THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON THE FINANCIAL PERFORMANCE OF TELECOM COMPANIES

BY

NALWANGA EDNA

A DISSERTATION SUBMITTED TO THE FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILMENT FOR THE AWARD OF A BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION AND MANAGEMENT OF UGANDA MARTYRS UNIVERSITY

JULY 2017

DEDICATION

This research is dedicated to my parents Mr. KASOZI CHARLES and Mrs. KASOZI FLORENCE and to all my friends and classmates who have supported me during my study. May the Almighty God bless them all abundantly!

ACKNOWLEDGEMENT

I am grateful to the Almighty God for having enabled me to complete this research work. This work has not been easy but with his guidance, it has been rendered possible.

I would like to express my sincere appreciation to my Supervisor Associate Professor Rev. Fr. Simeon Wanyama whose patience, guidance and encouragement made me succeed in producing this work.

I am equally grateful to the role played by my lecturers at Uganda Martyrs University and all the academic and non-academic staff members who did what they could to enable me complete my course successfully.

Special thanks to my parents Mr. Kasozi Charles and Mrs. Kasozi Florence who have been there for me during my study. May the Almighty God bless them all abundantly!

I am equally grateful to my friends especially those who encouraged and pushed me to go on and study. I acknowledge them for the moral and physical support and standing in to fill the gap at my place of work whenever I was away. May the Almighty God bless all these people.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF ABBREVIATIONS

CEO's:	Chief Executive Office
CFP:	Company's financial performance
CSR:	Corporate Social Responsibility
DEI:	Directorate of Ethics and Integrity
DV:	Dependent Variable
FUE:	Federation of Ugandan Employers
ICCU:	Institute of Corporate Governance of Uganda
IV:	Independent Variable
MNC:	Multinational Corporations
ROA:	Return on Assets
ROCE:	Return on Capital Employed
ROE:	Returns on Equity
SPSS:	Statistical package for social scientists
UCCSRI:	Uganda Charter for Corporate Social Responsibility Initiatives
UIA:	Uganda Investment Authority
UK:	United Kingdom
UMA:	Uganda Manufactures Association
UMU:	Uganda Martyrs University

ABSTRACT

The study investigated the effect of Corporate Social Responsibility on the financial performance of telecom companies using MTN Uganda as the case study. The study was guided by the following objectives: To establish whether environmental responsibility affects profitability of telecom companies, To examine the role of economic responsibility on the liquidity in telecom companies and To determine whether social responsibility affects turnover in telecom companies. The study used a case study design approach. The sample size of 45 respondents comprised of the following categories of people who responded to our questionnaire: Management, Finance department, Human resource and working stuff. The study found that organizations participate in all round activities that benefit the environment and also that it is important for all employees of the organization to participate in activities that benefit the environment. Organizations are also committed to being as profitable as possible, it is important that a company be consistently profitable and also that the company gains reasonable profitability. It is important to maintain a high level of operating efficiency. Company respects and follows societal values, often gives back to the society all around the country and also has a low labour turn over. Further equal opportunities for rewards and advancement are provided to all employees for a company to be socially responsible and all stakeholders of the company are treated equally important and are pleased with the company's social responsibility. Finally, it is recommended that executive management needs to get involved in CSR initiatives by formulating business strategies that embed CSR practices in business operations, and undertaking sustainable operations. CSR strategy should carefully be aligned into business strategy in order to reinforce governance and sustainable value generation in the organization and society as a whole. It is also recommended that Government needs to provide an enabling environment for SMEs while encouraging other corporate bodies to follow suit. There is need to align CSR activities with development goals in order to create sustainable value with in communities. This can only be achieved with government support through partnership of the public and private sectors

CHAPTER ONE:

GENERAL INTRODUCTION

1.0 INTRODUCTION

The field of corporate social responsibility (CSR) has grown exponentially in the last decade. According to the Commission of the European Communities (2001) CSR is a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on voluntary basis.

Discussions on CSR issues have received considerable attention from academic researchers and practitioners for many decades. At the early stage, Chamberlain (1973) defined CSR as actions that the leadership in business is expected to undertake in response to a given situation as matters of right, whether legal or illegal.

The study will be centered on the effect of corporate social responsibility on the financial performance of telecom companies, using MTN as a case study. The study will look at corporate social responsibility as the independent variable in terms of environmental responsibility, economic responsibility, and social responsibility and the dependent variable as the financial performance of telecom companies which will be evaluated on the basis of profitability, liquidity, and turnover. The study looks at other moderating factors that could lead to a relationship between corporate social responsibility and financial performance of telecom companies such as company size, industry environment, business culture, exposure to risks.

1.1 BACKGROUND OF STUDY

The core concept of CSR is to reflect the entire obligation of a company to its internal stakeholders, including stockholders, employees, and external stakeholders, such as customers, suppliers, and community (Siegel, 2011). CSR incorporates economic responsibility, public responsibility, and social responsiveness. In sum, defining CSR is difficult because the concept is abroad and complex phenomenon (Carroll, 1995).

