mere marketing tools to reach out to the consumers	.588
Safaricom must meet the needs of the society even if it means losing profitability	.563
Continuous involvement of CSR by Safaricom limited affects the shareholders' wealth	.561

Factor 6: CSR cost versus gain- Safaricom Limited ought to balance between costs, project sustainability and impact on society

This factor strongly loaded on 4 variables. Table 4.9 below presents the factor loadings against respective variables.

Table 4.9 Factor Loadings CSR Cost Versus Gains

CSR Contributing Statement	Factor Loadings
Safaricom Limited being involved in CSR must strive to lower their operational costs	.632
CSR is all about achieving long term results, sustainability and business continuity	.547
Safaricom Limited should consider the interest of all those who are affected by its decision and actions	.459
Safaricom Limited must adhere to all the state laws and regulations even if it is costly to them	-.459

Factor 7: Core business- the core business is profit making and CSR is just an activity Safaricom Limited is not obliged to perform

This factor strongly loaded on 3 variables. Table 4.12 below presents the factor loadings against respective variables.

Table 4.10 Factor Loadings on Core Business

CSR Contributing Statement	Factor Loading
CSR will in the long run improve the profitability of Safaricom Limited	.712
Safaricom Limited must primarily aim at making profits as much profit as possible	.471
Safaricom limited has a right to choose whether to engage in CSR or not	.458

4.3.1 Respondents Perception on Economic Perspective of CSR

This section sought to find out the perception of the respondent with regards to the economic perspective of CSR. The respondents were to confirm whether they believe engaging in CSR enhances financial returns, improves company's profitability, affects shareholders' wealth, helps in achieving long term results, sustainability and enhances business continuity. The section looked at three factors that explain the respondents' perception of CSR from the economic aspect. The three factors include CSR as an opportunity to make more profits, CSR contribution to economic growth and operational costs reduction.

This section aimed at finding out the respondents views on CSR involvement by Safaricom Limited as an opportunity to make more profits. To obtain this the respondents were required to select on a 5 point Likert Scale their level of agreement on this statement. The findings are further illustrated in the table 4.11 below.

Table 4.11 CSR as an opportunity to make more profits

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	23	24.7	24.7
	Disagree	33	35.5	60.2
	Neutral	19	20.4	80.6
	Agree	13	14	94.6
	Strongly agree	5	5.4	100
	Total	93	100	

Source: Field Data (2014)

The study revealed that at least 60.2% of the respondents do not believe Safaricom uses CSR as an opportunity to make more profits. According to this finding the majority of the respondents do not believe that Safaricom Limited involvement in CSR is a gateway of making more profits.

The study further aimed at establishing shareholders perspective on the impact of CSR activities on economic growth. The purpose of this section therefore was to establish the respondents' view on how CSR involvement by Safaricom Limited impacts the economic growth of the nation. The data was obtained through a questionnaire where the respondents presented their level of agreement on a 5 point Likert Scale to show whether their views is positive, negative or neutral. It was established that 65.6% of the respondents agree that the companies CSR activities do contribute to the economic growth of the nation. Table 4.12 below presents the summary of findings.

Table 4.12 CSR contribution to economic growth

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.2	3.2
	Disagree	1	1.1	4.3
	Neutral	3	3.2	7.5
	Agree	61	65.6	73.1
	Strongly agree	25	26.9	100
	Total	93	100	

Source: Field Data (2014)

This therefore means that according to this findings majority of the respondents are in support of the fact that CSR contributes to the economic growth of the nation even though there are still a few respondents (4.3%) who do not believe CSR contributes to the economic growth of the nation.

Operational cost is a key factor in determining the company's profit. The study also aimed at establishing whether Safaricom Limited should strive to lower its operational costs due to their engagement on CSR activities. This section is therefore aimed at finding out the respondents' belief when it comes to the company's reduction in operational costs. The respondents indicated their level of agreement on 5 point Likert scale. From the table 4.13 below it was established that at least 71% of the respondents agree that the company should strive on reduction of its operational costs due to their engagement in CSR activities.

Table 4.13 Operational Costs Reduction

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	5	5.4	5.4
	Disagree	6	6.5	11.8
	Neutral	15	16.1	28
	Agree	47	50.5	78.5
	Strongly agree	20	21.5	100
	Total	93	100	

Source: Field Data (2014)

This outcome hence means that majority of the respondents believe that Safaricom Limited should strive to lower its operational cost as it engages in CSR. Only a few (11.8%) are not in support of this statement.

4.3.2 Respondents Perception on Philanthropic Perspective of Safaricom Limited Involvement in CSR

Safaricom Limited has over the years has been actively involved in CSR. Through Safaricom Foundation, the company has established projects that are aimed to assist the society and the company has continued support various projects that are meant to improve the standard of living of people in the society. This section therefore sought to find out whether the respondents agree or disagree with this and to what extent. Four factors were observed under the philanthropic perspective of CSR which include CSR participation, CSR a public relations exercise, CSR promoting good relationship with citizens & community and CSR enhancing company image.

This section was aimed at finding out the respondents' view with regards to Safaricom Limited participation on CSR, whether it is a worthwhile activity and should continue. To obtain this information each respondent indicated their level of agreement regarding this statement on a 5 point Likert Scale. It was observed that 69.9% of the respondents agree

that Safaricom Limited involvement in CSR activities is worth and the company should continue in these activities. Further, 24.7% of the respondents strongly agree with company involvement in such activities. The findings are presented in the table 4.14 below.

Table 4.14 CSR Participation

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.1	1.1
	Disagree	2	2.2	3.2
	Neutral	2	2.2	5.4
	Agree	65	69.9	75.3
	Strongly agree	23	24.7	100
	Total	93	100	

Source: Field Data (2014)

From these findings, it is obvious that majority of the respondents are positive about Safaricom Limited participation in CSR, according to them they believe that CSR is a worthwhile activity and Safaricom Limited should continue its participation in it. Quite a few respondents (4.3%) have a negative response on this statement, they believe that CSR activity is not worthwhile and the company shouldn't continue its participation.

