

**CORPORATE SOCIAL RESPONSIBILITY LINK TO
STRATEGY AMONG MOBILE TELEPHONE SERVICE
PROVIDERS IN KENYA**

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DECLARATION

This management research project is my original work and has not been submitted for another degree qualification at this or any other University or Institution of learning.

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ABSTRACT

Corporate social responsibility is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. The practice of corporate social responsibility is subject to much debate and criticism. Proponents argue that there is a strong business case for corporate social responsibility, in that corporations benefit in multiple ways by operating with a perspective broader and longer than their own immediate, short term profits. Critics argue that corporate social responsibility distracts from the fundamental economic role of businesses and that it is nothing more than superficial window dressing and public relations.

Corporate leaders are seeing the need to integrate social responsibility initiatives into core business operations and strategy. Hence, this motivated the study into the corporate social responsibility link to strategy among mobile telephone service providers in Kenya. The objective of this study was to identify the corporate social responsibility practices of the mobile telephone service providers in Kenya and establish whether these corporate social responsibility practices are linked to the corporate strategy of the respective companies. A response rate of 60% was achieved and data collected was analyzed by way of content analysis. Tables, graphs and charts were used for presentation and comparison of data collected.

The study found that the companies studied were involved in corporate social responsibility practices as well as formal and structured strategic planning. The strategic plans were implemented and very elaborate efforts were made to monitor the implementation, with periodic reports and feedback. They

had corporate planning departments and strategic plans in which corporate social responsibility policies were spelled out and allocations of resources made. The corporate social responsibility practices were outlined in company mission, vision, specifically articulated in their values. The respective corporate strategies had formal corporate social responsibility policies which provided a clear guideline for the areas to invest, sponsorships, benchmarking and implementation.

Both companies allocated time and resources to ensure that the respective mission, vision and values were integral in day to day operations and are internalized by all staff. Corporate social responsibility initiatives were handled by special units set up to implement and monitor social responsibility sponsorships. In Safaricom, corporate social responsibility activities are carried out by the Safaricom Foundation, while at Zain Kenya, there is the Community Investment department. Safaricom Foundation concentrates its corporate social responsibility activities in the areas outlined in its Mission Statement and the Social Investment Policy while Zain Kenya considers social responsibility sponsorships with organizations whose products, policies and values align with the strategic objectives and values of Zain. The sponsorships take place in Zain's markets and should guarantee exclusivity for the Zain brand in the telecommunications sector.

It emerged from the findings of the study that there is a link between corporate social responsibility and strategy among the mobile telephone service providers in Kenya. Corporate social responsibility was viewed to offer the companies improved relationships with key constituents, more loyal customers and an overall improvement of the business' standing in society. It was also seen as a key determinant in shaping the relationship and future of the companies' with their stakeholders and an opportunity to meet societal needs that individual philanthropy may not be able to address.

LIST OF FIGURES

Figure 1: Safaricom Foundation total annual CSR spending	30
Figure 2: Safaricom Foundation spending per CSR category	31
Figure 3: Safaricom Foundation CSR projects	33
Figure 4: Zain Kenya total annual CSR spending	37
Figure 5: Zain Kenya spending per CSR category	38
Figure 6: Zain Kenya CSR sponsorships	38

TABLE OF CONTENTS

DECLARATION	i
ACKNOWLEDGEMENT	ii
ABSTRACT	iii
LIST OF FIGURES	v
1 CHAPTER 1: INTRODUCTION	1
1.1 Background	1
1.1.1 The concept of Corporate Social Responsibility	1
1.1.2 The Concept of Strategy	2
1.1.3 Mobile Telephone Service Providers in Kenya	5
1.2 Statement of the Problem	8
1.3 Objectives of the Study	10
1.4 Importance of the Study	10
2 CHAPTER 2: LITERATURE REVIEW	11
2.1.1 Origin of Corporate Social Responsibility	11
2.1.2 Corporate Social Responsibility: Fad or Fade?	12
2.1.3 Corporate Social Responsibility: Different Views	13
2.1.4 Corporate Social Responsibility and Competitive Strategy	14
2.1.5 The Social Audit	17
2.1.6 Corporate Social Responsibility in Kenyan Firms	18
2.1.7 Measuring Corporate Social Responsibility	20
2.1.8 Corporate Social Responsibility Link to Strategy	22
3 CHAPTER 3: RESEARCH METHODOLOGY	26
3.1 Research Design	26

3.2	Data Collection	26
3.3	Data Analysis	27
4	CHAPTER 4: RESEARCH FINDINGS AND DISCUSSION	28
4.1	Research Findings	28
4.1.1	CSR Practices at Safaricom Limited	28
4.1.2	CSR Practices at Zain Kenya Limited	36
4.2	Rationale for CSR among Mobile Telephone Service Providers in Kenya	42
4.3	CSR Link to Strategy among Mobile Telephone Service Providers	43
5	CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS	46
5.1	Summary	46
5.2	Conclusion	47
5.3	Recommendations for Further Research	50
	QUESTIONNAIRE	51
	REFERENCE	56

CHAPTER 1: INTRODUCTION

1.1 Background

1.1.1 The concept of Corporate Social Responsibility

Corporate social responsibility relates to businesses operating in a manner that meets or exceeds the ethical, legal commercial and public expectations that society has of them (CBSR, 2002). Swift and Zadek (2002) relate corporate social responsibility of businesses to their impact on the environment. The impact of business on society results from the way businesses behave, and this boils down to the decisions and acts of individuals and groups within a business. They add that if business is to have a deliberate, positive and consistent impact on society, then its leaders need to ensure that its purpose and values are shared by all those who may influence or benefit from its actions. It is more than a collection of practices, gestures or occasional charitable initiatives motivated by marketing, public relations or business benefits. Rather, corporate social responsibility is an integral component of corporate governance, including a comprehensive set of policies that are supported and rewarded by top management.

The concept of corporate social responsibility draws different definitions from different quarters. Rue and Sutcliffe (1998) view social responsibility as being the role of business in solving current issues over and above legal requirements. Bartol and Martin (1991) define social responsibility as the obligation of an organization to seek actions that protect and improve the welfare of society along with its own interests. Indeed, given the complex and turbulent business environment today, companies face a new challenge of creating a harmonious relationship between business activities and the natural environment in order to bring to a halt damage to nature and society and clean up the effects of past practices (Bateman and Zeithaml, 1993). Thompson (1994) indicates that managers of

today and those who seek to succeed in the future must have a highly developed sense of responsibility to society. The function of corporate social responsibility is akin to putting something back to society so as to keep it fertile for further business activities (Kamau, 2001). Organizations should therefore accept the concept of social responsibility if they are to preserve the structure, which makes their own way of life.

From the foregoing, we are in a better position to understand that corporate social responsibility includes more than the mere provision of goods and services at a fair price and the respect of laws and regulations. It includes policies and decisions that lessen the real and potential negative impact on the environment, public health, and employment opportunities. Corporate social responsibility refers to both the impact and the role of business on social economic and environmental issues (Ayele 2003). Hill and Jones (2001) define corporate social responsibility as the sense of obligation on the part of companies to build certain social criteria into their strategic decision making. The concept implies that when companies evaluate decisions from an ethical perspective, there should be a presumption in favour of adopting course of action that enhance the welfare of society at large. In its purest form, corporate social responsibility can be adopted for its own sake, simply because it is the right way for a company to behave.

1.1.2 The Concept of Strategy

Drucker (1954) views strategy as defining the business of a company. To Chandler (1962) strategy is the determination of the basic long-term goals of the enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out these goals. Andrews (1971) defines strategy as the pattern of major objectives, purposes or goals, stated in such away as to define what business the company is in or is to be in, and the kind of company it is to be. Mintzberg (1987) gives the most inclusive view. He proposes five definitions of strategy where strategy is seen as a plan, a ploy, a pattern, a position and a perspective. As a plan, strategy specifies a consciously intended course of

action of an organization. The strategy is designed well in advance of action and it is developed purposefully. As a ploy, strategy is seen as a manoeuvre intended to outwit a competitor. As a pattern, strategy is seen as emerging in a stream of actions. Here, strategy is seen as a consistency in behaviour. As a position, strategy is a means of locating the organization in its environment. Lastly, as a perspective, strategy consists of a position and of an ingrained way of perceiving the world. It gives a company an identity or a personality. Pursuance of a strategy is what precipitates strategic management (Aosa, 1992).

Strategy, according to Hill and Jones (2001) is an action that a company takes to attain one or more of its goals. More precisely, it is the action that an organization takes to attain superior performance. Strategy is the pattern of organizational moves and managerial approaches used to achieve organizational objectives and to pursue the organization's mission (Thompson and Strickland, 1993). Strategy represents therefore, the managerial game plan for running an organization. It is nearly always, a blend of prior moves, approaches already in place, and new actions being mapped out. Thompson and Strickland (1993) add that crafting strategy is an exercise in entrepreneurship. This is because some degree of venturesomeness and risk taking is inherent in choosing among alternate business directions. Managers face an ever present entrepreneurial challenge in keeping the organization's strategy fresh, responding to new and changing conditions, and steering the organization into the right business activities at the right time (Mintzberg, 1987). Strategy exists at a number of levels in the organization, namely the corporate, business unit and operational levels. Corporate level strategy is concerned with the overall purpose and scope of an organization, and how value will be added to the different business units of the organization. Business unit strategy is described by Hamel and Prahalad (1994) as being about how to compete successfully in particular markets. It is concerned with achieving advantage over other competitors and creating or identifying new opportunities. Operational level strategy is concerned with how the component parts of the

organization deliver effectively, the corporate and business level strategies in terms of resources, processes and people.

Strategy concerns what a firm is doing in order to gain a sustainable competitive advantage (Porter, 1980). The principal concern of corporate strategy is identifying the business areas in which a company should participate in to maximize its long run profitability. Johnson and Scholes (1999) view strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and fulfill stakeholders expectations. Goldsmith (1995) points out that strategy comprises actions employed to meet a firm's long-term objectives. Pearce and Robison (2000) have recommended three critical ingredients for the success of strategy. These are: Strategy must be consistent with conditions in the competitive environment, it must take advantage of existing and emerging opportunities and minimize the impact of major threats, and strategy must place realistic requirements on the firm's resources.

Ansoff (1988) states that the interest in strategy is as a result of the realization that the firm's environment has become increasingly subject to change, unpredictable and discontinuous from the past. As a result, objectives alone are insufficient as decision rules for guiding the firm's strategic reorientation as it adapts to changing challenges, threats and opportunities. Porter (1996) defines strategy as the creation of a unique and valuable position involving a different set of activities. To achieve that position, the organization must make tradeoffs in determining what to do and what not to do in performing activities differently from its rivals. Strategy is a set of decision making rules for guidance of organizational behaviour (Ansoff, 1965). For purposes of this study, strategy is a means of solving strategic problems, which are a mismatch between the internal characteristics of an organization and the external environment, to exploit opportunities existing in the external environment (Aosa, 1998).