In 1953, Howard Bowen made the first significant scholarly contribution by publishing the book, The Social Responsibilities of the Businessman. Here he proposed the CSR definition as “the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen 1953) CSR definitions, practices and adoption of CSR expanded immensely. Philosophies such as management as a trustee, Christian ethics and the balance of power between business and society were popularized (Frederick, 2006).

Corporate social responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as that of the local community and society at large (Lord Holm and Richard Watts, 2011). The same report gave some evidence of the different perceptions of what this should mean from a number of different societies across the world.

The interest in CSR is continuing to increase worldwide and although different companies’ approach to the concept varies, more companies are implementing voluntary initiatives aimed at minimizing its negative impact on society and the environment (White, 2012). Of the world’s 250 largest corporations, 93% publish corporate sustainability reports as of 2013, compared to 71% in 2008 (GreenBiz, 2013). This recent incline is not purely based on companies adopting an altruistic business model, but also because companies are under increasing pressure from its stakeholders to demonstrate responsibility and sustainability (White, 2012). Recent trends indicate that there has been an increase in CSR reporting in the past decade. This doesn't hold only to American corporations but the entire world, every year KPMG one of the Big four accounting firms publishes 'The state of Global CSR reporting ' a report. On the CSR programs of global organizations. In the 2011 report, the Global fortune Top 250 companies were reviewed and the report found that 95% of Global companies issue annual CSR reports that summaries their CSR initiatives, (Hopkins 2004). In comparison, the 2002 KPMG report disclosed that only 45% published CSR reports on their performance.

The last decade has realized a 111% increase in CSR reporting to stakeholders, other avenues for CSR reporting include corporate web pages, advertising, and separate annual reports on community giving or given programs (Bruni 2002). Many studies have explored the state of CSR in European countries like Italy, Spain, United Kingdom (UK) and Scandinavian countries have been of great interest in this field having the developing countries follow up with growing interest for CSR.

CSR has become a huge phenomenon in global economic relations and Africa has not been left behind. In fact, not only do various companies have their different CSR schemes and projects but there is even a functional and daily-updated website that reports issues of CSR in Africa: The CSR Africa Daily. For some of the activities of African companies as far as CSR is concerned, the website is informative. It would therefore be extremely frivolous to argue that private companies in Africa do not engage in CSR. In fact, in addition to CSR Africa Daily the media and companies' websites have been lavished with some of these projects. For instance, just as oil multinational corporations operating in Nigeria are quick to publicize their community development projects so also do mining companies in Zambia, hotels in Zimbabwe, telecommunications companies in Ghana, and even oil companies in Sudan (and South Sudan) amplify their commitment to CSR. Therefore, rather than ask the question "Is there CSR in Africa?" the relevant issue should be "how does the state structure promote or discourage CSR?" This question attends to a different focus. The former question will lead to an endless list of CSR projects but the latter question will highlight the failures of the state. The former question will patronize the Multinational Corporations (MNC) but the latter will critique them. Most importantly, while the former question will be cosmetic and meaningless in the face of environmental degradation, death and demeaning of Africans, the latter question is fundamental, somewhat difficult but futuristic (Kayoed 2011).

According to Sandon, (2006), Corporate Social Responsibility entails a business monitoring and ensuring that it undertakes active compliance with the law as through established ethical standards, and international norms. The goal of Corporate Social Responsibility is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and various members of the public sphere who may also be considered as stakeholders. Porter & Krammer (2006) were of the view that the essential test that should guide Corporate Social Responsibility is not whether a cause is worthy but whether it presents an opportunity to create shared value that is, a meaningful benefit for society that is also valuable to the business. Financial Performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues; this includes the measure of a firm's overall financial health over a given period of time.

Capozzi (2009) argues that organizations operate with the fundamental assumption that today's dollar has greater value than a dollar in the future. The time-sensitive nature of money means managers have a small window of opportunity in which to improve corporate finance performance. Considering the time value aspect it can be held that the objective of corporate finance is receiving the highest possible return for the allocation of scarce financial resources.

Uganda's economy has recorded an average growth rate of well over 5% annually for the past 10 years. It should be noted that the Government of Uganda does not actively promote CSR although there are a number of laws and institutions in place which indirectly concern CSR (Katamba 2008). These laws will be the main guidelines for the enterprise intending to set up business in Uganda, as they lay out the legal requirements. These include among other: Employment Act 2006, Occupational Health and Safety Act 2006, Labour disputes (Arbitration and settlement) Act 2006 and the Labour Union Act 2006, National Social Security Act, Mining Act, National Forestry and Tree Planting Act , Water Act, National Environment Act and Noise Standards Control Regulations. Companies planning to set up in Uganda should first of all register with the Uganda Investment Authority (UIA) which is a one stop center for handling prospective investor inquires and needs. Companies need to adhere with the required laws and regulations as stated in the Employment Act 2006. (Royal Norwegian Embassy2010)

A number of initiatives have been developed in Uganda. These include the Uganda Charter for Corporate Social Responsibility Initiatives (UCCSRI), CSR Chain link, Federation of Ugandan Employers (FUE), Directorate of Ethics and Integrity (DEI), Institute of Corporate Governance of Uganda (ICCU), National Environment, Uganda Manufactures Association (UMA), Ministry of Gender Labor and Social Development (Mary 2010), though development may be mentioned at every given opportunity but in reality, there are little efforts to purse development as a policy in Uganda.