The main focus of this section was to determine the respondents' perception with regards to Safaricom Limited involvement in CSR pertaining to public relation. CSR involves giving back to the community so it was very vital to establish what the respondents perceive of the reason behind this activity. To achieve this objective the respondents expressed their perception on a 5 point Likert Scale which determined their level of agreement on this particular statement. It was also observed that at least 57% of the respondents do not agree that Safaricom Limited participation in CSR activities is a mere public relation exercise. Table 4.15 below presents the findings.

Table 4.15 CSR a Public Relations Exercise

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	14	15.1	15.1
	Disagree	39	41.9	57
	Neutral	27	29	86
	Agree	12	12.9	98.9
	Strongly agree	1	1.1	100
	Total	93	100	

Source: Field Data (2014)

According to these findings majority of the respondents are not in support of this statement, they don't believe that the reason behind Safaricom Limited involvement in CSR is a mere public relation exercise.

The study further aimed at finding out the respondents' views with regards to whether Safaricom Limited involvement in CSR promotes good relationship with citizens and the community. CSR activity involves interacting with the people and the community at large therefore it was necessary to establish the respondents' perception regarding this relationship. To achieve this; the respondents through a questionnaire were required to express their level of agreement to this particular statement which was measured on a 5 point Likert Scale. The study revealed that 53.8% of the respondents indicated that the company's involvement in CSR promotes good relationship with the citizens and community. The table 4.16 below presents the summary of the findings.

Table 4.16 CSR promotes good relationship with citizens & community

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	5	5.4	5.4
	Neutral	2	2.2	7.5
	Agree	50	53.8	61.3
	Strongly agree	36	38.7	100
	Total	93	100	

Source: Field Data (2014)

According to this finding the majority of the respondents are in support of this statement meaning that they do agree that CSR promotes good relationship with the citizens and the community. Only a few (5.4%) provided negative responses to this statement in that they don't believe that CSR promotes good relationship with the citizens and the community.

From the philanthropic perspective; the study also sought to establish the respondents' view on Safaricom Limited involvement in CSR with regards to company's image. The main focus was to find out what the respondents think about CSR enhancing the company's image and brand. The information regarding this statement was obtained through the questionnaire where the respondents indicated their level of agreement which was measured on a 5 point Likert Scale. The study further revealed that Safaricom Limited image is enhanced by engaging in CSR activities. The table 4.17 below presents the findings.

Table 4.17 CSR enhances company image

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.1	1.1
	Disagree	3	3.2	4.3
	Neutral	3	3.2	7.5
	Agree	57	61.3	68.8
	Strongly agree	29	31.2	100
	Total	93	100	

Source: Field Data (2014)

According to this study at least 92% of the respondents do agree with the statement. This means that almost all the respondents do agree with this statement and are in support of the fact that Safaricom Limited involvement in CSR enhances its image as a company. 4.3 % of the respondents are in disagreement with this statement and therefore according to them CSR does not enhance the company's image.

4.3.3 Legal Perspective of CSR

This section's aim was to find out whether the company's operations are compliant with the state laws and regulations. The statute laws might be environmental laws and also tax laws. The data was obtained by use of questionnaires where the respondents indicated their level of agreement which was measured on a 5 point Likert Scale. Three factors on legal perspective were looked into and they include operation within legal framework, compliance to state laws and regulations and tax payments.

The study aimed at establishing the views of the respondents with regards to whether Safaricom Limited operates within the legal framework. To achieve this objective the respondents were requested to indicate their level of agreement by ticking the questionnaire. This was measured on a 5 point Likert Scale. The study revealed that at

least 75% of the respondents agree that Safaricom Limited strictly operates within the legal framework of the society. The results are further presented on the table 4.18 below.

Table 4.18 Operation within legal framework

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.2	3.2
	Disagree	5	5.4	8.6
	Neutral	15	16.1	24.7
	Agree	52	55.9	80.6
	Strongly agree	18	19.4	100
	Total	93	100	

Source: Field Data (2014)

This means that majority of the respondents are in favor of this argument. This perception is therefore positive in that most of the respondents believe that Safaricom Limited carries out its operation within the legal framework. From the above findings only 11.8% disagree with this statement in that they don't believe the company operates within the legal framework. It is therefore ok to say that Safaricom Limited operations are governed by the statute laws and regulations.

The section also aimed at finding out the respondents view with regards to Safaricom Limited being compliant to the state laws and regulations. To achieve this; respondents expressed their views on a 5 point Likert Scale to establish their level of agreement. The study revealed that at least 85% of the respondents do agree that the company complies. The findings are summarized in the table 4.19 below.

Table 4.19 Compliance to State Laws & Regulations

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.2	2.2
	Disagree	1	1.1	3.2
	Neutral	10	10.8	14
	Agree	52	55.9	69.9
	Strongly agree	28	30.1	100
	Total	93	100	

Source: Field Data (2014)

This is quite a big percentage meaning that majority of the respondent do agree that Safaricom Limited do actually comply with the state laws and regulations. Only 5.5 % of the respondents express a negative response on this statement which means according to a few respondents they don't think the company complies with the state laws and regulations.

Safaricom Limited is required to pay taxes to the government. Tax payment is one of the factors of the legal aspect of CSR. The section therefore sought to find out what the respondents think about Safaricom Limited with regards to paying its taxes. The study further aimed at establishing whether Safaricom Limited pays its taxes promptly. The data was obtained by use of a questionnaire where the respondents ticked their level of agreement on a 5 point Likert Scale. It was observed that at least 80% of the respondents either agree or strongly agree that the company promptly pays its taxes. The table 4.20 below presents the findings of the study.

