

**EFFECTIVENESS OF CORPORATE SOCIAL RESPONSIBILITY IN PROMOTING
POSITIVE CORPORATE IMAGE: A CASE OF SAFARICOM LIMITED**

BY

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D61/70293/2009



**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.**

NOVEMBER 2011

DECLARATION

STUDENT'S DECLARATION

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

Signed Ann Waititu

Date 22/11/2011

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SUPERVISOR'S DECLARATION

This research project has been submitted with my permission as the University Supervisor.

Signed Florence Muindi

Date 22/11/2011

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DEDICATION

This research project is dedicated to all my family members and friends for their inspiration, support, encouragement, and understanding throughout the research period.

God bless you all.

ACKNOWLEDGEMENT

It is not easy to thank everyone who had an input into this research project, for the list is almost inexhaustible. However, there are those individuals and institutions, without whom, the research consultation and interviews would have been near impossible to take place.

I wish to register my sincere gratitude to some of the contributors including my Lecturers and supervisors for the light they shed on me and the encouragement since we met and all along, for the success of this research.

ABSTRACT

The field of Corporate Social Responsibility (CSR) has grown considerably over the last decade. This growing trend by organizations to practice corporate social responsibility means that companies are expected to give more back to the communities in which they operate and by doing so, they are enhancing and boosting their image. Hinson and Ofori (2005) suggest that rather than being antecedent to image building, issues relating to the responsibilities of a business are key attributes in terms of which an organization's image is judged. This study seeks to evaluate the range of Safaricom CSR activities and the role they play in nurturing goodwill and promoting the image of Safaricom to the public.

The main objective of this study was to investigate effectiveness of corporate social responsibility in promoting positive corporate image: a case of Safaricom limited. In order to achieve this objective the study was guided by the following objectives, that is, to evaluate the range of Safaricom CSR activities and the role they play in nurturing goodwill and promoting the image of Safaricom to the public and to evaluate the effectiveness of CSR in promotion of positive corporate image of Safaricom Limited

The study employed a case study research design, with a target population of 10 management staff. The study relied mostly on primary data that was collected through use interview guides as instrument data. The interview guide consisted of open-ended questions. Content analysis was used to analyse data collected. The information developed from the research data was then presented in prose-form.

The study found that CSR activity had played a great role on improving welfare of the community ranging from personal to social welfare either financial or socially and that it had created good reputation and image of the organization within the community at a great extent. Finally, the study recommended that organizations should involve all stakeholders at CSR activities to depict good image of the organization.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The field of Corporate Social Responsibility (CSR) has grown considerably over the last decade. This growing trend by organizations to practice corporate social responsibility means that companies are expected to give more back to the communities in which they operate and by doing so, they are enhancing and boosting their image. Companies have realized that they do not operate in isolation and that they have an impact on their shareholders either negatively or positively, and the impact needs to be assessed. The main aim of organizations engaging in CSR is to maximize the positive impact and reduce the negative ones (Carroll and Buchholtz, 2000). Simple philanthropy and sponsorship is no longer enough and long term strategies such as corporate/community partnerships are seen as more engaged forms of corporate social responsibility. Some commentators hope CSR will not become yet another “PR tool”, and in many cases the public relations function of an organization is responsible for guiding such activities/campaigns.

Corporate organizations in Africa have for the past decade taken up CSR as a PR strategy of corporate image building to enable them to compete in different markets (Ondego, 1998). The world is transforming into a global village and this creates pressure on organizations to secure mutual trust with the public that leads to acceptance and co-operation. PR concerns the way in which institutions communicate with their publics and with the growth of the concept of CSR as a strategy to improve the public attitude towards the organization.

Hinson and Ofori (2005) suggest that rather than being antecedent to image building, issues relating to the responsibilities of a business are key attributes in terms of which an organization's image is judged. Schnietz and Epstein (2005), for example, identify corporate social responsibility as a PR strategy and as a key dimension of image; Tucker and Melewar (2005) see social responsibility as a critical element of a corporate image relevant to crisis management and Lindgreen and Swaen (2005) argue that issues relating to responsibility are embedded within the functional relationships that underpin business activities. They suggest, therefore, that there will be a significant overlap between the corporate image in relation to these activities and image relating to responsibility. Does this present an opportunity for a more evolved, two-way symmetric form of PR to eventuate and thus enhance or protect the corporate image? I think it does present an opportunity for PR to enhance and protect a firm's image.

1.1.1 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (Holme and Watts, 2000). CSR is about capacity building for sustainable livelihoods. It is operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

CSR is a concept born of the premise that both for profit and not for profit organizations have various stakeholders whose different interests are affected one way or the other by an organization's goals, operations or the behaviour of its members. Stakeholders in an organization include employees, providers of finance, government, community and environment, consumers

of the organization's products and special interest organizations or groups. Organization's management, for instance, are more concerned and interested in the size and growth of the organization, its profitability, job security, social status, power and prestige. Business owners on the other hand have profitability of the organization as their primary interest; traditionally "the bottom line". The community in which the organization operates will be interested in employment opportunities, increased economic activity, improved development and good environmental management. CSR demands that good corporate leadership and governance should therefore strive to maintain a balance between the organizational interests and those of stakeholders in order for the organization's business to be conducted in a profitable and sustainable manner (Lindgreen and Swaen, 2005). This has led to a concept known as the triple bottom line (also known as 'people, planet, profit' or 'the three pillars') which is the expanded spectrum of values and criteria for measuring organizational success by accounting for ecological and social performance in addition to financial performance (Brown, Dillard and Marshall, 2006). CSR therefore is not just a goodwill gesture by organizations wanting to look good to the public in order to hike their profits. CSR has, thus, become a corporate competitive marketing strategy that ensures high organizational and product visibility thereby branding the business as an organization that cares about its consumers, the community it does business with and other stakeholders.