In the words of Frich Kohlar (2003), “performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like. Thus, not just the presentation, but the quality of results achieved refers to the performance. Performance is used to indicate a firm’s success, conditions, and compliance. Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives are being or have been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure the firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. According to Martinez-Ferrero & Valeriano (2015) financial performance is measuring the results of a firm’s policies and operations in monetary terms. The same source suggests that financial performance is the level of performance of a business over a specified period of time and expressed in monetary terms. Much as there have been researches carried out on CSR in the country scholars have tended to focus on what CSR is, trend of CSR in Uganda, public perceptions and relevancy of established CSR models on Uganda, to the researcher's knowledge there has been little study focused on CSR effect on financial performance of telecom companies in Uganda. And the researcher focused on MTN Uganda as the case study.

The MTN Group Limited (MTN Group) is a multinational telecommunications group, with its core operations in 21 countries in Africa and the Middle East. As at the end of December 2008, MTN had more than 90,700,000 subscribers. On October 21 1998, MTN Uganda launched commercial services in Uganda, just six months after acquiring and signing of the license. MTN has since grown to be the leading Telecommunications Company in Uganda servicing in excess of 3,500,000 customers. Despite insufficient infrastructure such as power, roads, MTN has covered in excess of 90% of the urban population, providing services in over 150 towns and villages and their immediate.

1.2 PROBLEM STATEMENT

This study examines the relationship between corporate social responsibility and financial performance, which will lead to the effect of CSR on the financial performance of companies. Cheng et al. (2014) argues that CSR can strengthen the relationship with a company's stakeholders and further adds that firms using CSR tend to lower their capital constraints through better access to bank loans which makes it easier to undertake strategic investments. Another factor which has been highlighted as a beneficial reason for corporations to work actively with CSR is the increased influence of various stakeholders (Grafström et al. 2008). Due to the debate regarding CSR and its potential value creating capabilities, interest has increased amongst researchers to investigate a potential relationship between CSR and financial performance (Pava & Krausz, 1996). The researchers concluded that firms low in social responsibility experienced weaker financial performance this indicating that low CSR performance also could expose such companies to risks to a larger extent than companies with high CSR (McGuire et al. 1988). In subsequent years, several researchers have noted similar results regarding the relationship between CSR and financial performance (Russo & Fouts, 1997; Simpson & Kohers, 2002; Lai et al., 2010; Saeidi et al., 2015). Even so, overall results in the research area are far from univocal as a large number of researchers have failed to identify a positive relationship between CSR and financial performance (Alexander & Buchholz, 1978; Stanwick & Stanwick, 1998; Peng & Yang, 2014). Some researchers have denoted the inconsistency in results to be caused by differences in selecting methodologies, approaches and selection of variables (Simpson &

Kohers, 2002; Girerd-Potin et al., 2013). In subsequent years, researchers continued debating the various approaches used by researchers in measuring both CSR performance and financial performance without reaching a consensus; this has hindered the possibility of generalizing results (Martinez-Ferrero & Valeriano, 2015). Although a large body of research has been devoted to investigating the relationship between CSR and financial performance worldwide, published research devoted to telecom companies in Uganda is scarce. In today's increasingly competitive marketplace and considering the forthcoming regulations for large telecom companies to report CSR activities, it should be important to investigate the nature of the relationship between CSR and financial performance in telecom companies.

1.3 THE BROAD OBJECTIVE

The broad objective is to determine the effect of Corporate Social Responsibility on the financial performance of telecom companies using MTN Uganda as the case study

1.3.1 SPECIFIC OBJECTIVES

i. To establish whether environmental responsibility affects profitability of telecom companies.
ii. To examine the role of economic responsibility on the liquidity in telecom companies.
iii. To determine whether social responsibility affects turnover in telecom companies.

1.3.2 RESEARCH QUESTIONS

i. Does environmental responsibility affect profitability of telecom companies?
ii. What is the role of economic responsibility on the liquidity in telecom companies?
iii. Does social responsibility affect turnover in telecom companies?

1.4 SCOPE OF THE STUDY

1.4.1 GEOGRAPHICAL SCOPE

MTN being the case study in this research, the research will be carried out at MTN headquarters MTN Tower Hannington Road, Kampala, Uganda.

1.4.2 SUBJECT SCOPE

The study covers Corporate Social Responsibility as the independent variable and financial performance of telecom companies as the dependent variable. The study focuses on the effect of Economic Responsibilities, environmental Responsibilities and social Responsibilities on financial performance of telecom companies through profitability, liquidity, and turnover. The target population will consist of stakeholders, managers, auditors and the society at large the target population has been chosen because they are important in the assessing of CSR and financial performance of the company.