Table 4.20 Tax Payments

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.1	1.1
	Neutral	17	18.3	19.4
	Agree	46	49.5	68.8
	Strongly agree	29	31.2	100
	Total	93	100	

Source: Field Data (2014)

This study hence shows that majority of the respondent are in support of this statement and that they agree that Safaricom Limited pays taxes and pays the taxes promptly. Only 1.1% disagree with the statement meaning that a few respondents believe that Safaricom Limited don't pay taxes promptly.

4.3.4 Ethical Perspective of CSR

The section sought to find out whether the company is ethical in whatever it does. The respondents were to give their perception regarding the company being ethical in its CSR activities. Some of the factors on ethical perspective that were looked into include equal employment opportunities , good corporate governance impact on goals & objectives and Safaricom Limited reputation due to disclosure of CSR activities on the annual reports.

Safaricom Limited is a corporate organization that offers employment to the society. The ethical aspect of CSR determines whether the company is ethical in whatever it does. With regards to this factor; the study aimed at finding out the respondents view with respect to whether Safaricom Limited offers equal employment opportunity to the society. The data relating to this statement was obtained by use of questionnaires that were filled by the respondents upon which the respondents expressed their level of agreement which was measured on a 5 point Likert Scale. According to the findings of

the study, 52.7% of the respondents agree that the company offers equal employment opportunities. The table 4.21 below presents the findings.

Table 4.21 Equal Employment Opportunities

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.2	2.2
	Disagree	10	10.8	12.9
	Neutral	22	23.7	36.6
	Agree	49	52.7	89.2
	Strongly agree	10	10.8	100
	Total	93	100	

Source: Field Data (2014)

Generally, at least 62% of the respondents agree that the company offers equal employment opportunities. This means that most of the respondents do agree that Safaricom Limited is ethical in what it does when it comes to offering employment opportunities to the society. Quite a few (14.9 %) do not agree that Safaricom Limited offers equal employment opportunities to the society.

Corporate governance is simply about the rule and practices by which the board of directors ensures accountability, fairness and transparency. Safaricom Limited has its own corporate governance mechanism upon which this study sought to establish the respondents' views with regards to whether the good corporate governance by Safaricom Limited enables Safaricom Limited achieve its goals and objectives for the benefit of all shareholders. This data was obtained by use of questionnaires where each respondent indicated their level of agreement to this statement and further measured on a 5 point Likert Scale. The study revealed that at least 80% of the respondents do agree (59.1% agree & 21.5% strongly agree). These findings are further presented on the table 4.22 below.

Table 4.22 Good Corporate governance impact on goals & objectives

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.2	2.2
	Neutral	16	17.2	19.4
	Agree	55	59.1	78.5
	Strongly agree	20	21.5	100
	Total	93	100	

Source: Field Data (2014)

According to this findings we would say that majority of the respondents believe that good corporate governance enables Safaricom Limited to achieve its goals and objectives for the benefit of all shareholders meaning that many of the respondents are in support of the fact that good corporate governance enables Safaricom Limited to achieve its goals and objectives.

Safaricom Limited does disclose CSR activities on their annual reports to allow the investors and other stakeholder's be aware of the company's activities. This section therefore sought to find out the respondents' view with regards to whether CSR disclosure on annual reports improves Safaricom Limited reputation. To achieve this objective the data was captured by use of questionnaire through which the respondents expressed their level of agreement to this particular statement which was measured on a 5 point Likert Scale. It was observed that 68% of the respondents are in agreement that Safaricom reputation has increased as a result of its disclosure of CSR activities annually. The findings are summarized in the table 4.23 below.

Table 4.23 Safaricom Limited reputation due to disclosure of CSR activities

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.1	1.1
	Disagree	8	8.6	9.7
	Neutral	20	21.5	31.2
	Agree	53	57	88.2
	Strongly agree	11	11.8	100
	Total	93	100	

Source: Field Data (2014)

From this finding it means that the majority of the respondents are in support that the company's reputation is improved when it discloses the CSR activity on the annual reports. However there are a few respondents (10.8 %) who do not agree that Safaricom Limited reputation improves by its disclosure of CSR activity on the annual reports.

Overall, Safaricom Limited was highly rated by respondents on its ethical perspective towards the CSR activities it engages in.

4.3.5 Charity principle of CSR

Charity Principle calls for wealthy individuals and organization to help the less fortunate in the society. Safaricom Limited through CSR has been able to assist the less fortunate in the society by establishing water projects, maternity clinics and also promoting education. The aim of this section was to find out whether the respondents believe it is good for the company to continue participating in charitable activities. Contribution to charitable organization by Safaricom Limited was the only factor that was considered in this section.

This section aimed at determining the respondents' views with regards to whether Safaricom Limited should continue to contribute to charitable organizations. The data

was further obtained by use of questionnaires which were administered to the respondents and upon which the respondents expressed their level of agreement which was measured on 5 point Likert Scale. The study revealed that at least 82% of the respondents agree or strongly agree on company continuous involvement in charitable activities. The table 4.24 below summarizes the findings.

Table 4.24 Contribution to Charitable Organizations

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.1	1.1
	Disagree	3	3.2	4.3
	Neutral	12	12.9	17.2
	Agree	48	51.6	68.8
	Strongly agree	29	31.2	100
	Total	93	100	

Source: Field Data (2014)

According to this finding, majority of the respondents are in favor of this statement in that they agree that indeed Safaricom Limited should continually contribute to charitable organization while only a few 5.4% do not agree that Safaricom Limited should continually contribute to charitable organization.

4.3.6 Stewardship Principle of CSR

This principle implies that more successful citizens and companies must contribute to the welfare of the whole society meaning that the great utility should be provided to the greatest number of people. Safaricom Limited through Safaricom Foundation aims at giving back to the community by making positive contributions to the communities through financial support and through staff involvement. This section therefore sought to establish whether the respondents agree or disagree with this act and to what extent. It also sought to determine whether the respondents believe that the company and the society depend on each other and whether the company balances the needs of different

groups in the society and finally it aimed at establishing whether Safaricom Limited considers the interest of those affected by its actions when making decisions.