Novak (2006) enumerated seven social responsibilities of firms, which are to: satisfy customers with goods and services of real value; earn a fair return on the funds entrusted to the corporation by its investors; participate in recreational activity of the community which can accrue to non-profit institutions which own shares of publicly-held companies and help lift the poor out of poverty as their wages rise; create new jobs; defeat envy though generating upward mobility and

giving people the sense that their social conditions can improve; promote innovation; and diversify social interests of citizens so as to prevent the tyranny of the majority. Legal responsibilities, on the other hand, should be to follow the law or the rules that govern firms; while ethical responsibilities involve the use of practices that are acceptable by the society and the business world (Novak, 2006).

1.1.2 Corporate Image

Corporate image refers to how a corporation is perceived or generally accepted image of what a company stands for. Corporations use public relations, CSR and other forms of promotion to suggest a mental picture to the public. Typically, a corporate image is designed to be appealing to the public, so that the company can spark an interest among consumers, create share of mind, generate brand equity, and thus facilitate product sales. One of the most basic ways of shaping a corporate image is establishing and maintaining positive relationships with the general public. Similar to a firm's reputation or goodwill, it is the public perception of the firm rather than a reflection of its actual state or position. Unlike corporate identity, it is fluid and can change overnight from positive to negative to neutral. Large firms use various corporate advertising techniques to enhance their image in order to improve their desirability as a supplier, employer, customer, borrower, etc (Balmer, 1991).

In a competitive business climate, many businesses actively work to create and communicate a positive image to their customers, shareholders, the financial community, and the general public. A company that mismanages or ignores its image is likely to encounter a variety of problems. Stakeholders are affected by the actions of the company and, in turn, their actions can affect the company. Consequently, its image in the eyes of its stakeholders is important to the company.

The principal stakeholders with which most large corporations must be concerned are: customers, distributors and retailers, financial institutions and analysts, shareholders, government regulatory agencies, social action organizations, the general public, and employees (Ind, 1992). The image that stakeholders have of the company will influence their willingness to either provide or withhold support. Thus, if customers develop a negative perception of a company or its products, its sales and profits assuredly will decline (Balmer, 1991).

1.1.3 Safaricom Limited

Since its inception in 1999, Safaricom Ltd has been at the forefront of sponsoring charitable activities and supporting worthy causes. Given the positive reception by Kenyans to Safaricom's philanthropic initiatives, the company decided to follow the lead set by other subsidiaries and associate companies of the Vodafone Group of the United Kingdom (Otieno, 2005). Safaricom established a charitable foundation to articulate and implement its social investment policy within coherent and coordinated parameters. (Otsieno, 2005).

The Safaricom Foundation was established in August 2003 to drive Safaricom's CSR activities whilst at the same time channeling its charitable donations through a separate and fully-fledged organization. The Safaricom Foundation was set up as a registered charity and acts as an umbrella organization to make social investments that help the people of Kenya have better lives (www.safaricomfoundation.org).

Currently, Safaricom contributes about 1% of its revenue to its foundation's kitty. On average, it contributes between Kshs 12 million and Kshs. 15 million monthly to the fund. "We contribute Kshs. 1 from every virtual (electronic) scratch card we sell, to Safaricom Foundation. This makes about Kshs 150 million at the end of the year and most of our community projects are

funded from this pool. However, this contribution alone cannot finance capital-intensive projects like the elephant tracking and the major water projects” said Les Baille, chairman Safaricom Foundation (Otsieno, 2005).

Safaricom allocates funds in line with its Mission Statement and the Social Investment Policy. Safaricom guidelines help the organization to make charitable giving as effective as possible so that the programmes supported have a measurable and long-lasting impact. According to Michael Joseph, former CEO of Safaricom, CSR goes far beyond the old model of philanthropy of donating money for a good cause at the end of the financial year. In addition, CSR is an all year round responsibility for the engagement with the local communities (Otsieno, 2008).

Safaricom’s CSR Mission statement is “to partner with local communities to address social, economic and environmental issues to foster positive and lasting change.” The vision statement is “a prosperous Kenya, where peoples’ lives are positively transformed” (www.safaricom.co.ke)

1.2 Research Problem

For many organizations, corporate social responsibility (CSR) was once a purely philanthropic activity to arouse public goodwill with no consequence on profitability. However, the perception has changed with CSR programmes ranking high on the corporate plans of most organizations (Kamau and Anami, 2010). The notion that corporations ought to be socially responsible began during the 1960s, a time when businesses were expanding internationally and growing rapidly in size and power (Lantos, 2001). Malpractices so once highflying companies such as Enron and Worldcom collapse raising many questions regarding corporate practices and credibility (Clark, 2002). At the core of corporate social responsibility (CSR) is the need for corporations to go beyond their economic and legal obligations, and act responsibly towards multiple stakeholders

including the society at large. In the new millennium, failure to do so will threaten their very legitimacy to operate (Wood, 1991). Major research efforts have particularly been undertaken in the field of corporate image (Gotsi and Wilson, 2001), since positive image is one of those intangibles that is extremely hard to imitate (Mahon, 2002), turning it into a valuable source of competitive advantage. According to Caminiti (1992), a “positive” image among different stakeholders provides several benefits: higher customer retention thus increasing repurchases and higher product prices (Shapiro, 1983), which lead to both higher income as well as lower costs via a reduction of both the capital costs (Beatty and Ritter, 1986) and personnel costs through reduced personnel fluctuation (Caminiti, 1992, Eidson and Master, 2000 and Nakra, 2000).