1.4.3 TIME SCOPE

The research looked at a period from 2005 to 2015 because this period had enough information relevant to the stud

1.5 SIGNIFICANCE OF THE STUDY

The information to be gained will be added to the already existing information discovered by the previous researchers. This will enrich the students interested this particular field and also provide information to the upcoming researchers.

The study can be used by managers and other stakeholders in the researched area as source of information when making decisions about corporate social responsibility. If successful, the research can help in answering the question of whether there is an existing relationship between CSR and financial performance and the type of relationship whether positive or negative.

1.6 JUSTIFICATION OF THE STUDY

Over the last thirty years, a considerable number of empirical studies have sought to identify a link between the corporate social responsibility and financial performance of companies. According to Margolis and Walsh (2003), 122 empirical studies were published in the period 1971-2001, beginning with Narver (1971). Moreover recent literature demonstrates that the topic is still relevant (Bingham, Dyer Jr., Smith, & Adams, 2011; Perrini, Russo, Tencati, & Vurro, 2011; Baird, Geylani & Roberts, 2012; Barnett & Salomon, 2012).

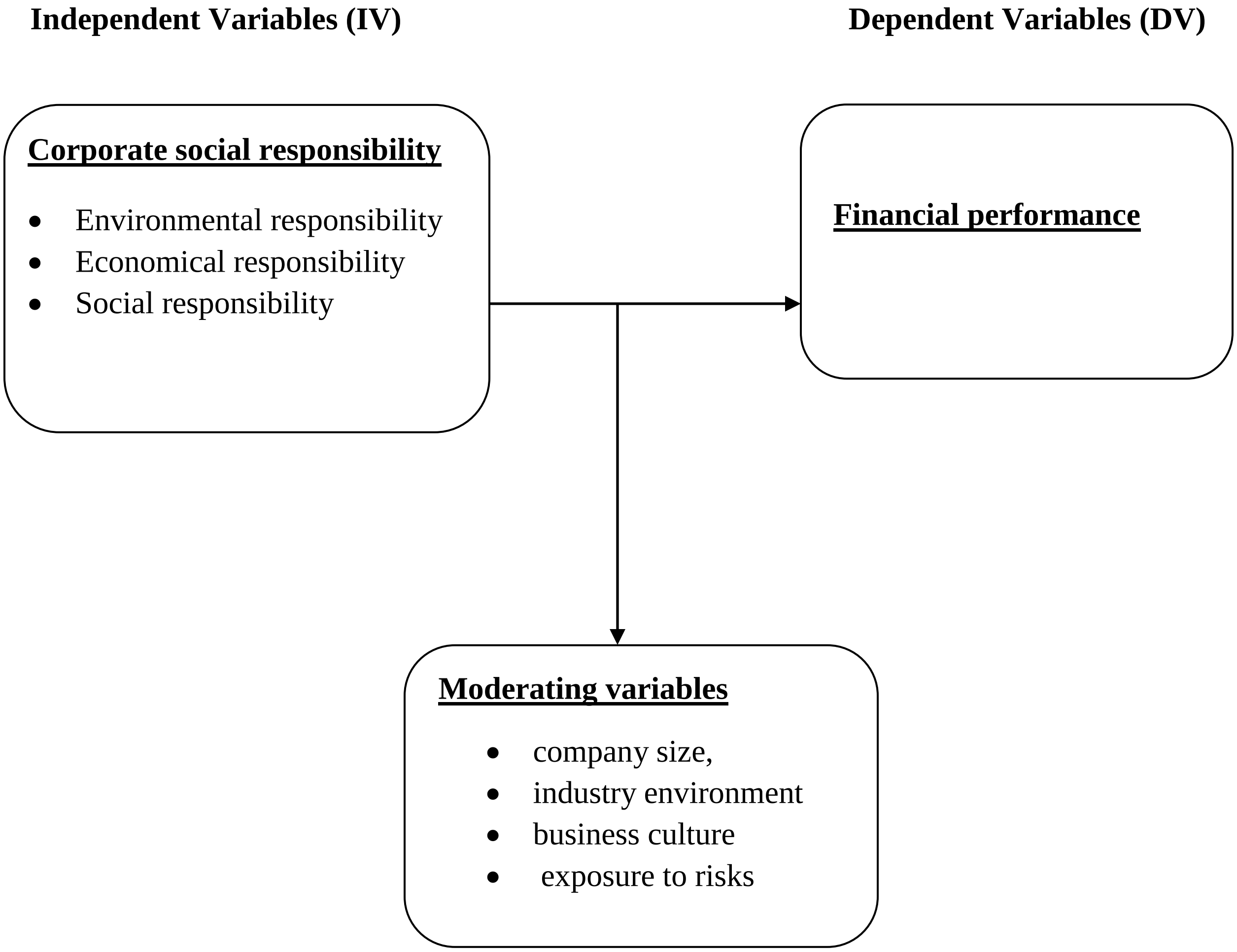
This research is to determine the relationship between corporate social responsibility and financial performance if any. The research will also help to determine the effect of the relationship whether positive or negative to telecom companies. The study will be used by future researchers in enhancing their research. In the past, little has been written about CSR and the financial performance of telecom companies and in this research I intend to address this relationship if any and the effect of the relationship

1.7 CONCEPTUAL FRAME WORK

This is defined as the logical construction of the relationship between independent variables and dependent variables (Flynn *et al.*, 2010). It enables the researcher to set specific research questions and research objectives that enable the researcher to be able to carry out the necessary research for the study.