1.1.3 Mobile Telephone Service Providers in Kenya

The enactment of the Kenya Communications Act, 1998 led to the introduction of competition in the cellular mobile industry. The Communications Commission of Kenya (CCK) was established in February 1999 by the Kenya Communications Act of 1998, to license and regulate telecommunications, radio communication and postal services in Kenya (cck.go.ke). The industry has witnessed a phenomenal growth in the number of subscribers, as well as the geographic expansion of the cellular mobile service in the country. The sector has realized tremendous growth in subscriber rollout, which has seen the combined subscriber base of the operators reach about 12,611,970 as at March 2008 (cck.co.ke). The mobile network is now over ten times the size of the fixed network in subscriber numbers. The operators have not only covered most of the areas as required by their respective licenses but have also added new areas as dictated by business considerations and industry growth.

Safaricom Limited was incorporated on 3 April 1997 under the Companies Act as a private limited liability company. It was converted into a public company with limited liability on 16 May 2002. By virtue of the 60% shareholding held by the Government of Kenya, Safaricom was 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 a state corporation. Until 20 December 2007, the government shares were held by Telkom Kenya Limited. Following the Offer and sale of 25% of the issued shares in Safaricom held by the government to the public in March 2008, the state ceased to have a controlling interest in Safaricom under the State Corporations Act and therefore the provisions of the State Corporations Act shall no longer apply to it. The company announced record financial results for the period 31st March 2008 with the subscriber base increasing by 68 percent to 10.2 million from 6.1 million at the end of March 2007. The market share over the same period increased to 84

percent from 72 percent at end of previous revenues for the period grew strongly by 29.3 percent to Kshs 61.369 billion from Kshs 47.447 billion. Profit after tax grew to Kshs 13.853 billion, an increase of 15.3 percent over the previous year's profit of Kshs 12.010 billion (Safaricom.co.ke). Safaricom seeks to make positive contributions to communities in direct ways through value added services and financial support for community projects. Our commitment in giving back to the society seeks to address health, sports, culture and education.

Zain Kenya began life as Kenya Cellular Communications Ltd, or Kencell, changing to Celtel and now to Zain, being the country's second mobile phone company by subscription (cck.go.ke). In 2000, after a much-fought-for tender for the second mobile phone services provider, KenCell Communications won the bid. In 2004, one member of the consortium, Vivendi, opted out and Celtel International took over their shares and changed the name to Celtel Kenya. In May 2005 Mobile Telecommunications Company (MTC) bought 85 per cent stake in Celtel International before rebranding to Zain in 2008 (ke.zain.com). The most tangible feat for the company has been the doubling the number of subscribers to two million between May 2004 and September 2005 (Daily Nation, 12th October 2005). To take advantage of the untapped market, Zain Kenya is planning an expansion of its network to increase capacity by 50 per cent by introducing the latest switching technology (ke.zain.com). The company's corporate social responsibility programme involves the community in which it does business. Zain has been a sponsor of the Kenya Music Festivals, Concours d' Elegance, the Association of the Physically Disabled, and the Nairobi and Meru hospices and other events in rural areas (ke.zain.com).

Econet Wireless International's Kenyan unit was granted the country's third mobile-phone license in September 2007. It plans to begin services by November 2008. The company's plans to start operating in June were disrupted by post-election violence in Kenya earlier this year. The company plans to invest \$500 million in its operations over the next two years and will introduce a low-cost

model in the country. Econet Kenya is 70 percent owned by Johannesburg-based Econet Wireless International, which has telecommunication operations in nine countries in Africa, Europe and the East Asia Pacific Rim. Essar Communications Holdings Ltd., a unit of Mumbai, India-based Essar Group, owns 49 percent of Econet Wireless International (Econetwireless.com).

The Communications Commission of Kenya (CCK) awarded a mobile operator license to Telkom Kenya in October 2007, which has legalised its existing CDMA based fixed wireless network. The incumbent mobile telephone service operators had complained that Telkom Kenya's CDMA network was illegal as the company had not paid for an operating license that the regulator had considered to be a fixed wireless service. Since the launch though, Telkom Kenya has marketed the service as a mobile phone network in some areas. The CCK explained that the reason for the grant of licence was to enable the applicant to provide and operate mobile cellular operator services and harmonize the existing scenario. The entry of Telkom Kenya, 51% owned by France Telecom and Econet Kenya partially owned by Indian Essar will see cut throat competition in the mobile telephone industry (Business Daily, 18th October 2007)

In cellular communication service there are two main competing network technologies: Global System for Mobile Communications (GSM) and Code Division Multiple Access (CDMA). In Kenya, Telkom Wireless, Flashcom, and Popote Wireless are licensed to operate CDMA. Safaricom, Zain and Econet (yet to roll out services) are licensed to operate GSM. The regulatory authority; Communications Commission of Kenya had used this technology distinction in licensing the operators. In the 2008 budget, the government of Kenya introduced a 10% excise duty on CDMA networks. The new tax eliminated a price subsidy that was benefitting CDMA operators. The excise tax was imposed on CDMA operators after rival GSM operators mainly Safaricom and Zain complained that they were paying excise tax. Through the harmonization, the CDMA operators will lose a significant advantage they have over GSM operators. This could mean few consumers will see

the need for CDMA phones. CDMA was slowly gaining customers because it was cheaper than GSM-based services (Business Daily, 26th June 2008).

1.2 Statement of the Problem

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

Several studies have been conducted on corporate social responsibility in the context of Kenyan companies. Mulwa (2001), Kiarie (1997) and kweyu (1993) studied managers' attitudes towards corporate social responsibility in selected Kenyan companies. Kwalanda (2007) studied corporate social responsibility practices at Safaricom Limited and found that corporate social responsibility was a key component of both corporate and business strategies, with planning, budgetary and staff allocations, and that it was incorporated into the corporate strategy to achieve a positive brand image. Kamau (2001) investigated the awareness of the social responsibility concept among managers in Kenyan firms and concluded that there was indeed awareness but lack of positive implementation of the concept. A study by McWilliams and Siegel (2001) found that corporate social responsibility is only a way to attain differentiation and has no effects on profits and financial performance. Ayele

(2003) in a study of social responsibility practices of polythene manufactures in Kenya concluded that though management of these firms was aware of the concept, little was done to implement it. Gichane (2004) conducted a survey of corporate social responsibility practices by Kenyan companies listed in the Nairobi Stock Exchange. The survey concluded that larger companies were more aware of the social responsibility concept and applied it more. More closer though was a study by Ominde (2006) on the link between corporate social responsibility and its link to strategy among companies listed in the Nairobi Stock Exchange. She found that companies studied engaged in corporate planning, and the corporate plan included a corporate social responsibility strategy, which was viewed as crucial for achieving business success. There is therefore need for a detailed and focused study to investigate the link between corporate social responsibility and strategy. This study will focus on the mobile telephone service providers in Kenya; companies that happen to be the leading spenders in corporate social responsibility.

Corporate social responsibility engagements in the form of monetary contributions, product donation and participation in community issues have since the year 2000 constituted a significant portion of the companies' income statements. Social responsibility has a long term advantage for organizations because they can improve their image and avoid unnecessary and costly regulation if they are perceived as socially responsible (Bateman, 1998). Also, society's problems can offer business opportunities, and profits can be made from systematic and vigorous efforts to solve these problems. In light of this significant resource consumption and immense contributions, there is need to establish whether these social responsibility initiatives are part of corporate strategy of the firms in the mobile telephone service industry. This study will seek to answer the question of whether corporate social responsibility activities among the mobile telephone service providers in Kenya are linked to corporate strategy or they are just a complementary role.

1.3 Objectives of the Study

- I. To identify the corporate social responsibility practices of the mobile telephone service providers in Kenya.
- II. To establish whether corporate social responsibility is linked to the corporate strategy of the respective mobile telephone service providers in Kenya.

1.4 Importance of the Study

This study will help to sensitize companies in Kenya on the importance of corporate social responsibility and raise their awareness of the concept.

The companies the study focuses on will gain from the documentation and analysis of their corporate social responsibility practices and this will help them evaluate their current strategy and plan for the future.

Policy makers will benefit from the issues and insights raised in the study that are important in developing a corporate social responsibility framework.

The study will add to the existing body of knowledge on the concept of corporate social responsibility to benefit academicians and aid further research on the concept.

CHAPTER 2: LITERATURE REVIEW

2.1.1 Origin of Corporate Social Responsibility

Over the years, businesses have come under criticism for contributing to major social problems such as land, air and water pollution, congestion and unsustainable exploitation of raw materials. Interest groups, trade unions, and consumer groups have severally called for restrictive legislation and used several means to get companies realize the harmful side of their activities. Businesses on the other hand have become aware of the public expectations and are struggling to not only enhance their image as socially responsible institutions but also as being able to help find and contribute solutions to major social, economic and environmental issues (Steiner, 1988). Consumer boycotts, direct action, class court action, ethical shopping guides, media campaigns and ethical competitors have become increasingly effective in changing corporate perspectives (Ayele, 2003).

According to Samuel and Sarir (1997) the mid 1990's were the watershed years for social responsibility issues. At this time, two leading multinational corporations were compelled by ethical market forces to reorient their business attitudes. In 1995, Shell dumped its Brent Spar platform in the North Sea. Public agitation in Europe led to a 70% decline in sales in Germany over one fortnight. Nike, the shoe and apparel company faced declining sales as a result of a campaign against child labour and worker exploitation in the 700 factories across 40 countries where Nike worked with subcontractors. These two cases are illustrative to the forces that have led to companies recognizing the concept of corporate social responsibility. The market also began to play a crucial role in determining the policies and inclinations of business and society.

Corporate social responsibility is one of the biggest corporate fads of the 1990s, less overpowering, no doubt, than information technology mania, but also longer lived (Economist, 2004). The idea that

it is not enough for firms to make money for their owners is one that many business leaders now share, or say they share, in more or less the same conviction. To drive this point, the Economist carried out a survey of 1,500 business leaders. Fewer than one in five of those responding said that profitability was the most important measure of corporate success (Economist, 2004). Admittedly, even fewer, just 5%, named corporate social responsibility in its own right as the single most important criterion; but one might add to this additional 24% who said that the reputation and integrity of the brand, to which good corporate citizenship presumably contributes, matters most. The quality of the product was the highest-scoring category, with 27%. Corporate social responsibility at any rate is thriving. It is now an industry in itself, with full time staff, websites, newsletters, professional associations and massed armies of consultants. This is to say nothing of those employed by the non governmental organizations that started it all. Students approaching graduation attend seminars on careers in corporate social responsibility. The annual reports of almost every major company nowadays dwell on social goals advanced and good works undertaken (Economist, 2004). The FTSE and Dow Jones have both launched indices of socially responsible companies. Greed is out, and corporate virtue, or the appearance of its, is in.