Safaricom seeks to make positive contributions to communities in Kenya in direct ways, both through financial and technical support. Safaricom’s activities revolve around doing things that would impact on strengthening the social fabric of communities and contributing towards changing lives in a sustainable way. Safaricom Foundation has spent millions in various projects ranging from matters of education, medical, environment and capacity building. (Kamau and Anami, 2010) did a study on corporate social responsibility where they concluded that most organization considers it as the major determinant of market volume that more priority to improve on it. Safaricom contributes about 1% of its revenue to its foundation’s kitty; that is, between Ksh12 million and Ksh15 million monthly to the fund, making about Kshs 150 million annually. According to the chairman Safaricom Foundation, Les Baille, Safaricom Ltd contributes Ksh1 from every virtual (electronic) scratch card sold (Otsieno, 2005) confirmed that, as a way of improving CSR, Safaricom contributes social activities. In the Kenya for Kenyans fund drive for instance, Safaricom Ltd. donated Ksh10 million while Safaricom Foundation donated Ksh20 million, thus, making Safaricom Company’s donation the highest

among their corporate counterparts. Other, CSR activities that the company engages in are Sakata Ball Challenge, Rugby Safaricom Sevens, Lewa Wildlife Conservancy (Safaricom Marathon), Junior Achievement Kenya among others. In 2010, Safaricom Foundation launched the World of Difference (WOD) initiative whose objective is to involve employees in CSR projects. Despite its role in CSR, no scientific study has been undertaken to relate such practices and Safaricom's corporate image.

In Kenya, several studies have been done on CSR. Mutuku (2005) in a survey of the relationships between CSR and Financial performance as a case of publicly quoted companies in Kenya found that there is no relationship btw CSR and financial performance of companies listed in the NSE. Gikemi (2010) studied the role that PR plays shaping organizations' CSR strategies and found that CSR had improved the Coca-Cola company's image in terms of enhancing and adding value for the organizations product and/or services, earning more respect for organizational views that the company more likely to be listened to, bringing about competitive advantages. Kang'ethe (2010) studied the public view of corporate social responsibility in the pharmaceutical industry and found that pharmaceutical companies have put efforts to avail medicines to the public at an affordable price and help the needy which was in line with expectations of the public. However, these studies were generally on CSR with none focusing on Safaricom despite being one of the big spending companies in Kenya. Besides none has focused on how CSR relates with the organizations corporate image. Therefore, this study seeks to fill-in this knowledge gap by establishing the effectiveness of corporate social responsibility in promoting positive corporate image.

1.3 Research Objectives

This study was guided by the following research objectives:

- i. To establish the range of Safaricom CSR activities
- ii. To determine the effectiveness of CSR in promoting positive corporate image of Safaricom Limited

1.4 Value of the Study

The study will help other organizations in appreciating CSR and its contribution to a corporate image, thus, implications of CSR on the marketability of a firm's products. Explanations of CSR activities in Safaricom Ltd and how it has impacted in its corporate image will guide those on how it can realign their CSR activities for a good corporate image.

This study will be invaluable to the Safaricom Ltd's management and company as a whole as its findings would appraise its CSR activities and link the same to the corporate performance. The study will offer an opportunity for review of CSR practices as it will try to unearth how it has been effective in improving Safaricom's image.

The study will benefit both academicians and future researchers in Kenya and beyond. Academicians and researchers are always searching for new information and references. They can benefit from this study as it will add to the wealth of already existing knowledge on CSR and link the same with promotion of corporate image. The study will, thus, broaden the knowledge on CSR and provide a basis for future research on CSR.

This study will aim at contributing to the existing body of knowledge on the effectiveness of CSR in promoting positive corporate image. Another beneficiary of the study will be the Kenyan government whose objective is the socio-economic development of the country. CSR anchors in ensuring that corporations, in their endeavor of profitability, contribute to the society. Thus, government, through its institutionalized corporate governance principles, would benefit from the study's findings which seek to appraise CSR.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter looks at the theories on CSR and public image and the link between the two. The chapter also presents literature and previous studies that have been conducted on the link between CSR and corporate image.

2.2 The Concept of CSR

Much of the debate on social responsibility can be traced back to the early twentieth century about the exact purpose of a corporate entity. Such debate centered on answering questions on whether a corporation is an economic entity solely dedicated to making profits for its stakeholders or whether corporations are socio-economic entity obligated to make both economic and social contribution to society (Davis, 1973). The interpretation of corporate social responsibility thus becomes a subjective issue. The following are models of these debates.

In the eighteenth century, Adam Smith, expressed the traditional or classical economic model of business which suggested that the needs and desires of society could best be met by the unfettered interaction of individuals and organizations in the marketplace (Post, Lawrence and Weber, 2002). In this model, companies were largely owned by entrepreneurs and sole proprietors. Competition was vigorous and short-run profits were the overriding concern in those years. According to Adam Smith (2000) an economic invisible hand promoted public welfare, believing that efforts of the competing entrepreneurs had a natural tendency to promote public interest when each tried to maximize short-run profits. Thus profitability and social responsibility is one and the same thing. The model has survived into modern times. Friedman

(1999) is noted to have said few trends could thoroughly undermine the very foundation of our free society as the acceptance by corporate officials of a social responsibility other than making as much money for their stakeholders as possible. According to Friedman, “the business of business is business not social or political” (1999, p. 9). Thus, it is apparent that the classicists and their disciples did not practice corporate social responsibility.

Although organizations have been “relating” to the “public” for centuries, the 1920s began what became the most dramatic set of changes in the public relations field, which continued in earnest through the 1950s. Before this period, public relations focused on the dissemination of information or one-way communication models in which the quality of information was important but audience feedback had yet to be fully considered. Theorists, such as Walter Lippmann, focused on the importance of the media in forming public opinion. Practitioners also began to focus on the idea of social responsibility, noting that it was good for public relations and hence good for business (Golden, 1968).

The process of public relations is described by using decision making models and two-way communication. Cutlip and Center (1978) offered four stages in their public relations model: fact-finding and feedback, planning and programming, action and communication, and evaluation. This idea was slightly altered and became the four-step management process; defining the problem (or opportunity), planning and programming, taking action and communicating and evaluating the program. Grunig and Hunt referred to these processes in their description of two-way symmetrical communication (Grunig and Hunt, 1984).