The telecom companies put in place various measures to ensure customer satisfaction and to ensure efficient corporate social responsibilities thereby improving financial performance of the telecom companies. The theory of CSR encourages corporations to take notice not only of the economic and financial dealings in a company, but also the social and environmental consequences at business places on its shareholders and society. The Model of CSR advises companies to seek the maximum profits while obeying a moral minimum. CSR may be an organizational resource that provides internal benefits, that is, investments in CSR may help firms develop new competencies, resources, and capabilities, which are manifested in a firm's culture, technology, structure, and human resources (Barney 1991; Russo and Fouts 1997). CSR can help management develop better scanning skills, processes, and information systems, which increase the organization's preparedness for external changes, turbulence, and crises (Russo and Fouts 1997). These competencies which are acquired internally through the CSR process, would then lead to more efficient utilization of resources and organizational efficiency (Majumdar and Marcus, 2001). The conceptual framework below shows the relationship between corporate social responsibility and financial performance of telecom companies, many entities look at profitability as the core objective of the company not putting much effort on other aspects that could improve the company's performance. It shows CSR as the independent variable having economic, environmental and economic variables and financial performance as the dependent variable with profitability, turnover and liquidity as the variables and, it further more indicates the moderating factors as company size, industry environment, business culture, exposure to risks.

Figure 1. 1: Conceptual Framework



Source: modified and developed (Shnayder et al., 2015)

1.8 KEY DEFINITIONS

Corporate social responsibility in simple terms refers to a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. (GreenBiz 2013)

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and general revenues. This term is also used as a general measure of a firm’s overall financial health over a given period of time and can be used to compare similar firms across the same industry or to compare industries or sectors. (Kohlar 2008)

Environmental dimension refers to business impact on the environment. The goal as a socially responsible company is to engage in business practices that benefit the environment for example recycling materials of the packages used in the company or advocate for planting of trees by show of example. (Hart 1995)

The economic dimension refers to the effect the CSR has on the finances of the company. In an ideal world, where CSR had no costs, there would be no limit to it. But in the real world it is important to recognize the financial impact that these actions have costs and to balance being a good citizen with making profit (Cavaco & Crifo, 2014).

Social dimension of CSR involves the relationship between business and society as a whole. This could involve sourcing fair trade products, agreeing to pay employees a living wage; it could also involve taking endeavors that benefit society, for instance using the company’s resources to organize charitable fundraisers. (Grafström et al., 2008).

The dependent variable being financial performance has the following factors; profitability, turnover and liquidity

Profitability is the company’s ability to make profits. A company uses a profitability ratio to determine how profitable it is. The money a company has left after deducting all expenses like income and operating costs is its profitability (Belu & Manescu, 2013)

Liquidity refers to the assets a company has that it can quickly and easily convert to cash without losing value. It provides the organization with a way to get cash quickly, without losing anything. Liquid assets can be stocks, government bonds or money stocks. (Guenster et al 2011)

(Kossen 1991) defined turnover as the amount of movement in and out (of employees) in an organization.

The moderating factors that could affect the relationship between CSR and financial performance include the following;

The industry environment refers to the overall economic regulatory, social and political conditions that affect all the participants in the industry market in the same way and cannot be readily influenced by marketing. (Brammer and Millington, 2008)

Business culture is the model or style of business operations within the company. The business culture determines how different levels of staff communicate with one another as well as how employees deal with clients and customers. Exposure to risks; an analysis of the risk to exposure for a business often ranks risks according to their probability of occurring multiplied by the potential loss, and it might look at such things as liability issues, property loss or damage and product demand sifts. McWilliams and Siegel (2000),

Company size; Waddock and Graves (1997) suggests that there is some evidence that larger firms may exhibit more socially responsible behavior than smaller firms which could be related to the increased expectation from stakeholders for large firms to act socially and environmentally conscious and be more attentive to stakeholder demands

1.9 CONCLUSION

Corporate Social Responsibility (CSR) is both a high profile notion which the business world perceives as strategic (*Economist*, 2008; Porter & Kramer, 2006) and a prominent concept in academia (Lockett, Moon & Visser, 2006; Margolis & Walsh, 2003; Walsh, Weber & Margolis, 2003). The diffusion of corporate CSR practices is driven by pressure groups (Brammer &

Millington, 2003), and emerging ‗markets for virtues' – such as Socially Responsible Investment that create effective, if limited, commercial pressure to adopt CSR policies and constitute a growing CSR industry (Vogel, 2005). A company regarded as socially responsible can also benefit from its reputation within the business community by having increased ability to attract capital and trading partners. Reputation is hard to quantify and measure; it is even harder to measure how much it increases a company's value, but since companies have developed methods to measure the benefits of their advertisement campaigns, similar methods can and should be able to be applied in the case of corporate reputation.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The purpose of this literature review is to examine the issues, viewpoints and research associated with the effect of Corporate Social Responsibility on Financial Performance. For decades since the early 70's, there has been a protracted debate about the legitimacy and value of corporate responses to CSR concerns. For example, Murphy (2005) described CSR as being 'little more than a cosmetic treatment,' and Santiago (2004) reports advantages of practicing CSR. On the other hand, Waddock and Graves (1997), Hillman and Keim (2001), Verschoor and Murphy (2002), find that increased CSR leads to enhanced financial performance. The chapter clearly shows the different works by different authors in relation to the research being conducted to determine if there is any relationship between corporate social responsibility and financial performance.