2.1.2 Corporate Social Responsibility: Fad or Fade?

Though the concept of corporate social responsibility has only been formulated recently, there is a long history in social philanthropy or the belief that the creation of wealth is primarily geared for social good (Ayele, 2003). According to Samuel and Sarir (1997) corporate social responsibility focuses on sustainable development, attending to stakeholder priorities, and appreciating the debt that the corporation owes to the community in which it operates. It defines the company's partnership with social action groups in providing financial and other resources to support development initiatives particularly among the disadvantaged communities. This perspective focuses on responsibility towards stakeholders, mainly the community, consumers, shareholders, employees and management rather than profit maximization. There is also more emphasis on long term

sustainability of business and environment. Samuel and Sarir (1997) conclude that the bottom line is threefold, on people, planet and profit, stressing that the stakeholders in business are not just the company's shareholders. Sustainable development, economic sustainability and corporate profits should be analyzed in conjunction with social prosperity. According to Steiner (1988), society can, and must hold business responsible for social conditions in society because the collective actions of businesses determine to a great extent the prevailing social and environmental state of society. This shows just how important social responsibility is.

Samuel and Sarir (1997) also point out that there are three emerging perspectives that from corporate social responsibility. The first is the business perspective that recognizes the importance of reputation capital for capturing and retaining markets. Seen this way, corporate social responsibility is in essence a new business strategy to reduce investment risks and maximize returns by taking all the stakeholders into confidence. The second is an eco-social perspective proposed by the new generation corporations and entrepreneurs who have created tremendous wealth in a relatively short time. They recognize the fact that social and environmental stability and sustainability are important requirements for market sustainability in the long run. They also recognize that increased poverty can lead to social and political instability, which can be detrimental to business. The third is the rights based perspective on corporate social responsibility. This perspective emphasizes that customers, employees, communities, and shareholders have a right to know about corporations and their businesses.

2.1.3 Corporate Social Responsibility: Different Views

Freidman (1970) insists that social responsibility considerations should not enter into the decision process. His position is that a business has only one kind of responsibility: to use its resources for activities that increase its profits as long as it stays within the rules of the game. Levitt (1968) supports this view, arguing that resources deployed for social responsibility reduce the earning

ability of the firm lowering its dividends and stock price, and denies shareholders the rightful use of their money. Indeed, the main challenge relating to corporate social responsibility is belief that it is neither viable financially nor part of the core activities of the firm and that it violates the profit maximization principle.

However, Bowman (1973) argues that corporate social responsibility is a sound investment strategy. He maintains that a company's social behaviour affects the price of its stock, and this, socially responsible policy can also benefit important inside claimants; the stockholders. Companies that are not socially responsible are risky investments and in addition institutional investors are increasingly paying attention to corporate social behaviour. As Waddock and Graves (1997) put it, perhaps more practical are the arguments that socially responsible behaviour is in a company's self interest and can lead to better overall performance. Economic actions have social consequences affecting a company's outside stakeholders. To retain the support of these stakeholders, the company must take those social consequences into account when formulating strategies (Hill and Jones, 2001).

2.1.4 Corporate Social Responsibility and Competitive Strategy

Corporate social responsibility represents an area of relatively high managerial discretion (Mutuku 2004). The initialization or cancellation of corporate social responsibility initiatives may to a large extent depend on the availability of funds. However, the concept can be viewed as an organizational resource that provides internal as well as external benefits. Internally, investments in corporate social responsibility can help companies to develop new competences, resources, and capabilities that are manifested in the firm's culture, technology, structure and human resources (Charkham, 1992). Corporate social responsibility helps to build managerial competence because preventive efforts necessitates significant employee involvement, organization wide coordination and forward thinking management style. Thus, corporate social responsibility helps management to develop better environmental scanning skills, processes and information systems that increase the organization's

preparedness for external changes, turbulence and crises. The competencies that are acquired through the corporate social responsibility process lead to better utilization of resources. Corporate social responsibility also has external effects on organizational reputation. By communicating with external parties about its social responsibility initiatives, the firm is able to build a positive image with customers, suppliers, bankers, shareholders and the community in which it operates. Socially responsible behavior does create competitive advantage for the firm (PricewaterhouseCoopers, 2002). This is because socially responsible behaviour is proxy for underlying positive firm image and management talent (Bowman, 1978). Corporate social responsibility can be used to build and enhance customer loyalty when firms practising it demonstrate their concern for society beyond the use and attributes of their products. Customer loyalty is powerful competitive strategy that firms can use to achieve consistently high sales volumes resulting in growth (Kotler, 1999).

A company has a competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). It consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics: it provides access to a wide variety of markets, it increases perceived customer benefits and it is hard for competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for. Fombrum and Shanley (1990) observe that firms that have a high level of social responsibility initiatives use it as an information signal, which stakeholders can utilize as a basis for

gauging corporate reputation. Firms with high corporate social responsibility ratings have improved relations with customers and stakeholders and goodwill from employees. They are able to attract customers, have access to capital and attract as well as retain the best and most qualified employees (Fombrum and Shanley, 1990). The process of adopting the corporate social responsibility principles also motivates executives to reconsider their business practices and to seek more efficient ways of operating. This gives them a competitive edge over rivals and improves performance.

Research by Bradgon and Marlin (1972) revealed that there exists a positive correlation between good pollution performance and economic performance. Spicer (1978) confirmed this when he found that firms that engage in pollution control have a high profitability and lower risk. Firms that engage in social responsibility enjoy better relations with the public and their products are popular, leading to consistently high sales volumes (Kiarie, 1997). According to Anderson and Frankle (1980), social responsibility can improve the value of a company because firms that report their activities to the public in social disclosure have the value of their shares appreciate. The value of their shares is relatively higher than that of companies that do not. Preston (1978) Bowman (1978) and Belkaoui (1976) have also shown that there is a positive correlation between social disclosure and organizational economic performance. They showed that where the market is efficient, market forces are also able to discriminate between firms that undertake social responsibility and those that do not. Social responsibility has the effect of prolonging the lifetime of a business particularly where there is strong public support (Bashaija 1977). Businesses that engage in social responsibility initiatives enjoy good relations with the community. Companies that adopt corporate social responsibility principles are more transparent and have less risk of bribery and corruption. In addition, they may implement stricter and, thus, more costly quality and environmental controls. They also run less risk of having to recall defective product lines or to pay heavy fines for excessive polluting. Such firms have less risk of negative social events that damage their reputation and cost millions of dollars in information and advertising campaigns (Bashaija 1977).

The dominant objective of a firm is to achieve superior financial performance, measured by profitability. Strong social performance can improve the firm's relationships with stakeholders, and this translates into cost savings in areas like marketing, public relations and litigation (Okeyo 2004). Socially responsible behavior enables firms to benefit by attracting and retaining customers and consequently, they are able to sell more volumes at lower costs, thereby attaining high profits (Bucholtz, 1978). However, there is need to avoid regarding corporate social responsibility as any other investment and reducing it to a discretionary cash flow.

2.1.5 The Social Audit

In addition to adopting a balanced scorecard approach to evaluating their firm's performance, many companies also undertake a social audit. Social auditing is a process that enables an organization to assess and demonstrate its social, economic, and environmental benefits and limitations (Franssen, 1993). It is a way of measuring the extent to which an organization lives up to the shared values and objectives it has committed itself to. Social auditing provides an assessment of the impact of an organization's non-financial objectives through systematically and regularly monitoring its performance and the views of its stakeholders. Social auditing requires the involvement of stakeholders. This may include employees, clients, volunteers, providers of funds, contractors, suppliers and local residents interested in the organization. Stakeholders are defined as those persons or organizations who have an interest in, or who have invested resources in, the organization. Social audits are generated by the organization themselves and those directly involved. A person or panel of people external to the organization undertakes verification of the social audit's accuracy and objectivity. Like the balanced score card approach, a social audit attempts to identify, measure, evaluate, report on and monitor performance using information not covered in traditional financial reports (Franssen, 1993). Whereas the balanced scorecard focuses attention on the concerns of

stakeholders who most organizations consider to be primary, social audit assesses how well the organization addresses the concerns of stakeholders that many organizations consider secondary.

More and more companies now consider societal values and priorities, community concerns, and the potential for onerous legislation and regulatory requirements when analyzing their external situation (Thompson and Strickland, 1993). Intense public pressure and adverse media coverage have made such a practice prudent. The task of making an organization's strategy socially responsible means first and foremost conducting the organizational activities within the bounds of what is considered ethical and in the general public interest. Second, it requires the organization to respond positively to emerging societal priorities and expectations; third, it means demonstrating a willingness to take action ahead of regulatory confrontation, fourth, it calls for balancing of stockholder interests against the larger interests of society and fifth, it requires that the organization be a good citizen in the community. The concept of corporate social responsibility is now part of company mission statements.

A social audit can complement an organization's annual financial audit by providing clear and succinct information on performance against social objectives (Clark, 1999). The results can be fed into the organization's strategic review and planning processes to improve overall performance and social impact. It has been shown to increase accountability of the organization to its stakeholders and to enhance democratic practice. In addition to serving as a management tool, social audits can be used for marketing, promotion and advocacy purposes.

2.1.6 Corporate Social Responsibility in Kenyan Firms

A study conducted by Ayele (2003) to investigate the corporate social responsibility practices of polythene manufactures in Kenya found that though they were well aware of the concept, they were not in a position to implement it. This is because of the prohibitive costs associated with the practice.

Many are of the view that their main responsibility is production and profit maximization. This is the Friedman doctrine (Friedman, 1970) in which the argument against corporate social responsibility holds that the sole responsibility of the company is to its shareholders, and it is set up to earn the highest return on investment. Managers in businesses are duty bound to maximize profits, and the company is strictly speaking an economic institution that has the sole purpose of creating economic wealth.

For Kenyan companies the lure of corporate social responsibility is great, but financial pressures place an obstacle. As Rue (1998) contends, the greatest barrier to corporate social responsibility is in the form of financial analysts and stockholders. In their concern for immediate profits, they deliberately ignore investment in areas that cannot be accurately measured, and whose returns are long run in nature. This pressure for short term earnings affects corporate social responsibility as most companies are geared to short term profit goals. According to Kamau (2001), managers who seek corporate social responsibility goals may find stockholders unsympathetic, and many are very cautious when it comes to expenditure on social responsibility initiatives. The challenges facing corporate social responsibility initiatives in Kenyan firms are perhaps due to the influence and pressure exerted by those who argue that a company has no business pursuing social goals. The concept of corporate social responsibility is very important to companies today especially in this era of intense competition, changing customer expectations and global trade. Managers must find innovative ways of attracting and retaining customers, and one of the ways is to be good corporate citizens demonstrated in consistent corporate social responsibility initiatives.