Corporate sustainability is one parallel concept to CSR that has led to a lot of useful work on quantifying the issue of sustainability. This latter concept arose out of concerns for the

environment, but has been expanded in recent years to encompass both social and economic aspects of corporations. Some may quibble with the notion of starting from an environmental basis to expand into CSR issues. But, using the imaginative title of *Buried treasure*, the United Nations Environment Programme (UNEP) and the consulting firm sustainability have produced an original piece of work that matches the traditional indicators of business performance against sustainable development performance (Quinn, 2008). Ten measures of business performance are used (the dependent or endogenous variables), namely: shareholder value; revenue; operational efficiency; access to capital; customer attraction; brand value and reputation; human and intellectual capital, risk profile; innovation; and license to operate.

Grunig (1992) surmises that excellent corporate image can be better described in terms of: is research-based (i.e. not reliant on gut feel or non-tangible means), symmetry (which ultimately means both organizations and their stakeholders evolve their behaviors), whether the communication itself is either mediated (media and aspects of social media) or interpersonal (e.g. discrete meetings, community forums, speaking at events etc) and degree of ethics.

There are many ways to achieve goodwill and loyalty, one of the more prominent ways is through corporate social responsibility. While intangible, goodwill and customer loyalty are two possessions every company needs if it wants to be successful. L'Etang (1996) stated that organization's image/goodwill is all that matters, and so CSR continues to be "presented in public relations largely as a technique or tool for enhancing [its] reputation" (p. 105). These are part of what Boff (2003) calls a "magic formula with which the world system of production pretends to solve the problems that it, itself, has created."

Two way symmetrical model (Grunig, Grunig and Ehling, 1992) of public relations better serves the similarities with CSR program and process, through following this model company and publics can change their attitude with better flow of communication in the socio-cultural dynamics and could behave more efficiently, more ethically and responsible toward society. Cutlip & Allen (1978) model of public relations and Clarkson (1995) of corporate social responsibility identify some similarities. Both models identify similar process but PR begins with prospects of an issue but CSR process starts with the awareness of an issue, on second step, planning is core process among PR and CSR whereas programming and analysis have differences, on third step, action taking in the terms of execution of the communication process of PR whereas in CSR action taken in terms of policy development. Finally in fourth step, whole PR program is being evaluated whereas in CSR model it is executed accordance to policy set by company as shown in the Table below.

Table 2.1: Similarities and Differences in Public Relations and Corporate Social Responsibility Process

Cutlip and Center (1978) Model of PR	Clarkson (1995) Model of CSR
Identification of the problem or Issue (prospects)	Awareness or identification of an issue
Planning and programming	Analysis and planning
Taking action and communication	Action in terms of policy development
Evaluation of the program	Execution of the program

Source: Shah and Chen (2010), 1(3) pp.118-119

Lerbinger (2006) provide analytical position to the PR management program which suggest that relationship couldn't exist without environment and comprehensively "environment monitor, PR,

communication and social” “audits” refers to the good relationship. However, in Wood’s CSP model “environment” is central to all Corporate Social Performance program. Environment could be defined as the coherence of social, political, economic and cultural entities within a system a preserve of the PR practices. Wartic and Cochran (1985) model identifies the response of the environment through their reactive, defensive, responsive and interactive behavior. Miles’s (1986) dimension of responsiveness link PR and CSR though company external affairs and their strategy and design of external affairs decide the intensity of relationship. Again, Cutlip and Center (1978) and Wood’s (1991) process “Environment” and “Communication” are dominant in the whole process. Marston’s PR and Preston’s CSP process are the strategic management in the whole phenomenon. Therefore, PR or CSR is surrounding around environment and compressive relationship or good public relations could be obtain only on the basis of best internal strategies linked with the outer social realities

Two-way symmetry was originally offered as an alternative to the practice of manipulative public relations that was essentially one-way in favour of the organization. However, despite its seeming egalitarianism, several scholars (Leitch and Neilson, 1997, L’Etang, 1996, Munshi, 1999 and Pieczka, 1996) have shown how the two-way symmetrical model erroneously presumes a neutral interactive space for all publics and downplays the centrality of the dominant organizational core. Frankental (2001) claims that "corporate social responsibility is an invention of PR" (p. 23). This communication-driven strategy, which scholars such as Athanasiou (1996) and Beder (2000) have called "greenwashing," allows corporations to manipulate an image of environmental, social, and cultural responsiveness.

The 2-way symmetrical model casts public relations in the role of mediator versus persuader. Under that model, PR pros listen to the concerns of both clients and key publics and help them

adapt to one another. Redman (2010), however, calls this a utopian model, as the PR professional must represent the interests of all parties/publics while being paid by only one. Redman wonders whether it is realistically possible to serve multiple stakeholders whose needs conflict. For example, can an organization represent the interests of loyal employee groups while the shareholders demand layoffs in favor of low-cost offshore suppliers?

Craig (2009) sentiments that organizations that apply the notion of two-way symmetrical communication; enjoy more mutually beneficial, sustainable and, where relevant, commercially satisfying relationships with their stakeholders, make a more significant and worthwhile contribution to society and have more committed employees who are stronger organizational advocates.

2.3 Corporate Social Responsibility Strategies

Research into corporate social responsibility, the charitable donation of company resources, has shown corporate social responsibility can take four strategic continuums. Wilson (1974), provided conceptual schemes that describe the responsiveness continuum in CSR strategy; reaction, defense, accommodation, and pro-active. Similarly, Wartick and Cochran (1985) described four corresponding dimensions of corporate responsiveness: reactive, defensive, accommodative and proactive. Each involves a distinctly different approach to demands for greater social responsibility as discussed below (Kent, 1999).

The reaction strategy is whereby a business follows a reactive strategy; it will deny responsibility while striving to maintain the status quo (Zadek, 2004). That is, a firm responds to the society's needs only after these needs have challenged its goals. An organization that assumes a reaction stance simply fails to act in a socially responsible manner (Gellerman, 1986). According to

Jawahar and McLaughlin (2001), a reaction strategy consists of resistance or opposition from the corporate side, which either combats a stakeholder's interests or completely withdraws from and ignores that stakeholder.

According to Wilson (1974), organizations that pursue a defense strategy respond to social challenges only when it is necessary to defend their current position. The defense strategy is one which uses legal planning and/or public relations campaign to keep from having to assume additional responsibilities (Carroll, 1991). Organizations therefore act to wade off challenges (Munilla and Miles, 2005).