2.1 CORPORATE SOCIAL RESPONSIBILITY

Bowen had earlier on in 1953 referred to CSR as the obligation "To pursue those polices, to make those decision, or to follow those lines of action which are desirable in terms of objectives and values of our society." Patricia Hewitt (US Secretary of state for Trade and industry from 2001 to 2005) brought out this aspect of values when she states that. " CSR is above all a matter of the values, culture and leadership of business." it is seen as an initiative undertaken by a company voluntarily as a contribution to the quality of life of both internal and external stakeholders of the company (Wanyama, 2014)

According to Wanyama (2014), some corporations that participate in CSR may have selfish motives such as improving or promoting the company's image or profile and improving customer relations while others are genuinely interested in participating in the well-being and development of the community in which they operate as good citizens; whatever the case maybe, it is assumed that CSR will benefit some individual in society. Friedman (1970) a publisher in the New York Times Magazine believed that only people could have responsibilities and that a corporation could only have 'artificial responsibilities' since it was an artificial person. His strong view was that business as a whole could not be said to have responsibility. Based on the continuum proposed, Johnson (2003) examines whether it pays to be good. The author concludes that it does not pay to be bad as illegal activities have a negative impact, but that good behavior on the other hand only pays off to a limited extent (ibid). Despite this last point, companies continue to engage in CSR activities that might go beyond what is their responsibility as a company and may not be justified by monetary gains, and the motives behind this choice and potential drawbacks are presented in the next section

There is general agreement that CSR is about a company's concern for such things as community involvement, socially responsible products and processes, concern for the environmental and socially responsible employee relations (Ortiz- Martinez and Crowther 2006).

2.1.1 ECONOMIC RESPONSIBILITY

This refers to the effect that CSR has on the finances of a company. In an ideal world, where CSR had no costs there would be no reason to limit it.

According to Demand media (2015) it's important for firms to recognize the financial impact that these actions have and to balance being good corporate citizens with making profit. Primus (2014) says economic dimension doesn't refer to profitability but refers to commitment to ethical principles like corporate guidance, preventing bribery and corruption, protecting consumers and ethical investment. The European Competitive Report of 2008 viewed CSR as a business contribution to the growth and jobs strategy and to sustainable development. Producing products or services of superior quality or lower costs was perceived to be an aspect of CSR since it contributed to improving the quality of life of the stakeholders. Firms that adopt this stance try to integrate social and environmental concerns within their business operations as a competitive tool. as shown in Wanyama (2014). During the past decades, companies CSR activities have increased simultaneously with the rising of stakeholders' demands (González-Rodríguez et al., 2015), (Malsch, 2012). In order to evaluate the potential financial benefits for firms undertaking such activities, there have been numerous studies trying to distinguish the link between CSR and financial performance. These studies have generated various results where some researchers observe a positive linkage and some not being able to detect a relationship at all (Cavaco & Crifo, 2014). Researchers have suggested that different approaches, methodology and selection of variables are the cause of the mixed results observed within this field of study (Girerd-Potin et al., 2013). Windsor (2006) proposes a conceptualization of the link between CSR and financial performance through the visualization of four different scenarios which connect to the correlation between financial performance and CSR performance. The scenarios are described as:

If financial performance and CSR increase at the same time, it results in a win-win situation, regardless of governmental or ethical input towards the activities.

If both financial performance and CSR fall at the same time, it results in a lose-lose scenario, where governmental input is likely to occur in order to counteract the unwanted situation.

If financial performance increases when CSR decreases, public aversion towards companies can occur since environmental or social harm leads to increased profits for the companies.

If financial performance decreases while CSR increases, it creates a conflict in contrast to the previous example where companies become unwilling to invest in CSR activities because of the decline in financial performance. This could also be caused by CSR investments requiring significant expenditure which may results in short term economic loss. (Windsor, 2006)

A company's first responsibility is its economic responsibility -- that is to say, a company needs to be primarily concerned with turning a profit. This is for the simple fact that if a company does not make money, it won't last, employees will lose jobs and the company won't even be able to think about taking care of its social responsibilities. Before a company thinks about being a good corporate citizen, it first needs to make sure that it can be profitable (Cavaco & Crifo, 2014).