The corporate social responsibility concept has become very popular in Kenya, with many companies adopting it (Okeyo 2004). Nation Media Group, for example is actively involved in fencing the Aberdares forest and also offers to publish the social responsibility activities of other firms at zero cost in its newspapers (Daily Nation, June 2003). East African Breweries on the other

hand has sponsored the government hospital beds project to the tune of kshs 4 million and runs a kshs 8 million annual Guinness Strathmore University scholarship award. Magadi Soda Company continues to sponsor schools, hospitals and community based projects around Lake Magadi (Corporate Concern, 2002). Mabati rolling mills and British American tobacco are also actively involved in contributing to community projects. Other companies actively involved in social responsibility initiatives include Reckitt and Benkiser, which sponsors the Dettol heart run, Safaricom limited and its Safaricom foundation and the East African Standard. Although corporate social responsibility is now very important, there is no much evidence from a majority of Kenyan companies on its level of implementation. This is probably due to the fact that it is regarded as a public relations exercise (Mutuku, 2004). It may also be due to the conception that social responsibility has no direct influence on performance and that there is no evidence of its return to investment. In this era of intense competition and fast changing consumer needs, firms have to design innovative ways of attracting and retaining customers. Corporate social responsibility can be used to create and maintain apposite corporate image that will differentiate the company from the competition and also appeal to interests and causes that are at the heart of consumers.

2.1.7 Measuring Corporate Social Responsibility

Corporate social responsibility is absolutely difficult to assess (Mutuku, 2004). It is a concept with many dimensions, which do not behave similarly and have their own characteristics in different industries. The main approach is to use the reputation indices such as the ratings by New York Stock Exchange, Fortune magazine and locally the company of the year (COYA) awards. All these are based on surveys and opinions of analysts and executives. According to Griffin and Mation (1997), there are eight attributes of reputation namely: quality of management, quality of products, innovativeness, long term investment value, financial soundness, employee talent, use of corporate assets, and responsibility to the environment. These are combined to derive a reputation index. Griffin and Mation (1997) also outline the social audit. This comprises systematic third party

assessment of an organization's social behaviour such as community service, environmental action, and corporate philanthropy. Corporate philanthropy assesses the charitable activities of a firm compared with others. Management social responsibility principles and values of particular firms can also be used to gauge the extent of social responsibility. This assesses the values and principles inherent in an organization's culture such as economic legal, ethical and discretionary responsibilities. Mutuku (2003) explains that currently, there are no indices developed on corporate social responsibility in Kenya. Hence, very few companies have issued corporate social responsibility reports starting from the year 2004. This should gradually see firms not only releasing their annual financial reports but also including a report on their corporate social responsibility practices.

The Percent Standard is UK's best known benchmark for corporate social responsibility and demonstrates a business commitment to its local community (Muthuri, 2005). It is a voluntary initiative used in benchmarking and measuring cash donations, staff time, gifts in kind and management time, shown as a percentage of pre-tax profits. The Percent giving is widely used in the UK (one per cent) and the US (increased recently to two per cent) to encourage corporate giving. This is not a ceiling mark. It is open both to the large and small businesses. In 2004, 152 businesses in the UK reported their corporate investment through business in the community, and this has encouraged corporate social reporting. The advantages are immense, both to the community and the companies. It recognizes and celebrates corporate giving, raising awareness by reporting publicly and encouraging companies to compare themselves against the best in class. Participating in the index also supports a whole range of business objectives such as building brand familiarity, boosting staff morale, developing skills and generating positive media coverage. The Percent Standard produces meaningful analysis of the full extent of corporate contributions to the community. Besides, the contributions in excess of one per cent of pre-tax profits are recognised with the award of a certificate and the use of the Percent Club logo.

2.1.8 Corporate Social Responsibility Link to Strategy

If business is to have a deliberate, positive and consistent impact on society, then its leaders need to ensure that its purpose and values are shared by all those who may influence or benefit from its actions (Swift and Zadek, 2002). Seen in this light, corporate social responsibility is more than a collection of practices, gestures or occasional charitable initiatives motivated by marketing, public relations or business benefits. It is an integral component of corporate governance, including a comprehensive set of policies that are supported and reward by top management. It includes policies and decisions that lessen the real and potential negative impact on the environment, public health, and employment opportunities.

According Pohle and Hittner (2007) well-known companies have already proven that they can differentiate their brands and reputations as well as their products and services if they take responsibility for the well-being of the societies and environments in which they operate. These companies are practicing corporate social responsibility in a manner that generates significant returns to their businesses. In order to attain sustainable growth through corporate social responsibility, companies must: Align and incorporate corporate social responsibility with business strategy and integrate it across operational functions, thus making it easy to invest the funds necessary to achieve its objectives. Implement an open information strategy for more transparent information sharing with multiple stakeholders. Leverage transparency to increase the level of engagement of key constituents and customers. When these activities are done in combination, corporate social responsibility can become a dimension of a company's successful competitive strategy. Done right, it offers a company improved relationships with all of its key constituents, more loyal customers, lower costs, higher revenues and an overall improvement of the business' standing in society (Sheila and Oppenheim, 2006). However, corporate social responsibility may affect a firm's performance in more than one way. A more effective way for firms to approach corporate social responsibility is through analyzing

what gains can be made by strategically emphasizing a company's comparative advantages in some sectors over others (Burke and Logsdon, 1996).

The real question is not that all firms should engage in corporate social responsibility in the same form, but rather that firms should tailor certain specificities of corporate social responsibility to their business strategy, to become more competitive (Cavett-Goodwin, 2007).

Rather than trying to connect corporate social responsibility to short-term profitability, a better estimate of the benefits of corporate social responsibility need to be taken into a long-term account. Corporate social responsibility is strategic when it yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission (Burke and Logsdon, 1996). It does so by emphasizing the new idea that the purpose of corporate social responsibility within firms is value creation. The question that is addressed here is: under what conditions does a firm jointly serve its own strategic business interests and the societal interests of its stakeholders (Burke and Logsdon, 1996). Value creation is most prevalent when the following categories are taken into consideration, when contemplating on which corporate social responsibility initiative to engage in:

- Centrality; closeness of fit to the firm's mission and objectives
- Specificity; ability to capture private benefits by firm
- Pro-activity; degree to which the program is planned in anticipation of emerging social trends and in the absence of crises
- Voluntarism; the scope for discretionary decision-making and the lack of externally imposed compliance requirements
- Visibility; observable, recognizable credit by internal and/or external stakeholders for the firm
- Value creation; identifiable, measurable economic benefits that the firm expects to receive

- In the end, according to Burke and Logsdon (1996), when value creation occurs, it is most like to take the following forms:

Value creation and corporate social responsibility

	Centrality	Specificity	Pro-activity	Voluntarism	Visibility
Value Created	Customer loyalty Future purchasers	Productivity gains	New products or markets	New product or geographic market opportunities	New product on new markets Edge in meeting emergency needs

Source: Burke and Logsdon, (1996)

Corporate social responsibility can play a role in building customer loyalty based on distinctive ethical values (Paluszek, 2005). Business benefits from building a reputation for integrity and best practice. Corporations are keen to avoid interference in their business through taxation or regulations. By taking substantive voluntary steps, they can persuade governments and the wider public that they are taking issues such as health and safety, diversity or the environment seriously, and so avoid intervention. This also applies to firms seeking to justify eye-catching profits and high levels of boardroom pay (Fry, Keim, Miener 1986). Those operating away from their home country can make sure they stay welcome by being good corporate citizens with respect to labour standards and impacts on the environment. Some companies use corporate social responsibility methodologies as a strategic tactic to gain public support for their presence in global markets, helping them sustain a competitive advantage by using their social contributions to provide a subconscious level of advertising (Fry, Keim, Miener 1986). In crowded marketplaces, companies strive for a unique selling proposition which can separate them from the competition in the minds of consumers.

Organizations of the 21st century can no longer limit themselves to producing and marketing products or services without any concerns for the impact they have on society. If they want to be trusted by their customers, employees and the public at large, they have to be more socially responsible. It is therefore important for firms to recognize that if they wish to garner the most

positive benefits to be gained from corporate social responsibility, they have to link their corporate social responsibility initiatives to strategy, or better still, factor these into their corporate strategy. This could go a long way in helping the company improve its socially responsible image, and serve to improve upon its corporate social responsibility strategy.

A strategic perspective to corporate social responsibility can be used as a foundation for building a competitive advantage by both enhancing the firm's efficiency and increasing the value of its market offering (Munilla and Miles, 2005). Firms that leverage corporate social responsibility in a strategic manner have more options in developing strategy and creating a competitive advantage. At time when customers' perceptions of companies and their consequent purchasing behaviors are fundamentally changing, corporate social responsibility is no longer viewed as just a regulatory or discretionary cost, but an investment that brings financial returns. Companies are now utilizing corporate social responsibility as an opportunity and platform for growth.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Research Design

This study focused on the companies that are licensed and providing mobile telephone services in Kenya. According to the industry regulator; the Communications Commission of Kenya, there were, as of August 2008, two companies that were actively providing Global System for Mobile Communications (GSM) technology mobile telephone service. These are Safaricom Limited and Zain Kenya. Others; Telkom Kenya and Econet Wireless had licenses but were not providing the service (cck.co.ke). It was therefore a census survey.

3.2 Data Collection

Primary data was collected by way of questionnaires and personal interviews. Respondents comprised managers who were in charge of the main corporate functions i.e. chief executive officer, heads of marketing, finance, corporate affairs and human resources as their input in corporate social responsibility as well as strategic management was deemed vital. Their views were therefore paramount in the study. Five questionnaires were sent to each of the two organizations, making a total of ten respondents. The questionnaire comprised four sections. Section A consisted of basic information about the company and the respondent's role in corporate social responsibility. Section B sought to establish the particular social responsibility activities that the companies were involved in. Section C focused on the firm's strategic planning exercise in order to establish the link between corporate social responsibility and strategy. Section D was the interview guide that was used in conducting the personal interviews.

3.3 Data Analysis

Data collected in this study was qualitative in nature. It was analyzed through content analysis. Nachmias and Nachmias (1996) define content analysis as a technique for making inferences by systematically and objectively identifying specific characteristics and using them to relate trends. Tables, graphs and charts were also used for purposes of presentation and comparison.

CHAPTER 4: RESEARCH FINDINGS AND DISCUSSION

4.1 Research Findings

The research sought to identify the corporate social responsibility practices of the mobile telephone service providers in Kenya and establish whether these practices are linked to the corporate strategy of the respective companies. Two companies; Safaricom Limited and Zain Kenya were studied.

4.1.1 CSR Practices at Safaricom Limited

The study established that Safaricom Limited has a corporate social responsibility policy which is articulated and implemented by the Safaricom Foundation. The Safaricom Foundation is a public charitable trust duly established under the laws of Kenya by a Declaration of Trust dated 14th August 2003. It was established along the lines set by the Vodafone Group Foundation to articulate and implement its social investment policy within coherent and coordinated parameters. The Foundation's mission is "Passion for the world around us", which translates into the key objectives of sharing the benefits of development in mobile communications technology as widely as possible; protecting the natural environment; and, supporting the communities in which Safaricom's customers, employees, investors and suppliers live. The Foundation is funded by annual contributions from Safaricom Limited at a level determined by the company's board and Vodafone Group Foundation to support community activities. It also promotes staff involvement in corporate social responsibility. This undertaking by Safaricom to have a foundation deal specifically with social responsibility reflects how seriously the activity is taken as it adds value by portraying the company positively to the public and also provides a unique channel of communication.