Corporations with an accommodation strategy of corporate social responsibility readily adapt their behaviors to comply with public policy and regulation where necessary and, more importantly, attempt to be responsive to public expectations (Vyakarnam, 1992). By following the accommodation strategy, the firm assumes additional responsibilities. Some sort of outside motivation such as pressure from a special-interest group or threatened government action is normally required to trigger an accommodation strategy.

Organizations that assume a proaction strategy with regard to corporate social responsibility subscribe to the notion of social responsiveness (Munilla and Miles, 2005). They do not operate solely in terms of profit; nor do they consider compliance with public policy, regardless of how it is defined, to be sufficient (Bihler, 1992). These organizations proactively seek to improve the welfare of society. Proactive strategy aggressively formulates a social responsibility program that serves as a model for the industry; taking the initiative. Jawahar and McLaughlin (2001) state that proactivity involves "doing a great deal to address a stakeholder's issues, including anticipating and actively addressing specific concerns or leading an industry effort. A proactive

organization thus moves to deal with potential societal expectations constructively and resolve latent problems or protect against unethical behavior

2.4 Corporate Image

Image is a particularly complex concept and is composed of a set of elements that go beyond an individual's mere perception (Flavián, Torres and Guinalfu, 2004). Worcester (1997) suggested that corporate image is the net result of the interaction of all experiences, impressions, beliefs, feelings and knowledge people have about a company.

The internalization of these elements has means that image is identified as a non-palpable item and can only be perceived by each individual in his own way. Thus, the perception of one individual will never be the same as that of another (Gray and Smeltzer, 1985). Using this reasoning, Nguyen and LeBlanc (2001) stated that corporate image is not a single entity, since it depends on the perception of each specific group of people and on the type of experiences and contacts they have had with the company (Dowling, 1988).

The concept of service quality has often been associated with the idea of business image. Service quality comes from a comparison between actual results and the initial expectations of the customer (Parasuraman et al., 1988), bringing the concept closer to the idea of satisfaction (Cooper et al., 1989). For its part, image may be defined as general impressions about an organization (Rynes, 1991). This may be expressed as “the picture of an organization as perceived by target groups” (Van Riel, 1995). Thus, the concept of image is more abstract than the idea of service quality. Lehtinen and Lehtinen (1982) state that service quality is made up of three basic dimensions: physical quality (e.g. equipment, buildings, etc.), interactive quality,

deriving from personal interaction between the company and its customers and corporate quality, which affects the company image.

According to Poiesz, images serve the following three functions in the psychological processes of the consumer: as a complexity-reduction device in the information processing process; as a choice heuristic in low-involvement decision making; and as a gatekeeper that prevents further psychological elaboration in the event of an immediate negative image. Thus, while there are no explicit distinctions between true and false representations in Poiesz' approach to the image concept, he does share with Alvesson (1990) the notion of image as a more superficial form of knowledge, a "knowledge" made obsolete and replaced by other types of knowledge through further experience and psychological elaboration.

2.5 Effectiveness of CSR in Promoting Corporate Image

Corporate social responsibility is voluntary commitment by company managers to integrate social and environmental considerations in their business operations (Simpson, 2002). This commitment goes beyond normal compliance with the legal, regulatory, and contractual obligations, which companies are expected to meet with an aim of creating good corporate image. Not much research has been done to determine how corporate image is boosted by CSR activities. It is generally known that business expectations from the society has forced organizations to make contribution to the society beyond economic benefits, such as products and profits, business is increasingly engaging in non-economic activities to meet these expectations (Utting, 2003). These non-economic programs include social and environmental initiatives, and demonstrate a firm's commitment to corporate social responsibility (CSR). CSR initiatives are increasingly being used to create the awareness of a firm's corporate image, and,

in turn, preference for its products and brands. CSR-based corporate image advertising, however, is problematic.

CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (www.wbcd.com, 2000). Corporate Social Responsibility (CSR) is centered on the relationship between business and society and how businesses behave towards their key stakeholders such as employees, customers, investors, suppliers, communities, and special interest groups (Hick, 2000). Governments have required large companies to conduct business in ways that make significant contributions to national and regional social and economic development.

Companies that neglect their social responsibility progressively fail in the market place due to poor corporate image. This is referred to as strategic drift. Strategic drift is where strategies progressively fail to address the strategic position of the organization and performance deteriorates (Johnson, Scholes and Whittington, 2005). Some of the warning signs that a business might have an image problem include high employee turnover, the disappearance of major customers, a drop in stock value, and poor relationships with vendors or government officials (<http://www.referenceforbusiness.com/small/Co-Di/Corporate-Image.html>). If an image problem is left unaddressed, a company might find many of its costs of doing business rising dramatically, including the costs of product development, sales support, employee wages, and shareholder dividends. In addition, since the majority of consumers' base their purchase decisions at least partly on trust, current and future sales levels are likely to suffer as well.

Wilson (1994) examined the relationship between corporations and community from the perspective of CSR, arguing that public perception of a firm's CSR commitment was central to the formation of stakeholder perceptions. Firms are developing a CSR identity for their organisation to use in marketing strategies, customer retention management, and stakeholder relations (Enquist, Johnson & Skålen, 2006).

According to (Levis (2006) companies usually consider CSR (codes of conduct) as valuable management tools and they adopt mainly for four reasons: first, to state the values and ethical standards their business subscribes to; secondly, to influence the practices of their global business partners; thirdly, to consolidate a policy of good practice in the company; fourthly, to inform consumers about the principles they follow in the production of goods and services, and to respond to public pressure or to prevent criticism, especially if their sales depend heavily on brand image and consumer goodwill. Levis (2006, p. 51) also identifies a fifth reason for adopting CSR: companies, especially the multinational ones, perceive CSR as a viable alternative to public or governmental regulations.