This section sought to establish the respondents' views with regards to whether Safaricom Limited and the society are interdependent. Interdependence is a relationship where the individuals or elements depend on each other in that one element or individual cannot exist without the other. To know whether both Safaricom Limited and the society are interdependent, the respondents were asked to fill the questionnaires where they were required to express their level of agreement which was measured on a 5 point Likert Scale. The findings are presented in the table 4.25 below.

Table 4.25 Interdependence of Safaricom Limited & society

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.2	2.2
	Disagree	3	3.2	5.4
	Neutrals	5	5.4	10.8
	Agree	57	61.3	72
	Strongly agree	26	28	100
	Total	93	100	

Source: Field Data (2014)

The study revealed that at least 89% of the respondents agree or strongly agree that Safaricom Limited and the society are interdependent meaning that most of the respondents believe that Safaricom Limited and the society are interdependent. A few (7.6%) of the respondents did not support this statement.

Safaricom Limited as corporate institution has got many stakeholders. This section was aimed at establishing the views of the respondents' with regards to whether Safaricom

Limited should balance the needs of different groups in the society. To achieve this objective the respondents were required to fill questionnaires where they indicated their

level of agreement which was measured on 5 point Likert Scale. The study revealed that Safaricom Limited should balance the interest of the needs of different groups in the society with at least 84% of the respondents in agreement. However there are those few respondents who were not in support of this statement with at least 6.5 % disagreeing to this subject. The findings are summarized in the table 4.26 below.

Table 4.26 Balance needs of different groups in society

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.2	2.2
	Disagree	2	2.2	4.3
	Neutral	10	10.8	15.1
	Agree	58	62.4	77.4
	Strongly agree	21	22.6	100
	Total	93	100	

Source: Field Data (2014)

It can therefore be said that majority of the respondents believe that Safaricom Limited should balance the needs of different groups in the society while only a few of the respondents are against the belief that Safaricom Limited should balance the needs of different groups in the society.

To determine shareholders' perception of Safaricom involvement in CSR, the study also aimed towards establishing the respondents' views on whether Safaricom Limited should consider the interests of those affected by its action when making decisions. The respondents were therefore required to express their level of agreement which was measured on a 5 point Likert Scale through the semi structured questionnaires. It was noted that 58.1% of the respondents agree with 26.9% of the respondents in strong

agreement that Safaricom Limited should put into consideration the interests of those affected by its decisions and actions. These findings are summarized in the table 4.27 below.

Table 4.27 Interests of affected

	Response	Frequency	Valid Percent	Cumulative Percent
Valid	Disagree	5	5.4	5.4
	Neutral	9	9.7	15.1
	Agree	54	58.1	73.1
	Strongly agree	25	26.9	100
	Total	93	100	

Source: Field Data (2014)

According to these findings, majority of the respondents are in support of this statement while some respondents also were against this statement in that they don't believe it is actually important for Safaricom Limited to consider the interests of those affected by its actions when making decisions.

4.4 Respondents' Perception on whether Safaricom Limited Involvement in CSR affects Shareholders' value

This was the second objective of this study. The main aim of this section was to establish whether the respondents believe CSR reduces the shareholders' wealth. To achieve this objective, data was captured by use of semi structured questionnaire where each respondent was required to fill the questionnaire by indicating their level of agreement which was further measured on 5 point Likert Scale. A cross tabulation analysis was then conducted on the impact the company's involvement on CSR activities has on share value against the respondent's opinion and to what extent the company should engage in these activities.

The study revealed that 27.3% of the respondents indicated that the company's involvement in CSR reduces the share value and prefers the company limits its engagement to a very large extent while 13.6% of the respondents who also believe share value reduces due to companies engagements in CSR do not prefer the company involve themselves in such activities. The study further revealed 37.5% of the respondents indicated that the share value does not reduce as a result of company engagement in CSR and would still prefer the company limits CSR to a very large extent. The summary of these findings are presented on the table 4.28 below.

Table 4.28 Does CSR involvement reduce shares value * Limit CSR to what extent % within Does CSR involvement reduce shares value

		Limit CSR to what extent					Total
		Not at all	Less extent	Moderate extent	Large extent	Very large extent	
Does CSR involvement reduce shares value	Yes	13.60%	18.20%	22.70%	18.20%	27.30%	100.00%
	No	1.80%	5.40%	14.30%	41.10%	37.50%	100.00%
	Not sure		21.40%	42.90%	21.40%	14.30%	100.00%
	Total	4.30%	10.90%	20.70%	32.60%	31.50%	100.00%

Source: Field Data (2014)

According to these findings, few respondents (27.3%) believe that the company's involvement in CSR reduces their share value however they would still prefer the company gets involved in CSR to a very large extent. On the other hand there are also a few respondents (13.6 %) who believe that CSR involvement by Safaricom Limited affects their share value and would wish the company to stop engaging in such CSR activities. The results of the findings also indicate that less than half of the respondents (37.5 %) believe that CSR involvement by Safaricom Limited does not affect their share value therefore the company should get involved in CSR activities to a very large extent.

The study also aimed at determining whether the company's involvement in CSR reduces share value against the effect it has on shareholders' wealth. To achieve this objective, the respondents were to indicate their level of agreement on the CSR statement which was further measured on a 5 point Likert Scale. A cross tabulation was further fitted on whether the company's involvement in CSR reduces share value against the effect it has on shareholders wealth. It was observed that 54.5% of the respondents agree that Safaricom Limited involvement in CSR activities reduces the share value and consequently affects the shareholders wealth. The findings of this study are summarized in the table 4.29 below.