It emerged that the company involved itself in various corporate social responsibility initiatives which included: environmental initiatives, clean up, tree planting, donations in the form of material and cash donations such as emergency food relief; sponsorship in the form of scholarships and community services. Others included; Safaricom Lewa marathon which raises funds for nature conservation e.g. Rhino Ark, fencing of national parks, community programmes and water projects to benefit communities living around parks and conservancies. In all these activities, the Safaricom brand stands out, with efforts made to publicise the events. The Lewa marathon for instance is advertised both locally and internationally with the Safaricom brand being visible. One can therefore conclude that there is an effort to communicate the Safaricom offering to participants, and also publicise the activities sponsored with the aim of engaging in public relations or below the line advertising, but in a very tactful manner. Corporate social responsibility initiatives serve to improve relations with stakeholders, create a positive image for the company, and also communicate about the company's operations and activities in the communities where the stakeholders are.

Among the key roles played by respondents in corporate social responsibility activities were; coordinating projects, assessment and appraisal of projects proposed by communities, offering recommendations and scrutinizing project budgets. From this, it is observed that staff involvement is crucial as they are best placed to understand the communities they deal with, and therefore create products and services that best meet the needs of these communities. The social responsibility activities and events can be seen as learning and familiarization sessions where staff get to understand the community better and therefore serve them beyond their expectation.

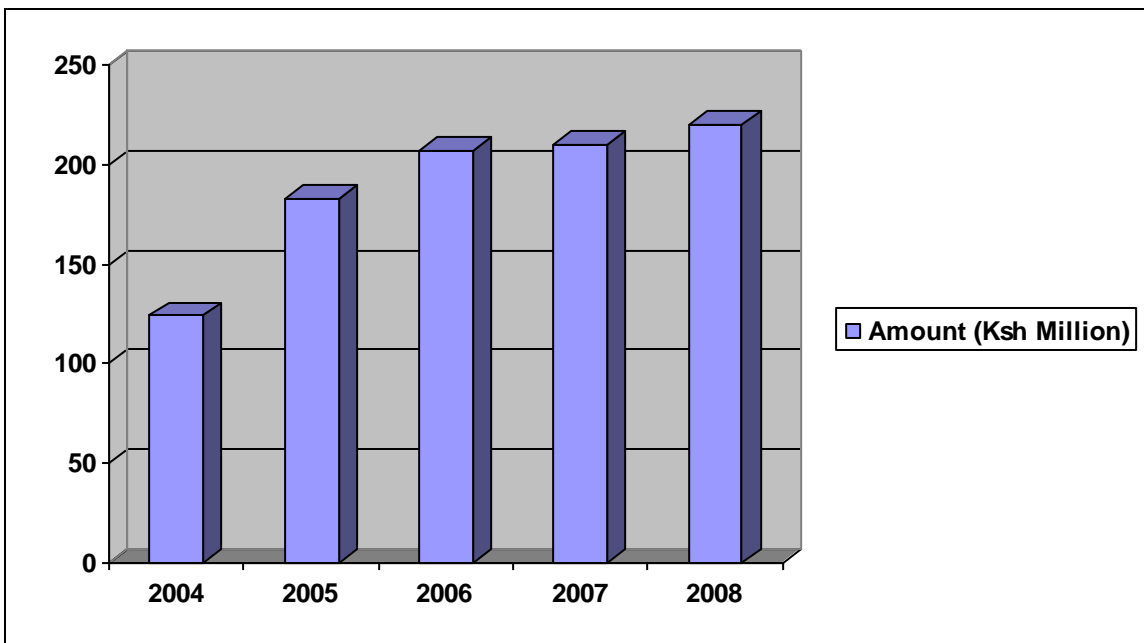
Factors that drive the company into corporate social responsibility were; sharing the benefit of mobile telecom technology, protecting the environment, supporting communities and positive response from community. Of priority to the company the following social responsibility were ranked as very important. These include: health, education, sports and culture, environmental

conservation, children’s homes, AIDS awareness and disaster relief. Allocations to these initiatives have been increasing over the years, reflecting a more strategic approach to social responsibility. Data obtained indicated the following:

Figure 1: Safaricom Foundation total annual CSR spending

Year	Amount in Ksh million
2004	124
2005	183
2006	207
2007	210
2008	220

Source: Safaricom Foundation



Source: Safaricom Foundation

Safaricom has formal corporate strategy and strategic planning which are very important. Community activities and social responsibility initiatives feature fully in corporate plans. Senior managers and directors are actively involved in these social responsibility initiatives. There is a company rationale for staff, money and resources to be involved in social responsibility. Among the factors considered in allocating resources for corporate social responsibility were, social investment

policy as set out by strategic plan, partnership with community organization in Kenya and project categories.

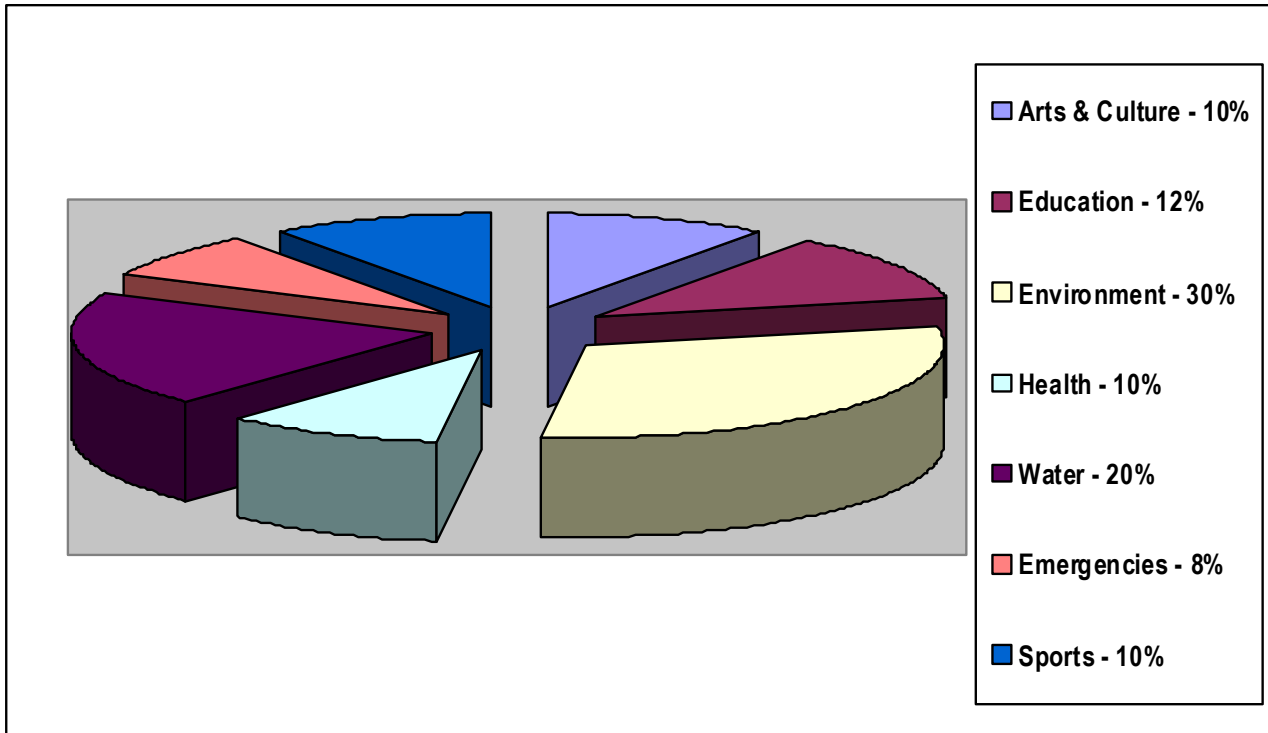
The study established that corporate social responsibility initiatives were planned for and budgeting done accordingly. Data made available for year 2007 activities shows the percentage allocations made to each initiative. Environmental conservation took a large share followed by education, while sports, health arts and culture were given an equal allocation. This demonstrates that corporate social responsibility initiatives involved planning just like the other core activities of the firm. Safaricom Foundation seeks to respond to issues of countrywide significance and to engage with local communities. Main corporate social responsibility activities fall in the categories of arts and culture, community development, education, environment, health and sports, pursuant to guidance from the Investment policy. There is also a special category of “Maji Na Uhai”, which is the Foundation's drought and water management programme, supporting communities in arid and semi-arid areas of Kenya. Projects are funded in partnership with local and international partners and community based organizations.

Figure 2: Safaricom Foundation spending per CSR category

Item	Percentage spending
Education	12%
Sports	10%
Health	10%
Water projects	20%
Arts and culture	10%
Emergencies and relief	8%
Environmental conservation	30%

Source: Safaricom Foundation

Safaricom Foundation spending per CSR category



Source: Safaricom Foundation

The study established that staff were very much involved in the corporate social responsibility activities. For Safaricom foundation, staff were encouraged to participate in corporate social responsibility activities so as to make use of the company's expertise. The foundation uses the full range of resources available, including skills, technology and services to ensure that social investments have the greatest possible impact. This is based on the belief that employees are the strongest link with local communities, so the foundation supports their voluntary efforts to improve those communities and the programmes supported involve Safaricom employees. Within this framework, Safaricom Foundation retains the flexibility to identify and respond to the most local pressing social needs and interests. This also augurs well for the company. Where staff are involved with their communities, they gain a deeper understanding of the needs and dynamics and are therefore best placed to design products, services and even marketing communications drives. In addition, the company is able to portray a positive image and this helps consumers perceive it in positive light as a caring partner.