For an effective CSR commitment, companies are expected to develop systems for implementing, assessing and evaluating CSR policies and practices, including the definition of targets, processes, roles and responsibilities, training, mechanisms to measure and report on progress, and corrective measures. Management systems help improve the strategic management of CSR and enhance the company's CSR performance, accountability and credibility (Ten Brink, 2002). They can help identify and manage efficiently social and environmental risks, involve stakeholders more actively and systematically, and increase the overall organizational effectiveness through a rationalized collection and analysis of information on operations and

impacts and a better coordination across departments. Management standards could be useful benchmarks and communication tools on CSR management performance.

Communication is a trust-based relationship between service provider and the subscriber, either directly or through facilitation of one or more third party intermediaries such as government authority, agents, repairers, doctors, lawyers among others. For service providers, good corporate image is critical. One cannot inventory communication service and once consumed they leave nothing with the consumer except memories. Unlike physical products, services cannot be seen, tasted, felt, heard, or smelled before they are bought (Kotler, 1998). In this case only the customer can judge the quality of the service. In a service offering, if things do not go as planned, a customer cannot simply return the service and ask for another one.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the approach that was used to conduct the research. It encompasses the research design, data collection and analysis.

3.2 Research Design

The study took on a case study research design. The design was chosen as it enabled the study to find out the effectiveness of corporate social responsibility in promoting positive corporate image. Case study research design has the advantage of generating new understandings, explanations and is cheaper than survey and takes less time. However, it does not usually claim representativeness and should be careful not to over-generalize. It is for the afore-mentioned advantages that the study adopted a case study research design.

3.3 Data Collection

The study used both primary and secondary data, though it relied mostly on primary data sources. Interview guide was used as a data instrument to collect primary data from the respondents' targeted. Interview guides was administered among ten (10) senior managers in Safaricom Ltd in the department of public relation and corporate affairs to collect primary data. The interview guide was structure into two categories, that is, general information of the respondent and objective of the study (Range of Safaricom CSR activities, Effectiveness of CSR in promotion of corporate image) where it will consist of open-ended questions (Paton, 1990).

Secondary data sources were also employed through the use of published sources such as journals, business brochures', websites and research sites.

3.5 Data Analysis

The data obtained from the interviewees was qualitative in nature; therefore, an in-depth content analysis was used in analyzing the data. Content analysis is a method of studying content of communication. It is an in-depth analysis using quantitative or qualitative techniques of messages using a scientific method including attention to objectivity-inter-subjectivity, generalizability and replicability (Neuendorf, 2002). Content analysis looks into who says what, to whom, why, to what extent and with what effect of any technique for making inferences by objectively and systematically identifying specified characteristics of messages. The information developed from the research data was then presented in prose-form.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis and interpretations of the data from the field. It presents analysis and findings of the study as set out in the research methodology on effectiveness of corporate social responsibility in promoting positive corporate image. The data was gathered exclusively from an interview guide as the research instrument. The interview guide was designed in line with the objectives of the study. To enhance data quality of data obtained, unstructured questions were used whereby respondents indicated their views and opinions on effectiveness of corporate social responsibility in promoting positive corporate image.

4.2 Response rate

The researcher targeted 10 interviewees; however, only 7 out of the 10 respondents targeted completed the interview guide making a response rate of 70%. This complied with Mugenda and Mugenda (2003) who suggested that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent. This commendable response rate was actualized after the researcher made personalized calls to explain the importance of participating in the study and visited the respondents to fill in the interview guide.

4.3 Demographic characterization of Respondents

The study found it important to establish the general information of the respondents since it structures the foundation beneath which the study can fairly entrance the relevant information. The analysis centred on this information of the respondents so as to categorize the different results according to their knowledge and responses.

4.3.1 Respondents' Information

The study established that most of the respondents had worked at Safaricom for 4 to 6 years though others had worked for a shorter period this illustrates that all respondents have adequate information about Safaricom. The respondents were either from public relations and corporate affairs Departments. All the respondents held management positions in the said departments and were therefore conversant with the information that the study sought.

4.4 Safaricom Corporate Social Responsibility Activities

Most of corporate social responsibility activities that were undertaken by organizations were under responsibility of Safaricom Foundation and marketing department and ranged from provision of education such as building of schools, libraries, laboratories and payment of fees for needy students to environmental conservation issues such as the rehabilitation of Mau Forest, fencing of the Aberdare National Park, sponsorship of Annual Lewa marathon and mitigation of disasters such "Kenyans for Kenya" initiative aimed at alleviating starvation and hunger in affected communities, promoting sustainable business practices and environment protection, supporting personal improvement of the employees in their local community and dedication to continuous improvement.

On the investigation on whether corporate social responsibilities were based on Safaricom foundation mission, all respondents affirmed that the activities were in line with Safaricom foundation policy of positively transforming the people (communities) and the environment. On statement of the said CSR, the study established that the aims of CSR at Safaricom were to be the most respected corporate foundation, to influence innovation of best practices to broaden

CSR, to inspire employees so that they are involved in community initiatives, to contribute towards sustainable natural resources and management and to contribute to improvement of Kenyan's livelihoods. The researcher was also inquisitive to investigate whether CSR activities were conflicting with Safaricom objectives; according to the interviewees CSR activities at Safaricom foundation were not conflicting with organization objectives. The Safaricom foundation mission is to partner with local community to address social, economic and environmental issues to foster positive and sustainable changes while its vision is to be prosperous in Kenya where people lives are positively transformed.

On the approaches that Safaricom employed to carry out CSR, interviewees affirmed that the organization applies financial and technical support approach to carry out CSR while other interviewees alleged that the company was involved in community development to carry out CSR. Further Safaricom employs pro-active and reactive strategies in conducting their CSR activities. Interviewees asserted that Safaricom mostly employs proactive measures towards its CSR programs meaning that they aggressively formulate a social responsibility program that moves to deal with potential societal expectations constructively and resolve latent problems or protect against unethical behaviour. Other respondents argued that they focus on empowering the public economically and improving the welfare of the community through improving social facilities such as health centers, learning institutions, and social facilities such as games/sports fields, cultural centers and conservation of the environment.