Table 4.29 CSR involvement reduce shares value * Affects shareholders wealth

			Affects shareholders wealth					
			Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Does CSR involvement reduce shares value	Yes	Yes		22.70%	13.60%	54.50%	9.10%	100.00%
		No	10.70%	50.00%	17.90%	19.60%	1.80%	100.00%
	Not sure	Yes		14.30%	64.30%	21.40%		100.00%
		No		6.50%	38.00%	23.90%	28.30%	3.30%

Source: Field Data (2014)

According to these findings, more than half of the respondents believe that Safaricom Limited involvement in CSR reduces their share value and consequently affects the shareholders' wealth. This is a reflection of the majority whose views are of the opinion that CSR involvement by the company has an effect on the shareholders' value which eventually affects the shareholders' wealth.

4.5 Discussion

CSR as a concept has been the object of research for many years. This study aimed at determining shareholders' perception of company involvement in CSR by Safaricom Limited and also to establish whether the respondents believe CSR reduces the shareholders' wealth. To achieve these objectives the study looked at the aspects of CSR in terms of economic, philanthropic, legal and ethical aspects. It also considered the charity and stewardship principle of CSR.

The key findings of this study are based on the different aspects of CSR. The economic perspective was meant to establish whether the respondents believe the CSR enhances Safaricom Limited profitability and provides business sustainability and continuity. From the research findings it was found that most respondents believed that Safaricom Limited don't just use CSR as an opportunity to make profit, majority also believed that CSR contributes to the economic growth of the nation and that Safaricom Limited as a company should strive to lower their operational costs. This finding implies that majority of the respondents are in support of the CSR but at the same time Safaricom Limited should be able to minimize their cost of operations for it to be profitable since under the economic perspective a business must be profitable and deliver goods and services that the society needs.

Philanthropic perspective involves the purely voluntary actions by corporations for instance charity, donations, financial support and other contributions geared towards improving the quality of life or the standard of living of people in the society. This aspect therefore aimed at establishing whether CSR involvement by Safaricom Limited is worthwhile and if it improves the standard of living of people in the society. The study revealed that majority of the respondents are very positive about CSR and they believe that CSR participation by Safaricom Limited should continue since it is a worthwhile activity, most respondents also believe that Safaricom Limited involvement in CSR activities promote good relationship between the citizens and the community. Majority of

the respondents also believe that Safaricom Limited does not use CSR as a mere public relation exercise.

According to the legal perspective, profits of the company should be achieved in compliance to the government laws and regulations. The aim of this aspect was to find out the respondents views with regards to Safaricom Limited being compliant to the state laws and regulations in terms of whether they pay their taxes on time., it is established from the research findings that majority of the respondents are of the view that Safaricom Limited complies with the state laws and regulations and that they pay the taxes on time. This means therefore that obeying the law is very important as this is perceived by the majority of the respondents.

The study also focused on the ethical perspective of CSR. Ethical responsibilities simply mean doing what is right. The company must always strive at doing the right thing. The aim of this aspect was to establish the respondents' views with regards to whether Safaricom Limited is ethical in what it does. Most people have misleading attitudes towards the companies whose primary goal is to make profits. Sometimes it is unethical if the company does not fulfill other responsibilities hence the importance of knowing what the shareholders think about Safaricom Limited being ethical in what it does for instance offering equal employment opportunities, disclosing the CSR activities in the annual returns and good corporate governance. The study revealed that majority of the respondents are of the view that Safaricom Limited provides equal employment opportunities to the people and also its reputation improves by it disclosing the CSR activities in the annual return. The majority respondents also believe that good corporate governance enables Safaricom Limited to achieve its goals and objectives for the benefit of all shareholders.

The charity principle emphasizes on wealthy individuals and corporations contributing to the less fortunate in the society. The aim of this aspect was to determine the respondents view with regards to whether Safaricom Limited should continue contributing to the charitable organizations. The study found out that most respondents are in support of Safaricom Limited contributing to charitable organizations. This implies that Safaricom Limited is considered wealthy by the majority of the respondents since they are of the view that the company should continue contributing to charitable organizations. The steward principle on the other hand implies that that most successful companies and organizations must contribute to the welfare of the whole society. From the stewardship principle, the study also revealed that majority of the respondents believes that Safaricom Limited should always balance the needs of different groups in the society. Most respondents are of the view that Safaricom Limited and the society are interdependent. The study also revealed that majority of the respondents believes that Safaricom Limited should consider the interests of those affected by its actions when it comes to decision making.

From the second objective of this study which was to establish whether the respondents believe CSR reduces the shareholders' wealth. Shareholders' wealth is determined by several aspects including the company's profitability. The aim of this objective was to establish what the respondents believe CSR involvement by the company does to their share value which ultimately may have an impact on their shares wealth. The study generally revealed that more than half of the respondents indicated that CSR involvement by Safaricom Limited reduces their share value and consequently affecting the shareholders' wealth. This means therefore majority of the respondents are of the view that CSR involvement by the Safaricom Limited has an impact on their share value which consequently affects the shareholders' wealth.

The findings of this study correspond to the findings of the previous studies that have been done on perception of CSR. For instance a study was done on perceptions of CSR in Kazakhstan (Smirnova, 2012) and its main objective was to understand the attitudes of individuals towards CSR in Kazakhstan and also understand the benefits that CSR may to business and its stakeholders. This study suggested that environmental friendliness, legal responsibility and stewardship principle are considered to be very vital in Kazakhstan. These particular findings relate to the findings of the current study in that most of the respondents indicated a positive response on the CSR statements. The majority of the respondents are in support of CSR activities.