Economic impact spans over customers, suppliers, governments and society at large. Every year, organizations can conduct philanthropic donations to increase the wellbeing in local communities. They also engaged in pro-bono work. Sound risk management and sustainable business practices are crucial parts of economic responsibility. Business ethics means safeguarding sound business practices in line with the values outlined in Code of Conduct Policy (Primus, 2015). This implies zero tolerance for corrupt behavior, and this approach is also embedded in monitoring and follow-up processes of the organizations.

2.1.2 ENVIRONMENTAL RESPONSIBILITY

According to the comparative statement of IASS and ASS (2015) the environmental dimension is defined as the enterprise's obligation towards covering the environmental effects which result from its operations and products eliminating emissions and wastes, achieving maximum efficiency and productivity depending on available resources. The firm should be aware of all the direct and indirect environmental aspects which relate to its performance, regarding services and manufacturing of products.

Primus (2015) goes on to say companies should employ certain standards to learn about environmental aspects which result in distinguished effects to be able to efficiently enhance its environmental performance

The main elements of environmental responsibility are; adopting environmental performance specification, facilitating the environmental technological development, promoting environmental awareness and opening negotiation channels with concerned parties.

The concept of CSR was mostly concerned with social responsibility (community-based programs, employments rights, etc.) but has in recent years extended to corporations' environmental responsibilities (emission, water pollution etc.) and has become an essential part of CSR (Flammer, 2013). The concept CSR is constantly developing and it is becoming increasingly important for companies to handle its activities properly in order to maintain or improve its image. Improving a company's image through the communication of its CSR activities is now utilized by a company's means of gaining reputational value and attracting customers (Peloza et al., 2012). As stakeholders' awareness of CSR increases, it is important for companies to handle its environmental responsibilities to prevent negative criticism that could be avoided (Heikkurinen & Ketola, 2011). This is in line with the findings of Flammer (2013) which indicate that shareholders often react positively to company's eco-friendly initiatives and negatively towards those that in some form affect the environment in a destructive way. It has also been indicated that environmentally well-performing firms are rewarded by customers as the perceived value of such companies is higher than that of companies which are less environmentally friendly (Flammer, 2013).

2.1.3 SOCIAL RESPONSIBILITY

According to Adecco (2012) the materiality performance matrix according to ISO 26000 provides guidance on how to operate social responsibility looking at issues related to the business and concerns of stakeholders.

In DK Sinha Business article (2015) public companies are expected to maintain a balance between the needs of the company and requirements of the society arising out of company's social responsibility toward the community and. The same source revels that, in general, business should be so managed as to make the public good to become the private good of the company rather than the old doctrine "What is good for business is good for society." The social responsibility of a company should be related to environmental protection, pollution control, conservation of natural resources, rural development, setting up industrial units in the backward regions, employment of the social handicapped and weaker sections of the community and providing relief to victims of natural calamities. Dyllick and Hockerts (2002) discuss the importance of widening the interpretation of the company's CSR activities within the three dimensions, as companies nowadays need to view their CSR activities in a long-term perspective. For companies to be able to generate positive long-term results, the company needs to listen not only to its shareholders but also to its customers and other stakeholders. Therefore, it is difficult to discuss the societal dimension without considering the opinions of a company's end-consumers (Löhman & Steinholtz, 2003). Company's stakeholders often cover a large group of individuals and as information travels faster and are more accessible through the Internet, news regarding company's activities spreads fast, which has increased people's awareness of how companies manage their social responsibilities (Grafström et al., 2008).

2.2 FINANCIAL PERFORMANCE

In the words of Frich Kohlar, (2008) "…. performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like. Thus, not just the presentation, but the quality of results achieved refers to performance. Performance is used to indicate firm's success, conditions, and compliance.

Financial performance according to Investopedia (2015) is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. Nduta Gatuhu (2013) asserted that financial performance results are reflected by the firms return on investment, return on assets and value added. In agreement to this Nyawera (2012) stated that financial performance is a company's ability to generate new resources, from day- to- day operations, over a given period of time; performance is gauged by net income and cash from operations.

Financial performance measures how well a firm utilizes its primary mode of business to generate revenue. It involves measuring all the results of a firm's policy and operations in monetary terms based on the allocated resources to most viable projects that generate returns which maximize shareholder wealth. Different studies about financial performance of different firms have been carried out to determine the factors that influence in different parts of the world, relationship between the size of a firm and the financial performance of companies

According to Kaplan financial limited (2012) all organizations have financial performance measures as part of their performance management. Proponents of financial performance measures argue that they are necessary because of primary objectives of companies which are maximizing shareholder wealth, survival and growth of the companies, the relationship between profits and shareholder value, shareholder return and profits. Satisfying the interest of stakeholders is considered performance; for example, owners of the business want the managers to maximize wealth so that they get returns while potential shareholders perceive performance as the ability of a firm to give returns to its shareholders (Valentin, 2013)

2..2.1 PROFITABILITY

Pandey (2005) defined profitability as the ability of a firm to generate more revenue than costs incurred when generating the revenue. Profitability measures the level at which a business generates profits from factors of production such as labor, management and capital (Mesquita and Lara, 2003)