Figure 3: Some of Safaricom Foundation's CSR projects

CATEGORY	PROJECT	AMOUNT	NARRATIVE
Arts and Culture	Kapkapel Rock Art site	1,200,000.00	Safaricom Foundation donated Kshs.1.2million towards the restoration of the Kakapel rock art site, located in Mt. Elgon area, and which has been gazetted for conservation as a National Heritage.
	Mukuru Arts and Crafts Project	864,000.00	Mukuru Arts and Crafts (MAC) project under the Mukuru Skills Training Center is community-based and is situated in Mukuru slum, Lunga Lunga in Industrial Area.
Community Development	Cardinal Maurice Otunga Street Girls Empowerment Centre	500,000.00	Cardinal Maurice Otunga Street Girls Empowerment Centre was started in January 2004 and is dedicated towards empowering the graduates of institutions carrying the work of rehabilitation of young girls from receding back to the streets
	Light and Power Center	460,000.00	Light and Power Center was established in Kawangware's Gatina slums. The centre has 60 children between the ages of 9 and 25 years.
	Koreenyoo Self-Help Group	984,500.00	Koreenyoo Self-Help Group is a non-partisan, non-profit making organization started by the local communities in Saboti and Kwanza Division, Trans Nzoia District. The group engages in bee keeping to alleviate poverty and improve human conditions.
	WIDAT Bee Keeping	1,010,000.00	Women Aid International Development Trust (WIDAT) has been working to empower women in difficult conditions and enable them participate in development and improve their family livelihoods. WIDAT has identified income generating activities such as bee keeping to generate income.
	Magadi Community Libraries	440,000.00	Most schools within Magadi division have very little infrastructure to encourage extra learning. The Safaricom Foundation donated books and cash to put up bookshelves.
Water Projects	Maji na Uhai Project	20,000,000.00	Safaricom Foundation has set up a water supply project to provide irrigation systems to the Eastern Province and the Northern Frontier District.
	Water harvesting in Laikipia East	500,000.00	Laikipia district in the leeward side of Mt. Kenya is categorized as semi arid. 14 women groups joined hands to solve the problem by buying large volume water tanks. Safaricom Foundation came to their aid by donating towards buying over 50 tanks each with a volume of 2,300 litres.
Education	Kubi Baghaza boarding primary school	700,000.00	Kubi Baghaza boarding primary school located 16 km from Marsabit town was established to help minimize and curb the high dropout rate of girls, mainly contributed by the

			unstable nomadic lifestyle of the community. Safaricom Foundation helped furnish the dormitory.
	Mang'elu Primary School	982,300.00	Mang'elu Primary School is located in Kitui. In July 2005, the school management received a donation of new classrooms from the Safaricom Foundation.
	Holy Rosary College	570,000.00	Holy Rosary College was opened in 1967 to provide secretarial training to young women in Kenya. It is located in Tala, Machakos District. Safaricom Foundation donated 10 computers, 10 Ups, and 2 printers.
	Lake Bogoria Rochdale Secondary School	2,200,000.00	Lake Bogoria Rochdale Secondary School is a secondary school situated in Baringo District. Safaricom Foundation donated funds for the construction of the laboratory block.
	Kyuso Academy	1,030,000.00	Kyuso Academy was established in 1998, in Mwingi. Safaricom Foundation donated a kitchen and a dining hall to cater for 120 pupils.
	Kengeleni Primary School	300,000.00	Construction of Kengeleni Primary school began in March 2003 as promised. Safaricom Foundation made a donation towards the completion of the classrooms.
	Chelingwa Primary School	1,350,000.00	Through the assistance of Safaricom Foundation, Chelingwa Primary School managed to construct a library, and the school management committee received books, study tables, 10 computers, 2 printers and 1 photocopying machine from the Foundation for their new computer laboratory under construction.
Environment	Save the Elephants	7,500,000.00	Save the Elephants established a relationship with Safaricom Foundation to develop new GPS/GSM elephant collars. The overall objective of the tracking project is to develop technology for wildlife tracking in Kenya and improve the conservation of elephants and other poaching target animals.
	Ngare Ndare Trust Fund	8,200,000.00	Ngare Ndare Forest Reserve (NNFR) is part of the larger Mt. Kenya forests. With support from Safaricom Foundation the NNFR trust has established eco-tourism related income generation facilities such as campsites and game viewing platforms to provide alternatives to forest dependency and create additional employment and revenue.
	Aberdare Forest Fence Project	2,000,000.00	To reduce the human and elephant conflict around the Aberdares, Safaricom Foundation raised funds for the construction of a fence around the park.

	The Elephant Corridor Project	14,490,000.00	The Safaricom Foundation donated funds for an elephant corridor to link Ngare Ndare forest with Mt. Kenya giving the elephant an opportunity to freely move through its historical pathway that was blocked with human developments.
	EAWS De Brazza's monkey conservation project	500,000.00	The De Brazza's monkey is a threatened and a highly endangered species and a rare primate found in the Western Province, Kenya. To reduce the extinction of the monkey, the East African Wildlife Society with a donation from the Safaricom Foundation, introduced a conservation education and awareness campaign in the area.
Health	St John's Ambulance	2,500,000.00	In May 2005, the Safaricom Foundation donated a brand new ambulance to address the transportation of casualties' problems thus facilitating rescue operations by the volunteers.
	Brothers of St. Joseph	200,000.00	The Brothers of St. Joseph is a religious men congregation of the Catholic Church belonging to the Archdiocese of Nyeri. Safaricom Foundation donated funds towards the Brother's zero grazing cattle and farming initiatives.
	Cerebral Palsy Society of Kenya	500,000.00	Cerebral Palsy Society of Kenya rehabilitation clinic currently caters for over 200 children who live within Nairobi and its environs. Safaricom Foundation donated therapy equipment and funds to assist in the maintenance of the rehabilitation clinic.
Humanitarian Relief	Kenya Red Cross Society	15,000,000.00	Safaricom made a donation to the Kenya Red Cross Society towards the emergency relief fund following the civil unrest sparked by the announcement of results of the 2007 Kenyan general election. This will assist the humanitarian organization in delivering assistance to the more than 300,000 Kenyans who have been displaced countrywide as a result of the violence.
AIDS Awareness	AIDS awareness month	3,000,000.00	Safaricom Foundation has set aside Sh3 million to fund an awareness campaign that will run across the country for one month. The campaign, will be channeled through famous local sports personalities and will target more than 48 primary and secondary schools.

Source: Safaricom Foundation

The Safaricom Foundation publishes clear guidelines setting out the types of activities to fund, application procedures and timescales. At the end of each fiscal year, it produces a report to the Vodacom Group Foundation and Safaricom Limited on social investments made, including the names of recipients, the value of contributions and types of projects supported. This shows that there is application of strategic management in making of choices, priorities and long term planning.

Overall, corporate social responsibility initiatives and events serve to create recognition of the company as a caring entity. It also provides recognition of the company's brands, services and benefits, which lays a foundation for expansion and diversification as the company is known positively by consumers and its brands easily recognized. Because of this approach, Safaricom has been able to penetrate the rural market as well as the low income bracket as potential customers perceive its brands positively through its charitable activities and involvement in causes that benefit their communities.

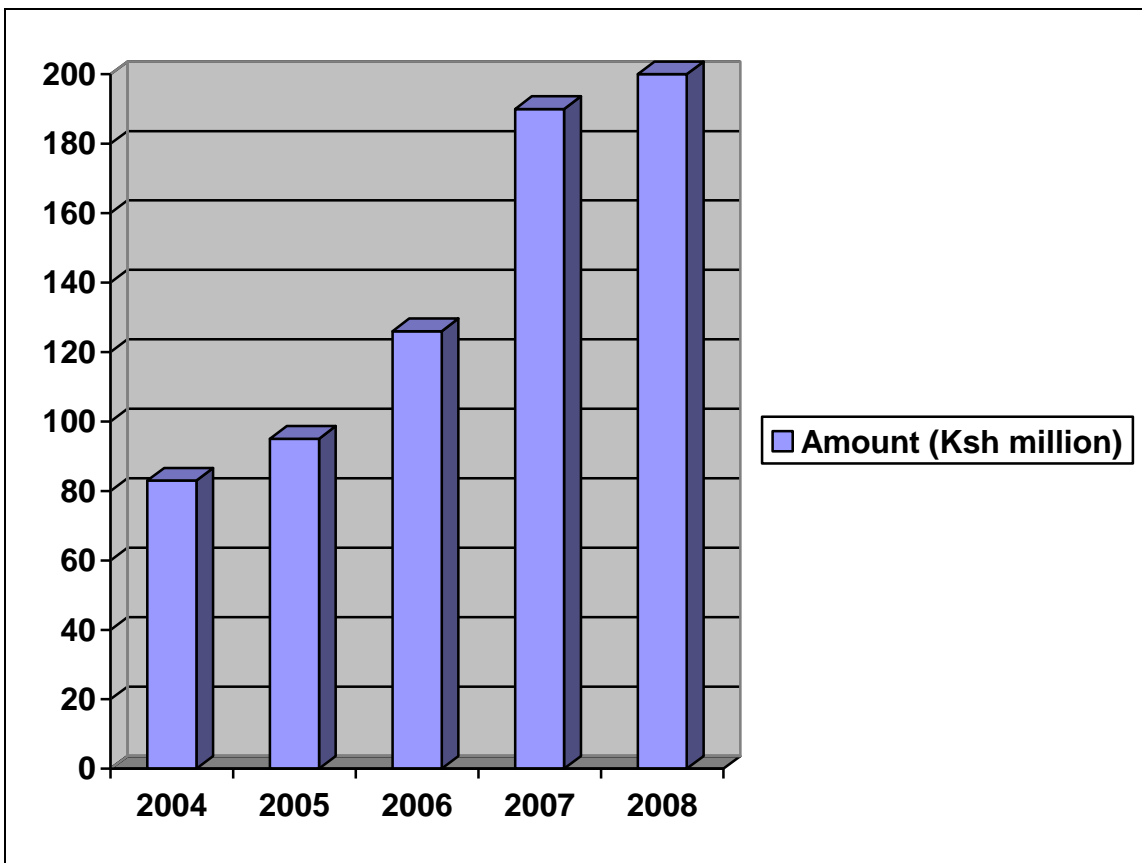
4.1.2 CSR Practices at Zain Kenya Limited

Zain Kenya relies on its Community Investment Services department. The department channels Zain Kenya's investments in social investment programmes and lays emphasis in three key areas; education, water and environment and arts and heritage. Among the key roles played by respondents in corporate social responsibility activities were; assessment of proposed projects, sponsorships, organization, ensuring that sponsorship are in agreement with Zain policies, values and strategic objectives and they guarantee exclusivity of Zain brand. Among the factors that drive the company into social responsibility are; being part of the community, touching lives and providing joy and providing solutions to problems in the community. It is therefore clear that corporate social responsibility initiatives at Zain Kenya are aimed at anchoring the Zain brand. In this approach, social responsibility initiatives are meant to generate trust, loyalty and recall of the brand. The

company focuses its charitable activities in those communities where there is likely to be benefits accruing in terms of brand recognition and improved relations with the public. In such a scenario, the company will find it easier to communicate about its offering as the channels are well established. Spending on corporate social responsibility sponsorships was observed to have been on a steady increase over the years. Data availed revealed the following trend:

Figure 4: Zain Kenya total annual CSR spending

Year	Amount in Ksh million
2004	83
2005	95
2006	126
2007	169
2008	200

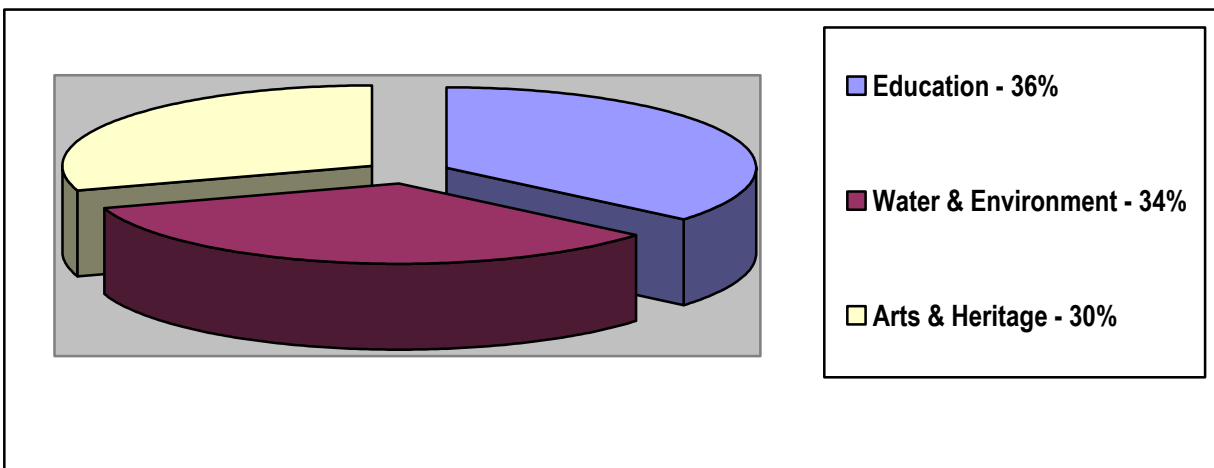


Source: Zain Kenya Community Investment department

On a priority rating to the company the following social responsibility were ranked as very important: sports and culture, education, health, environmental conservation, disaster relief and children homes. Zain Kenya classifies its corporate social responsibility into three key areas; education, water and environment and arts and heritage. It can be observed that these are key areas where it is possible to get to a large public audience. By focusing on these areas, Zain ensures that corporate social responsibility initiatives are outstanding, get noticed and appeal to a vast majority. For instance, arts and heritage covers sports, music, arts, cultural events and public issues. By sponsoring these events, Zain Kenya gets is able to create a channel of communication that is unique and memorable. Its brand and offering will be remembered by the audiences and this improves brand recognition. It can also be seen as an innovative form of below the line advertising. These key areas had budgets and worked within set allocations. The ratio of funding and sponsorship made to these categories for the 2007 financial year was presented as follows:

Figure 4: Zain Kenya spending per CSR category

Item	Percentage spending
Education	36%
Water and environment	34%
Arts and heritage	30%



Source: Zain Kenya Community Investment department

It is observed that the three main categories of social responsibility sponsorships had close allocations. This is in line with Zain Kenya's commitment to helping open up new possibilities and opportunities in culture, health and education. Acting responsibly in the communities where it operates is an integral part of its business. Zain has pioneered a range of education-based initiatives across Africa and is partnering with governments and communities to help them achieve the United Nations Millennium Development Goals.

Figure 6: Some of Zain Kenya's CSR sponsorships

CATEGORY	PROJECT	AMOUNT Kshs	NARRATIVE
Education	Chakaza Promotion sponsorship	600,000.00	Zain Kenya donated books and equipment worth more than Kshs 600,000.00 to seven primary schools in the neighbourhood of the 'Chakaza' houses. Zain Kenya donated books and learning materials to select-primary schools, mainly the under-privileged.
	Build Our Nation Project	30,000,000.00	Through a unique programme dubbed Build Our Nation, Zain Kenya has set aside more than Kshs. 30 million in 2008 to purchase text books, revision texts, reference books and other teaching aides. At the close of the year, the programme will have covered at least 250 schools spanning across the country.
	Mbele Primary School furniture sponsorship	100,000.00	Mbele Primary school today literally lies in the no-man's land, sandwiched between the three districts of Taita Taveta, Kwale and the newly created Kinango district. Zain Kenya offered a donation of a Kshs. 100,000 for desks for the school.
Water and Environment	Zain Kenya Water Projects	16,000,000.00	In 2007, Zain Kenya dedicated Kshs 16 million was dedicated towards drilling boreholes and shallow wells to ease water shortage in Makueni, Kajiado, Wajir, Lamu and Koibatek district. The projects are implemented in partnership with AMREF and the Kenya Red Cross Society.
	Zain Kenya Water Harvesting Initiative	10,000,000.00	Also, for 2008, Zain Kenya has set aside Kshs 10 million to make life better for various communities by supporting construction of boreholes, shallow wells and funding water harvesting projects across the country.
Arts and Heritage	Zain High School Relay competition	320,000.00	The Zain High School Relay competition made its debut in the Rift Valley. Zain Kenya chose to reward the budding athletes with book vouchers worth Kshs. 40,000.00 for every category of the relay races.

	Zain Kenya and St. John's Ambulance	650,000.00	Zain Kenya donated Kshs. 650,000 to St. John Kenya for the purchase of first aid manuals, first aid boxes and blankets.
	Concours d' Elegance	4,500,000.00	Zain Kenya Ltd sponsored the 2007 Concours d' Elegance organised by the Alfa Romeo Owners Club with Ksh 4.5 million
	Famine relief	7,200,000.00	Zain Kenya donated 20 metric tones of unimix relief food to famine victims in Mandera
	Kenya Squash Association sponsorship	800,000.00	The Managing Director of Zain Kenya, Rene Meza, presented the Kenya squash association Sh800, 000 sponsorship package for the tournament scheduled for November 2008.
	Enterprise Rugby Tournament sponsorship	2,500,000.00	The 80th edition of the Enterprise rugby tournament, held in July 2008, was boosted with a sponsorship of Sh2.5 million from Zain Kenya. The tournament which has been held annually since its inception in 1924 has never gotten such a substantial sponsorship
	Kenya Music Festival sponsorship	4,000,000.00	Zain Kenya announced a Kshs 4 million sponsorship for the 2007 Kenya Music Festival

Source: Zain Kenya Community Investment department

Zain Kenya involves employees in identifying, assessing and sponsoring corporate social responsibility activities. Because the implementing wing is a department within the company, then it falls within the responsibilities of the departmental staff to run the selected corporate social responsibility sponsorship activities. Other staff members are encouraged to get involved in the initiatives and this also helps in fostering team work and involvement in social causes. Respondents indicated that they were routinely involved in activities such as tree planting, visits to children's homes, participated in refurbishment of schools and also made material donations in cases of emergency relief. This involvement of staff was seen to offer them an opportunity to better understand the communities they work with. This understanding comes in handy when designing products, services as well as marketing and promotions because staff have a well rounded understanding of their target communities.

The company successfully rolled out an ambitious programme to equip primary schools with learning materials as a contribution towards improving the quality of the free primary education programme. In this programme dubbed Zain Kenya has set funds to purchase text books, revision

texts and teaching aids for selected schools across the country. The company remains at the forefront in funding water projects especially in the arid and semi arid areas of the country and has a partnership with AMREF and Kenya Red Cross supporting construction of boreholes, shallow wells and funding water harvesting projects. Through a structured partnership with artistes; writers, actors and musicians Zain Kenya has managed to hoist careers of many upcoming and youthful talents. Efforts have been mainly concentrated on unveiling new talent in the areas of music and theatre. The company sponsors the annual Kenya Music Festival, the Enterprise Rugby Tournament, Concours d' Elegance, Kenya Squash Open and other regional and national level games and cultural events. Zain's corporate values are radiance; heart; and belonging. Radiance is leading the way with imagination and vision, bringing joy, colour, and richness to our business environment, heart represents living with courage, engaging the spirit and touching emotions while belonging means being part of the fellowship and community spirit that knows no territorial boundaries.

It remains the company's long term commitment to build partnerships with customers, subscribers and Kenyans as a whole through a continuous engagement in funding projects that contribute to uplifting living standards in the country. Zain Kenya endeavours to build support, provide for, work with and strengthen communities, which means pushing its role in the community beyond providing world class telecommunications technologies and services. The company continues to push forward calculated and opportunity driven expansion and strives to achieve its mission of establishing Zain as an innovative, community oriented telecommunications player on the global stage.

Zain Kenya is committed to helping to open up an exciting world of new possibilities and opportunities, in culture, health and education, and acting responsibly in the communities where it operates is an integral part of its business.

4.2 Rationale for CSR among Mobile Telephone Service Providers

Safaricom Foundation's mission is "Passion for the world around us". This mission statement cascades throughout the company and translates in to the key objectives of sharing the benefits of development in mobile communications technology as widely as possible; protecting the natural environment and supporting the communities in which Safaricom's customers, employees, investors and suppliers live. The Foundation, funded by annual contributions from Safaricom Ltd at a level determined by the company's board and Vodafone Group, supports community involvement activities and promotes staff involvement in corporate social responsibility activities. Safaricom's commitment to the community flows from the company's core values and principles, which view social investment not an addition to business activities, but at the heart of how the company engages with the communities where its customers, employees, investors, and suppliers live. Safaricom Foundation seeks to respond to issues of countrywide significance and to engage with local communities wherever the company does business, unlike other organizations where community activities are funded directly from corporate budgets. Safaricom Foundation targets programmes that help to provide sustainable solutions to some of the most pressing problems in Kenya and uses the full range of resources available in the company, including skills, our technology and services, to ensure that social investments have the greatest possible impact.

At Zain Kenya, corporate social responsibility is viewed as a key determinant in shaping the relationship and future of the entity with its stakeholders. This has seen the company increase investment in the social investment programmes, borne out of its commitment to enhance positive social effects in the country by complementing the efforts of the government and other sponsors in supporting projects aimed at enhancing the quality of life in Kenya. In its efforts to develop long term partnerships with diverse communities in Kenya, Zain has selected three key areas of emphasis in corporate social responsibility; education, water and environment and arts and heritage. The mission of Zain is to cement the company as a leading global mobile operator that provides

professional, world class mobile and data services to all its customers, wherever they are, worldwide, and to achieve this by exceeding customers' expectations, rewarding employees, and providing returns beyond reasonable expectations for our shareholders. Zain is therefore a global citizen, and in the human spirit of community building, builds support, provides for, works with and strengthens communities wherever it goes. The company takes social responsibilities very seriously, and this means pushing its role in the community beyond providing world class, leading telecommunications technologies and services. Zain perceives corporate social responsibility sponsorships as an unique communication platform that helps the company build a strong and lasting relationship with communities and customer base.

4.3 CSR Link to Strategy among Mobile Telephone Service Providers

The study established that the companies studied took corporate strategy very seriously. Both had corporate planning departments and all had strategic plans. It is in these plans that corporate social responsibility policies are spelled out and allocations of resources made. In the case of Safaricom, the corporate social responsibility activities are carried out by the Safaricom Foundation, which has been spun off to specifically deal with corporate social responsibility issues and initiatives. At Zain Kenya, there is a Community Investment department which has been set up to handle issues and activities of corporate social responsibility. Both companies outlined corporate social responsibility in their mission statements, and specifically articulated it in their values.

Zain Kenya has an open and direct link between corporate social responsibility and strategy. This is seen in the company's perception of corporate social responsibility sponsorships as a unique communication platform that helps in building a strong and lasting relationship with the company and communities as well as customers. Zain considers all sponsorship requests in transparent manner and always enters into a formal sponsorship contract with the organizations it sponsors. The

company only considers sponsorship agreements with organizations whose products, policies and values align with the strategic objectives and values of Zain. The sponsorship must take place in one of Zain's markets and should guarantee exclusivity for the Zain brand in the telecommunications sector.