A Survey of Managers' Perceptions of Corporate Ethics and Social Responsibility and Actions that may Affect Companies' Success (Cacioppe et al. 2008) in 60 well known Australian and International companies was also conducted. The study aimed at determining what the participants considered 'ethical' and 'socially responsible' behavior in organization to be. It also examined how the participants' beliefs influenced their attitudes and intended behaviors towards these organizations. The results of this survey indicated that many managers and professionals have clear views about the ethical and socially responsibility reputations of the companies which affect their attitudes towards these organizations eventually having impact on their intended behavior towards them. The findings of this study correspond to the findings of the current study in that the respondents view on the ethical perspective is positive and that means that these respondents have clear views about ethical and social responsibility of the company.

Within Kenyan context a descriptive study on management perception of corporate social responsibility at Kenya Power and Lighting (Omwenga, 2013) was also done. The main focus of the study was to determine management perception of corporate social responsibility at Kenya Power and Lighting. The findings of the study showed that most managers had positive perception of CSR which applies to the current study that revealed majority of the respondents are in support of the CSR statements hence consider CSR as a worthwhile activity and it should continue.

The study also supports some of the existing theories that have been put forward. For example according to stakeholders' theory (Donaldson and Preston, 1995; Freeman, 1984) the organization should not only be accountable to their shareholders but should put into consideration how their actions would affect the consumers, suppliers, general public, employees and others who have a stake or interest in the corporation. From the research findings it is evident that it supports this theory since most respondents agreed with most of the statements. Majority of the respondents indicated that Safaricom Limited should put into consideration the interest of all those affected by its decisions.

Another theory that supports CSR is the Legitimacy theory (Deegan, 2006). This theory gives explicit considerations to the expectations of the society which is embodied in what we call the social contract between the organization and the society within which it interacts and whether the organization appears to be complying with the expectations of the societies within which it operates. From the research findings most respondents agree that the society and the company are interdependent meaning that there is a mutual relationship between the society and the organization since the society provides important benefits to the corporation, then the corporation has the obligation to promote society interest in return.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main focus of this chapter is to summarize the findings of the study and also discuss them in relation to the study. The chapter also provides limitations, conclusion and recommendations that will be used for policy making and practice. The chapter also provides suggestions for further study in the concept of corporate social responsibility.

5.2 Summary of the Findings

The study had two objectives. The first one was to determine shareholders' perception of company involvement in CSR at Safaricom Limited and the second objective was to establish whether the shareholders believe CSR reduces the shareholders' wealth. Primary data was collected by distributing semi structured questionnaires to the respondents. A total ninety three out of expected 100 questionnaires was collected. This represented 93% of the target. Data was analyzed using Factor Analysis.

In regards to shareholders' perception different aspects of CSR was looked into and the study sought to find out what the shareholders perceive with regards to these aspects. From the findings it was established that most shareholders are in support of CSR activity and this could be reflected in the way they responded to the statements in different aspects. Majority of the respondents were positive in almost all the CSR statements that were presented on the questionnaires. According to the findings most of the respondents agree that Safaricom Limited involvement in CSR activities is worth and the company should continue in these activities. This means quite a large number of people are in favor of the statements that support CSR. Even though CSR activity is worthwhile, quite a number of the respondents believed that CSR reduces the value of their shares and consequently affects the shareholders wealth.

5.3 Conclusions

To achieve the study objectives several CSR aspects were incorporated in to the study. Under the economic perspective the study sought to find out the views of the shareholders with respect to economic impact of engaging in CSR activities by Safaricom Ltd. It also sought to establish the views from the shareholders on whether the company uses CSR activity as an opportunity to make more profits. The study also sought to find out the views from the shareholders on whether engaging in CSR activity by the company affects the shareholders wealth and to determine what the shareholders think about the company's operational costs. From the study it was revealed that at least 60.2% of the respondents do not believe Safaricom Ltd uses CSR as an opportunity to make more profits. It was also established that 65.6% of the respondents agree that the companies CSR activities do contribute to the economic growth of the nation. The study also found out that at least 71% of the respondents agree that the company should strive on reduction of its operational costs due to their engagement in CSR activities. It was finally observed that 54.5% of the respondents agree that Safaricom Ltd involvement in CSR activities reduces the share value and consequently affects the shareholders wealth. From this finding it is safe to say that majority of the respondents are in support of CSR regarding the economic aspect.

Under the legal perspective study sought to find out from the shareholders on whether they believe the company operates within the legal framework of the society, It was also sought to determine the views from the shareholders on whether the company complies to the state laws and regulations and finally to obtain the views from the shareholders on whether the company pays its taxes promptly. From the study it was established that at least 75% of the respondents agree that Safaricom Ltd strictly operates within the legal framework of the society. On compliance with all the state laws and regulations, the study revealed that at least 85% of the respondents do agree that the company complies. The study further aimed at establishing whether Safaricom Ltd pays its taxes promptly. It was also observed that at least 80% of the respondents either agree or strongly agree that

the company promptly pays its taxes. It therefore safe to conclude that the majority of the respondents are in support of the fact that Safaricom Ltd operates within the legal framework of the society and that it complies to the state laws and regulations.

In regards to philanthropic the study sought to establish the views from the shareholders is on whether CSR activity is worthwhile and whether it should continue, it also aimed at finding out the shareholders' perception with regards to whether CSR activities promotes good relationship with the citizens and the community or whether the company's participation in CSR is just a mere public relationship exercise. This aspect also sought to establish the shareholders view on whether CSR activities enhance the company's image. From the findings it was observed that 69.9% of the respondents agree that Safaricom Ltd involvement in CSR activities is worth and the company should continue in these activities and 24.7% of the respondents strongly agree with company involvement in such activities. It was also observed that at least 57% of the respondents do not agree that Safaricom Ltd participation in CSR activities is a mere public relation exercise. The study further revealed that Safaricom Ltd image is enhanced by engaging in CSR activities. At least 92% of the respondents did agree with the statement. These findings therefore established that quite a large number of the respondents view CSR as a worthwhile activity and according to the respondents Safaricom Ltd should continue its participation in the CSR activities.