The researcher requested interviewees to indicate corporate social responsibilities that Safaricom engaged in. From the findings most of the interviewees affirmed that every proposal submitted for funding to Safaricom foundation for project were responded to their request by engaging in that activity. Additionally, interviewees indicated that foundation had an initiative 'Pamoja' that

calls for employees to identify projects in their community and pioneer them to full implementation with help from the foundation. 'Usamaria' was another initiative that was intended to offer donations to the needy to cater for the medical and schools fees. With relation to this Safaricom had engaged in social activities such as cultures, sports educations and empowerment by encouraging community to pool their talents in respect to their potential. This implies that Safaricom has largely concentrated to improve and to be involved in corporate social responsibility mostly to the community hence creating good image to the public.

Further the study aimed to investigate whether Safaricom had outlined strategies for development and implementation of CSR. From the findings, most of the interviewees indicated that there were outlined strategies that assisted in development and implementation of CSR. Interviewees gave an example that those strategies policies were aimed at: making sustainable contribution towards the provision of health care, education and water to the community, providing sustainable support for the preservation of the environment and driving economic empowerments towards achievement of the national objectives.

Partnering with other service providers was one of the exercise that Safaricom practiced while carrying out CSR, this was noted from the study as most of the interviewees indicated that Safaricom forms joint partnerships with the media sector for publicity, health sector was also involved in providing professionals where needed, though this depended on partnership based on common interest or goals that the activities intended to achieve during the process. On this interviewees gave an example where Safaricom recently partnered with KBC, Barclays, Red-cross society during Kenya for Kenya initiative which was aimed at alleviating starvation to the aggrieved community. In this case Safaricom employed a reactive strategy by responding to the society's needs only after these needs challenged its goals.

4.5 Effectiveness of CSR in Promoting Corporate Image

The researcher was inquisitive to determine factors that influenced Safaricom to concentrate on social responsibility, most of the interviewees purported that the need to build trust and good reputation within the community, obtaining a positive corporate image and to create brand loyalty and demand by the community and other stakeholders like the government for the business entity to be ethical in doing their business. This was all aimed at transforming society positively and this has been achieved. Other respondents argued that motivational factor for involvement in CSR activities was to build and improve the company's corporate image as caring entity for clients, the people and the environment and that it is not just profit centered. Towards this, most respondents felt the company had achieved its goal as evidenced in established CSR stakeholders' network and brand loyalty throughout the country. Indeed the government has recognized the company as a key stakeholder in various areas of development. Twice it has been voted the most respected company in East Africa.

The study established that employees, customers, dealers, suppliers and stakeholders were the main target of the Safaricom whenever it aimed to conduct CSR. By regarding the said shareholders it tried to improve environment in which it survives and that surrounds the community it targeted either by improving their welfare or by conservation of the environment. Safaricom regarded CSR as a tool of creating good image and maintaining reputation of the organization to the community, some of the respondents affirmed that organization regarded CSR as a way of giving back to the community which has supported the company as well where it had linked it to the corporate image as it creates a positive image to stakeholders.

CSR activities had promoted positive corporate image of the organization as these activities are long-term and sought to respond to issues of country wide significance and has lead to a mutual relationship country wide. This was backed as interviewees alleged that projects sponsored by organizations had improved living standards of the community and that community had created a different perception about the organization that carries out CSR as they opt that they are caring and concerned with their welfares. This in turn has increased the company's publicity where profitability was attained and enabled the company to offer competitive remunerative terms to staff such as sponsored trainings, study leaves, team building, sports events, end of year party and prizes for best performing employees leading to minimal staff turnover.

The study also established that organizations that had enhanced CSR were socially responsible to their employees by offering competitive packages that ensures employees are comfortable with their salary thus mitigating staff turn over and absenteeism. Additionally interviewees indicated that organization were offering good medical cover to their employees, transport fees and leave day to their employees and others social amenities such as health, club and gyms.

Government supported organization CSR activities as it involved itself with the activities that the organization carries, this was clearly depicted as the government creates awareness to the community of the planned activity such Kenya for Kenya where government informed public of the activity as it regards the activity being of great beneficial to the community and to the entire nation.

Corporate social responsibility had enhanced organization reputation among customers, competitors, government and employees as they are made aware of the activities that the organization aimed to carry out. Mobilization of the community in participating on social

activities and offering support to the community based development were some of the activities that enable organization to protect and maintain its reputation to the public. For instance Safaricom the main sponsor of the Kenya Rugby 7-sevens saw the event bring together Kenyans from all walks of life. Such an event made Safaricom to have an edge in building its corporate image among the public and other stakeholders.

The researcher requested the respondent whether CSR had improved corporate image, most of the respondents indicated that CSR had formed a positive image to the public to a great extent, since Safaricom was involved in CSR activities such as funding of projects that were aimed at improving community welfare. In particular Safaricom organizes Lewa Marathon an annual event aimed at raising funds for the Mara conservancy. Additionally, the study established that through community partnering Safaricom had been able to maintain close relationship with stakeholders. For instance Safaricom donated cash worth one million to the Kenya paraplegic organization to aid the physically challenged.

In order to improve CSR practices respondents indicated that, organizations are supposed to involve all stakeholders whenever they are making critical decision that involves carrying out CSR activities so as to gather broader advice and approaches towards its objectives. The study also proposed that organizations should involve other participants in CSR activities such as NGOs, business community and private sector for effective completion of the intended plan and engage in more sustainable initiatives.

CHAPTER FIVE: SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the data findings on the effectiveness of corporate social responsibility in promoting corporate image, the conclusions and recommendations are drawn there to. The chapter is structured into summary of findings, conclusions, recommendations and area for further research.