In the case of Safaricom Limited, the Safaricom Foundation concentrates its grant making activities in the areas outlined in its Mission Statement and the Social Investment Policy. Corporate social responsibility projects are funded in partnership with local and international partners or community based organizations in the categories of arts and culture, community development, education, environment, health and sports, pursuant to guidance revealed and received from the Investment policy. Safaricom is spearheading a fresh approach to corporate social responsibility, looking beyond charity and the deep-rooted corporate culture of tokenism. The company, through the Safaricom Foundation is keen to fund highly sustainable social investment projects that have the capacity to benefit disadvantaged communities in the long term.

For corporate social responsibility to effectively link to strategy, it should focus on the interdependence between business and society. This way, it creates a rationale that is tied to the strategy and operations of the company and the communities in which it operates, thereby helping the company to identify, prioritize, and address the social issues that are most important, have the biggest impact, strengthen its long term competitiveness and bring about opportunities for expansion and diversification. The main principle that should guide corporate social responsibility is not whether a cause is worthy but whether it presents an opportunity to create shared value, which is a meaningful benefit for society that is also valuable to business (Porter and Kramer, 2002). This may explain for instance, that Safaricom and Zain choose arts, sports, entertainment and nature conservation as main areas of sponsorship because they depend heavily on entertainment and hospitality for marketing communication. As for education, it adds value to both the community and

the company in that a literate consumer base is better placed to secure employment, lead a healthy lifestyle and make informed purchasing decisions; all which benefit the community and the company in the long run. Seen in this perspective, corporate social responsibility brings out shared value by investing in social aspects that strengthen the company's competitive position and leads to a win situation for both the business and the community where success for the business and society are mutually reinforcing.

Corporate social responsibility with a strategic perspective will involve making of choices. It is about choosing which social issues to tackle, taking them as a long term investment in the company's future competitiveness. As observed from the study, Safaricom Limited and Zain Kenya have invested huge amounts of funds in corporate social responsibility. This is over and above their capital investments, jobs provided and business undertakings. By investing in corporate social responsibility that is linked to strategy, they contribute to the prosperity and well being of the Kenyan community and to their own competitive success. It is clear from the findings that there is a link between corporate social responsibility and strategy among the mobile telephone service providers in Kenya. This also confirms Porter and Kramer (2002) view that by aligning charity and strategy, corporations not only give money; they donate distinctive capabilities that result in greater social good, strengthen their competitive edge and improves long term business prospects.

CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study had two objectives. The first was to identify the corporate social responsibility practices of the mobile telephone service providers in Kenya, and the second was to establish whether corporate social responsibility is linked to the corporate strategy of the respective mobile telephone service providers in Kenya. Primary data was collected by way of interviews with senior managers and their representatives. A total of six managers, out of the expected ten were interviewed, representing 60% of the target. Secondary data from company documents and in house magazines was also used. Data was analyzed using content analysis.

Findings of the study indicate that the companies are involved in corporate social responsibility practices as well as corporate strategic planning. The corporate social responsibility practices are outlined in the respective corporate strategies, with formal corporate social responsibility strategies and policies. The study established that the corporate social responsibility engagements were outlined in line with the company mission, vision and values. Analysis of the findings indicate that there is evidently a link between corporate social responsibility and strategy.

5.2 Conclusion

The organizations had corporate planning and strategy departments, vision and mission statements, explicit corporate objectives and engaged in strategic planning, which was considered a very important aspect of the organization. The strategic plans were also implemented and very elaborate effort was made to monitor the implementation, with periodic reports and feedback. Safaricom Limited is affiliated to Vodafone Plc while Zain Kenya is affiliated to the Zain International Group. These affiliations have brought in an international view of strategy, planning and bench marking. As a result both companies spent enormous time and resources in ensuring that the respective mission, vision and values were integral in day to day operations and are internalized by all staff.

Corporate social responsibility was also undertaken in the companies studied. In the case of Safaricom, it was handled by Safaricom Foundation while Zain had a Community Investment department to deal with the issue. The companies have outlined corporate social responsibility in their strategic plans and there were policies to guide corporate social responsibility engagements. Because both companies engage in community investments, the area of corporate social responsibility was seen as crucial in helping to build strong relationships with communities and customers. Both companies borrow their corporate social responsibility engagement policies from their parent companies particularly in the areas to invest, sponsorships, benchmarking and implementation. Both made efforts to ensure that the donations and sponsorships are not over publicized in a manner that suggests cash donations or a public relations exercise, but rather as community involvement.

On the link between corporate social responsibility and strategy, it was observed that both companies outlined corporate social responsibility in their strategies. Funding of corporate social responsibility engagements was done directly by the company in the case of Zain Kenya, while at Safaricom Limited it was done through the Safaricom Foundation. The main areas of funding corporate social

responsibility activities are similar in both companies. At Zain Kenya, the activities are education, health services, protection of environmental and maritime heritage, sponsoring of sports, arts and cultural events. This is done in line with the Zain international philosophy of achieving its mission of establishing Zain as an innovative, community oriented telecommunications player on the global stage. Zain has been actively sponsoring events and activities at local, regional and international level that reflect its mission, vision and brand values. The Safaricom Foundation funds projects in the categories of arts & culture, community development, education, environment, health, sports and music, and disaster relief, pursuant to guidance revealed and received from the investment policy. Projects are funded in partnership with local and international partners or community based organizations.

It is worth noting that both companies lay emphasis on staff involvement in corporate social responsibility, thereby making use of available skills and expertise. Porter and Kramer (2002) are of the view that by aligning charity and strategy, corporations do not only give money; they donate distinctive capabilities and that can result in greater social good even as it strengthens a company's competitive edge. Increasingly, corporate social responsibility is used as a form of public relations, advertising, and promoting a company's image through high profile sponsorships. But there is a more truly strategic way to think about corporate social responsibility. Corporations can use their charitable efforts to improve their competitive context; the quality of the business environment in the locations where they operate. Using corporate social responsibility to enhance competitive context aligns social and economic goals and improves a company's long term business prospects. Addressing this context enables a company not only to give money but also leverage its capabilities and relationships in support of charitable causes (Porter and Kramer, 2002). Taking this new direction requires fundamental changes in the way companies approach their corporate social responsibility sponsorship programs.

Corporate social responsibility is strategic when it yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission (Burke and Logsdon, 1996). It does so by emphasizing the idea that the purpose of corporate social responsibility within firms is value creation. As observed in the companies studied, there is emphasis on serving communities in which the respective companies operate. Companies are also keen to avoid interference in their business through taxation or regulations. By taking substantive voluntary steps, they can persuade governments and the wider public that they are taking issues such as health and safety, diversity or the environment seriously, and so avoid intervention. In this case, charitable foundations are strongly favored because they provide tax benefits whose value is observed in the stock markets. This study did encounter the case of the Safaricom Foundation, and indeed, this does help the parent company derive a competitive edge in form of tax benefits and a positive corporate image. Engaging in corporate social responsibility enables the company to jointly serve its own strategic business interests and the societal interests of its stakeholders. It is therefore important for firms to recognize that if they wish to garner the most positive benefits to be gained from corporate social responsibility, they have to link their corporate social responsibility initiatives to strategy. . It is worth noting that virtually every activity in a company's value chain touches on the communities in which it operates. But not only does corporate activity affect society; external social conditions also influence companies.

Corporate social responsibility has emerged as an inescapable priority for business leaders. According to Porter and Kramer (2002), many companies are doing much to improve their corporate social responsibility initiative yet these efforts have not been nearly as productive as they could be for two reasons. First, they pit business against society, when clearly the two are interdependent. Second, they pressure companies to think of corporate social responsibility in generic ways instead of in the way most appropriate to each firm's strategy. When approaches to corporate social responsibility are fragmented and disconnected from business and strategy, they obscure

opportunities for companies to benefit society. However, if companies were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that corporate social responsibility can be much more than a cost, a constraint, or a charitable deed. It can be a source of opportunity, innovation, and competitive advantage

5.3 Recommendations for Further Research

The objectives of the study were to identify the corporate social responsibility practices of the mobile telephone service providers, and to establish whether corporate social responsibility is linked to the corporate strategy of the respective mobile telephone service providers in Kenya. This study can be replicated in other industries and sectors in East Africa with a view of documenting the corporate social responsibility practices and how they are linked to strategy. It could also serve to investigate the extent of strategic planning and implementation in companies, and how it integrates other activities of the firms.

QUESTIONNAIRE

Section A

1. Name of organization
2. Position of respondent in the organization
3. Role played in corporate social responsibility activities

Section B

4. Please list the corporate social responsibility initiatives that your company is involved in:

5. Rank the social responsibility initiatives below in order of priority to your company.

1:Very important 2:Important 3:Somewhat Important 4:Not important 5:Unimportant

	1	2	3	4	5
Health					
Education					
Sports and culture					
Environmental conservation					
Children's homes					
AIDS awareness					
Community development					
Disaster relief					

6. Please indicate the estimated total resources, in cash and cash equivalent, spent on corporate social responsibility in the following periods

2004	
2005	
2006	
2007	
2008	

7. What factors drive your company to adopt social responsibility?

8. What are the biggest drawbacks and restraining factors that your company experiences in the carrying out of social responsibility initiatives?

9. What reasons does the company have for its expenditure in corporate social responsibility?

SECTION C

10. Does your company have a formal corporate strategy?

Yes__ Sometimes__ Partially__ Never__ Do not know__

11. What importance is attached to strategic planning?

Very important__ Important__ Somewhat Important__ Not important__ Unimportant__

12. Do community activities and social responsibility initiatives feature in the corporate plans

Fully__ Sometimes__ Partially__ Never__ Do not know__

13. Is there a rationale for the staff, money and resources to be involved in social responsibility?

Yes__ Sometimes__ Partially__ Never__ Do not know__

14. If yes, what factors are considered in allocating resources for corporate social responsibility activities? (In order of priority)

15. Are senior managers and directors actively involved in social responsibility initiatives

Fully__ Sometimes__ Partially__ Never__ Do not know__

16. How significantly have the following factors contributed to your company's position on corporate social responsibility based on a scale of one to five where:

1: Not at all 2: Insignificant 3: Somewhat Significant 4: Significant 5: Very significant

	1	2	3	4	5
Response to pressure from civil society groups					
Response to pressure from government					
Use of CSR for competitive advantage					
Expressing concern and responsibility to society					
CSR is a marketing tool					
CSR makes the company visible in public					
CSR provides a positive image to the firm.					
The company is obliged to provide CSR					
CSR is part of corporate strategy					

17. Does your company report its social responsibility activities in annual reports or newsletters

Fully__ Sometimes__ Partially__ Never__ Do not know__

18. What measures does your company have in place to assess the impact of its social responsibility activities?

19. What benefits has the company enjoyed as a result of its engagement in corporate social responsibility?

SECTION D

20. Strategic goals of your company

21. Business goals

22. Corporate social responsibility objectives

23. Support received from the following

Government departments	
Provincial administration	
Non governmental organizations	
Diplomatic missions	
Other companies	
Individuals	

24. Monitoring and evaluation measures to track progress and impact of your corporate social responsibility initiatives

25. Any way in which the corporate social responsibility initiatives are related to the company's overall strategy, strategic goals and objectives

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