Under ethical perspective the study sought to establish the views from the shareholders on whether the Safaricom Ltd is ethical in what it does. It aimed at establishing what the shareholders think about the company offering employment opportunities. The study was also focused on determining the views from the shareholders on whether the company's reputation has increased as a result of the company disclosing CSR activities in its annual reports and finally to find out whether shareholders believe good corporate governance enables Safaricom Ltd achieve its goals and objectives for the benefit of all shareholders. From the findings it was observed 52.7% of the respondents agree that the company offers equal employment opportunities. Generally, at least 62% of the respondents agree

that the company offers equal employment opportunities. It was also observed that at least 80% of the respondents do agree (59.1% agree & 21.5% strongly agree) that good corporate governance enables Safaricom Ltd achieve its goals and objectives for the benefit of all shareholders. The study finally revealed that 68% of the respondents are in agreement that Safaricom Ltd reputation has increased as a result of its disclosure of CSR activities annually. Generally it can be concluded that Safaricom Limited as a company is ethical in what it does and socially responsible since most of the respondents are in support of all almost all the CSR statements pertaining the ethical perspective.

In regards to charity principle study sought to find out whether the shareholders believe it is good for the company to continue participating in charitable activities. From the findings it was revealed that at least 82% of the respondents agree or strongly agree on company continuous involvement in charitable activities. This means that a large number of the respondents support Safaricom Limited involvement in CSR and they therefore believe Safaricom Limited should continue contributing to the charitable organizations.

Under stewardship principle, the study sought to establish from the shareholders on whether the Safaricom Limited and the society are interdependent, it was also sought to find out the views from the shareholders on whether the Safaricom Limited should balance the needs of different groups in the society and finally to determine the views from the shareholders on whether the company should put into consideration the interests of those affected by its decisions and actions. The study revealed that at least 89% of the respondents agree or strongly agree that Safaricom Ltd & the society are interdependent. The study further revealed that Safaricom Ltd should balance the interest of the needs of different groups in the society with at least 84% of the respondents in agreement. It was also noted that 58.1% of the respondents agree that Safaricom Ltd should put into consideration the interests of those who are affected by its decisions and actions with 26.9% of the respondents in strong agreement. From these findings it is safe to conclude that Safaricom Limited practices the stewardship principle in that it contributes to the welfare of the whole society meaning that it provides great utility to the greatest number

of people. This is clearly seen from the majority of the respondents' view who are in support of CSR statements pertaining to stewardship principle.

The findings of this study agree with other previous studies that have been done on CSR. For instance the study by (Omwenga, 2013) revealed that to a large extent most managers are in support of CSR. Another study by (Korir, 2006) established that in general managers at Kenya Revenue Authority had a positive perception towards social responsibility and that 100% of the arguments against CSR were regarded as unimportant.

5.4 Recommendations for Policy Making and Practice

Based on the research findings obtained this study recommends that Safaricom Limited should continue its participation in charitable organizations but at the same time work hard to reduce their operational costs which has an impact on the company's profitability which in turn affects the dividends provided to the shareholders consequently affecting the shareholders' wealth.

The study also recommends that Safaricom Limited must consider the interest of those affected by its actions when making decisions since majority of the respondents prefer it that way. The study recommends that managers and policy makers of Safaricom Limited may revise their strategies and policies within the expectations of the shareholders.

5.5 Limitations of the Study

The limitations of this study will be based on three aspects that are conceptual, contextual and methodological. CSR as a concept is very wide and this study only aimed at shareholders' perception of Corporate Social Responsibility at Safaricom Limited. Since this concept is very wide it was not possible to cover everything. The concept of CSR appeared quite new to some respondents and they did not have a clear understanding of what CSR actually mean and this might have affected the results of these findings.

Under contextual aspect the study was done in the context of Safaricom Limited. The responses obtained represent the views of 93 shareholders only out of 650,452

Shareholders Company wide. This sample is small and not representative and therefore may not be generalized to all the shareholders of the company. The responses represented by the shareholders are their personal views which may differ from one shareholder to another should the study be conducted. The study was also done in only one company that falls under the telecommunication industry.

The last limitation is methodological; most shareholders were randomly picked as they walked in the share registry office for the services they had come for. This was a limitation in that it was not possible to capture most people within the shortest time possible since the some of the shareholders had limited time and were in a hurry to be served. For the ones who were able to fill the questionnaires they did so in haste hence their views might have compromised with time hence not provided the real views.

5.6 Suggestions for Further Research

From the conceptual limitation realized; the study could have been conducted on other aspects of CSR. Other aspects that could be studied in the future under the same field include the role that philanthropic plays in shaping company's perception among their stakeholders.

With regards to contextual limitation; a comparative study can in future be done on the shareholders' perception of company involvement in CSR among other companies that fall in telecommunication industry in Kenya. The findings from such studies could help the companies in learning from one another on how strategic planning on CSR is done and also benchmark so that the companies improve on their current plans. The study can also be done for the entire shareholders of the company so that the views of each and every shareholder are represented at different levels and this would give a much higher response rate.

From the methodological limitation the study recommends a better method of collecting data which might not limit the number of the respondents for example the researcher could opt for obtaining data through forums like Annual General Meetings where most respondents are likely to be present.

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INTERNET SOURCE

Safaricom Limited website: www.safaricom.co.ke; Visited on July 2014.

APPENDICES

Appendix I: Letter of Introduction (self)

Dear Respondent,

TO WHOM IT MAY CONCERN

I am a post graduate student undertaking master's degree in Business Administration mainly strategic management. I am carrying out a research on shareholders' perception of companies' involvement in CSR. This is a requirement to complete my MBA course at the university. Safaricom Limited has been selected to form part of this study.

This letter therefore is to request you to aid me by filling in the questionnaire which will be collected. The information will be strictly for academic use only. A copy of this project will be made available to you upon request.

Yours faithfully,

Celine Anyango Otieno.