5.2 Summary of the Findings

According to the study, most of corporate social responsibility activities undertaken by organizations ranged from personal to social activities such as paying for medical cover of the employees, paying school fees and funding of projects respectively. The study established that corporate social responsibility is based on accordance to organizations mission with the aim of influencing innovation for best practices to broaden CSR. Further the study found that Safaricom applies financial support approach to carry out CSR by focusing on economic empowerment of the society and improving welfare of the community. Additionally, the study established that organizations had different outlined strategies aimed at carrying out CSR practices based on internal and external operations of organization. Despite most organization being involved in CSR activities they outsource or partner with organizations for easier delivery of services to the community in order to achieve set objectives.

On the effectiveness of CSR in promoting corporate image, the study found that competition was the main factor that influenced organizations to participate in CSR activities as it creates trust

and good reputation to the community. Most organizations targeted customers, dealers, suppliers and stakeholders when conducting CSR activities as it a tool of creating good public image. Publicity of Safaricom had increased as a result of CSR activities as they are long-term and sought to respond to issues of country wide significance. Additionally, the study established that organizations were socially responsible to their employees by offering competitive packages. Corporate social responsibly had enhanced organization reputation among customers, competitors, government and employees as they are made aware of the activities that the organization aimed to carry out. CSR had formed a positive image to the public at a great extent, as most of the organizations were involved in CSR activities through funding of projects.

5.3 Conclusion

The study aimed at finding out effectiveness of corporate social responsibility in promoting positive corporate image. Based on the findings, the study concludes that CSR activities had played a great role on improving welfare of the community ranging from personal to social welfare either financial or socially. Notably organizations had engaged in community initiatives to enhance their welfare where different organization have different initiatives that call for employees to identify projects in their community and pioneer them to full implementation with help from organization.

On effectiveness of CSR in promoting corporate image, the study concluded that CSR activities had created good reputation and image of the organization within the community to a great extent. On the same the study concluded that competition was the main factor that influenced organizations to involve themselves in CSR activity as it creates trust and good reputation within the community. Further organization employs pro-active and reactive strategies in conducting

their CSR activities. Organizations had also employed proactive measures towards their CSR programs meaning that they aggressively formulates social responsibility programs that moves to deal with potential societal expectations constructively and resolve latent problems or protect against unethical behaviour.

5.4 Recommendation

The study recommended that organizations should involve all stakeholders in activities that are aimed at conveying positive public image of the organization as it is the foundation of organization viability in unpredictable market. On the same the study recommended that government should fully participate on CSR activities so as to encourage other organizations to be socially responsible as well as improving welfare of the community.

The study also recommended that for effective corporate social responsibility, publicity, outsourcing/partnership should be embraced as there is no single organization can operate on its own, hence there is also need to cooperate when dealing with social responsibility for the attainment and accomplishment of the intended purpose.

5.5 Limitation of the Study

The research study was carried out at Safaricom limited .The study by focusing on one particular area might be wanting in validity. That is, the findings might not be representative of the effectiveness of corporate social responsibility in promoting positive corporate image in other organizations. Furthermore, the study focused on one company (Safaricom) in a specific sector, telecommunication where strategies adopted by other sectors may be different this due to limited funds and time. A larger sample size would have been more representative.

It was difficult to reach the respondents who are always busy at work which might jeopardize the response rate. This was exacerbated by the fact that the questions to be asked were involving hence required time to concentrate on and the respondents gave misleading/ manipulative answers and some downrightly refuse to fill-in the interview guide. To mitigate this, the respondents were assured of the propriety with which the answers they gave will be treated with total confidence and used for academic purposes only.

5.6 Areas of Further study

The study suggested that further research should be done on strategies adopted for effectiveness CSR in other organization. The study also suggested that further study be done on the challenges facing organization when practicing CSR activities in orders to depict a reliable result that can be applied in all sectors.



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APPENDICES

Appendix I: Introductory Letter

To Whom It May Concern,

RE: PERMISSION TO CARRY OUT A RESEARCH

I am a student at University of Nairobi taking a Masters in Business Administration (MBA). In partial fulfilment the degree, I am required to carry out a research as afore-mentioned. My topic is 'Effectiveness of Corporate Social Responsibility in Promoting Positive Corporate Image: A Case Of Safaricom Limited'.

I kindly request your assistance by taking time to respond to my interview. Any documentations, reports or journals that you may have that are relevant to this topic of study may be availed to me at your discretion.

The research information obtained will be confidential and will only be used for academic purpose. Thank you in anticipation

Yours Faithfully,

Anne Waititu

Appendix II: Interview Guide

Section A: General Information of the Respondents

1. For how long have you been working at Safaricom?
2. Which department do you work for?
3. What is the position that you currently hold?

Section B: Corporate Social Responsibility Activities at Safaricom

4. i) In Safaricom, who is responsible for development and implementation of CSR policies? What are the provisions of the policies?

ii) Is CSR aligned with Safaricom Foundation's mission, vision and values? What do they state? Does it conflict with Safaricom's objectives?
5. What are the approaches used by Safaricom in carrying out CSR?
6. What types of Corporate Social Responsibility activities does Safaricom engage in? Explain?
7. Does Safaricom have outlined strategies for development and implementation of CSR policies?
8. When carrying out CSR, does Safaricom partner with other organizations? What forms the partnership criteria?

Section C: Effectiveness of CSR in Promotion of Positive Corporate Image

9. What are the main reasons that made Safaricom become socially responsible (CSR)? Do you think Safaricom has, so far, achieved its CSR objectives?
10. When conducting CSR what stakeholders does Safaricom have in mind?
11. i) How does the Company regard CSR? Does it try to link it with its corporate image?

ii) Has Safaricom publicity increased following CSR activities? Has this changed the way your customers view Safaricom?

iii) Is Safaricom socially responsible to its employees? In what ways? Has this increased its ability to attract and retain employees?
12. Does the Government support Safaricom's CSR activities? How does the government regard the activities?
13. Has the Safaricom's CSR activities enhanced its reputation among the customers, competitors, Government and employees?
14. Has CSR improved Safaricom's corporate image? Explain your answer.
15. What do you think Safaricom could do to improve its practice of CSR?

THANK YOU FOR YOUR TIME