REG NO: D61/60651/2013

Appendix II: Letter of Authority

Appendix III: Questionnaire

Kindly answer the following questions as honestly as possible by ticking where appropriate. The acquired information will be used strictly for academic purposes.

SECTION A1: Individual Profile

1. What is your gender?

Male []

Female []

2. What is your age bracket?

20-30 yrs [] 30-40 yrs. [] 40-50 yrs.[] 50-60 yrs. [] Above 60yrs[]

3. Kindly indicate your nationality?

Kenyan []

Non- Kenyan []

4. Are you employed?

Yes []

No []

5. Do you own Safaricom Limited shares?

Yes []

No []

6. Have you ever received dividends on your shares?

Yes []

No []

Not sure []

SECTION B

1. Are you aware of Safaricom Limited engagement in corporate social Responsibility activities?

Yes []

No []

2. If yes to the above question which areas have the company engaged in CSR for past recent years?

Economic Empowerment []

Education []

Environmental Conservations []

Sports []

Arts, Music & Culture []

Water []

Health []

Employee Engagement []

3. Is the company CSR activity linked to Safaricom Limited strategic agenda?

Yes []

No []

Not sure []

4. To what extent should Safaricom Limited engage in CSR activity?

Not at all []

Less extent []

Large extent []

Very large extent [] Moderate extent []

5. Do you think the company's involvement in CSR reduces the value of your shares?

Yes [] No [] Not sure []

6. If yes to what extent?

Large [] Less [] Moderate []

SECTION C

1. Using the five point scale below, please indicate your level of agreement with the following statements with regards to CSR at Safaricom Limited.

1. Strongly disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree

CORPORATE SOCIAL RESPONSIBILITY ASPECTS					
CSR STATEMENT	1	2	3	4	5
1. Safaricom uses CSR as an opportunity to make more profits					
2. Safaricom must meet the needs of the society even if it means losing profitability					
3. Continuous involvement of CSR by Safaricom limited affects the shareholders' wealth					
4. CSR involvement by Safaricom promotes good relationship between the citizen and the community					
5. Safaricom limited has a right to choose whether to engage in CSR or not					
6. Safaricom Limited operates strictly within the legal framework of the society					
7. Safaricom Limited should always aim at achieving the highest returns to their shareholders					
8. Safaricom Limited will always aim at complying with all the state laws and regulations					

9. Safaricom Limited through CSR activities contributes in the economic growth of the nation.					
CSR STATEMENT	1	2	3	4	5
10. Safaricom Limited offers equal employment opportunities to the society					
11. The profits Safaricom Limited generates are fair and acceptable by the society					
12. It is sometimes necessary for Safaricom Limited to violate some state laws and regulations					
13. Good corporate governance by Safaricom Limited enables the company achieve its goals and objectives for the benefit of all the shareholders.					
14. CSR will in the long run improve the profitability of Safaricom Limited					
15. Safaricom Limited pays its taxes promptly.					
16. There is need for Safaricom Limited to continually contribute to the charitable organizations					
17. CSR activities at Safaricom Limited are a mere public relation exercise					
18. CSR is all about achieving long term results, sustainability and business continuity.					
19. Engaging in CSR by Safaricom Limited enhances the company's image					
20. Philanthropic giving increases competitive advantage of Safaricom Limited.					

21. Safaricom Limited as service providing industry and the society is interdependent					
CSR STATEMENT	1	2	3	4	5
22. Promotion of Arts, music and culture improve the talents of the young ones in the society					
23. Safaricom Limited should always balance the interest and the needs of different groups in the society					
24. CSR enhances Safaricom Limited returns					
25. The establishment of new maternity clinic for Turkana in the remote village of Loreng'elup in Turkana Central Constituency by Safaricom limited strengthened the public image					
26. Safaricom Limited should mainly focus on delivering telecommunications services to the community					
27. Safaricom Limited has an obligation to the needy persons in the society					
28. Safaricom Limited should only aim at making profits and nothing more than that					
29. Safaricom Limited must adhere to all the state laws and regulations even if it is costly to them					
30. Safaricom Limited reputation has increased because of disclosing the CSR activities in the annual reports					

31. Volunteering action by Safaricom Limited through employee involvement promotes social good thereby strengthening the company's reputation					
CSR STATEMENT	1	2	3	4	5
32. Engaging in promoting education to less fortunate in the society improves public perception of Safaricom Limited					
33. Safaricom Limited should not participated in CSR since it is irrelevant and inconsistent					
34. The construction and equipping of classrooms, libraries and laboratories so as to provide satisfactory learning environment for children by Safaricom limited should continue.					
35. Safaricom Limited through philanthropic giving improves the standard of living in the society.					
36. Safaricom Limited employees fully participate in the life changing experience by creating a world of difference					
37. CSR activities by Safaricom Limited are a mere marketing tools to reach out to the consumers					
38. Safaricom participation in charitable programs should continue					
39. Safaricom involvement in CSR activities is worthwhile and should continue					
40. Safaricom Limited should be distracted from their economic functions by solving social problems					
41. Safaricom through CSR has been able to enhance human resource management by volunteering to the community					

42. Safaricom Limited should consider the interest of all those who are affected by its decision and actions					
CSR STATEMENT	1	2	3	4	5
43. The establishment of Abbas Farm Maji na Uhai project in Wajir East District that was meant to cushion over 5,000 pastoralists from water scarcity and insecurity was a worthwhile project					
44. It is the responsibility of Safaricom Limited to see that each and every one in the society benefits from its actions.					
45. The planting of trees by Safaricom staff in the financial year 2012-2013 at the Nairobi green line of the Nairobi National Park and at Ngare Ndare Forest trust demonstrated a spirit of volunteerism which significantly changed the image of the company by the public.					
46. Safaricom Limited must primarily aim at making profits as much profit as possible					
47. Safaricom Limited being involved in CSR must strive to lower their operational costs					

THANK YOU!