Profitability is the primary goal of all business ventures. Without profitability, the business will not survive in the long run. Profitability is measured with income and expenses. According to the economists the term profitability refers to the total revenues of a firm less the total costs incurred by the firm that is to say determination of Returns on Equity (ROE). Profitability measures the relationship between revenues and expenses indicated by size of profits in respect to size of investments in the business. (Edmonds et al. 2003)

Kaplan financial limited argues that Return On Capital Employed (ROCE) is a key measure of profitability. It shows the net profit that is generated from every dime ossf assets employed as shown in the formula below;

$$\text{ROCE} = \left(\frac{\text{NET PROFIT}}{\text{CAPITAL EMPLOYED}} \right) * 100$$

Profitability is indicated on the statement of comprehensive income which indicates the ability to generate revenue from assets. Pandian and Naredran (2014), say profitability performance in hand with fixed asset performance and liquidity performance help in identifying financial strengths and weakness of a firm and clearly establish the relationship with the items presented in the financial statements. Bhushan (2014), says many CEO’s and entrepreneurs always identify profitability as the most important key performance indicator followed by other like net gains, productivity, recovery and many others.

2.2.2 TURNOVER

Revenue turnover is the company's total revenue, the invoice, cash payments and other revenues. Sales turnover represents the value of goods and services provided to customers during a specified time period - usually one year. Turnover is an accounting term that calculates how quickly a business collects cash from accounts receivable or how fast the company sells its inventory. In the investment industry, turnover represents the percentage of a portfolio that is sold in a particular month or year. A quick turnover rate generates more commissions for trades placed by a broker (Nyawera, 2012). In other words revenue turnover is the income that a business has from its normal business activities, usually from the sale of goods and services to customers. Revenue is also referred to as sales or turnover. Turnover is often referred to as the "top line" due to its position on the income statement at the very top. This is to be contrasted with the "bottom line" which denotes net income (gross revenues minus total expenses

Revenue is income received by an organization in the form of cash or cash equivalents. Sales revenue or revenues is income received from selling goods or services over a period of time. Tax revenue is income that a government receives from taxpayers. In more formal usage, revenue is a calculation or estimation of periodic income based on a particular standard accounting practice or the rules established by a government or government agency. Two common accounting methods, cash basis accounting and accrual basis accounting, do not use the same process for measuring revenue (Siegel, 2011) Corporations that offer shares for sale to the public are usually required by law to report revenue based on generally accepted accounting principles or International Financial Reporting Standards

2.2.3 LIQUIDITY/ WORKING CAPITAL

Working capital (abbreviated WC) is a financial metric which represents operating liquidity available to a business, organisation or other entity, including governmental entity (Ross *et.al* 2002). Along with fixed assets such as plant and equipment, working capital is considered a part of operating capital. Gross working capital is equal to current assets. Working capital is calculated as current assets minus current liabilities. If current assets are less than current liabilities, an entity has a working capital deficiency, also called a working capital deficit. A company can be endowed with assets and profitability but short of liquidity if its assets cannot readily be converted into cash. Positive working capital is required to ensure that a firm is able to continue its operations and that it has sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses (Haniffa & Cooke 2005). The management of working capital involves managing inventories, accounts receivable and payable, and cash.

Kakuru (2007), states that liquidity is the ability of a firm to fulfill its current cash-flow obligation when they fall due Ross et al (2008) revised the definition of liquidity by stating that it is the measure of how the firms can quickly pay off its debt as it accumulates thus having access to money when they need it. It is possible to measure a firm's liquidity with different types of cash flows ration (Jooster, 2006). The quick ratio is more interesting because it gives a more precise measurement of the liquidity than the current ratio. Quick ratio is an indicator of a company’s short-term liquidity whereas current ratio measures a company’s ability to pay short and long term obligations also known as working capital since it doesn’t include the stock which id at least liquid of current asset (Moss 1993)

These two measurements are static and therefore measure the liquidity for one specific time. Another way to measure the liquidity is to compare the accounts receivable with accounts payables (Larsson and Hammarland, 2004). The capital will be tied up as a result, if the gap between them is too large. According to Ross et.al (2002) liquidity is the rate at which an asset can be turned into immediate cash. It measures the ease with which a firm can meet its financial obligations with the liquid asset which is available to them.

2.3 MODERATING FACTORS

Haniffa & Cooke (2005) found that the size of an organization influences the level of corporate disclosure in the annual report. Large organizations undertake more activities and have greater impact on society. Besides, larger organizations are susceptible to scrutiny by various groups in society and thus, face greater pressure to disclose their social activities in order to be legal and socially responsible (Cowen et al. 1987). In their study, Haniffa & Cooke (2005) used total assets as proxy for size of organization. Besides, size of organization can also be defined based on SMIDEC‘s (2006) definitions which use number of full-time employees besides annual sales turnover to differentiate between SMEs scale and their nature of business. Waddock and Graves (1997) suggests that there is some evidence that larger firms may exhibit more socially responsible behavior than smaller firms which could be related to the increased expectation from stakeholders for large firms and be more attentive to stakeholder demands. Whether or not company size is an influential variable on the CSR and financial performance relationship remains debated in the research community (Orlitzky, 2001).

Other than the measuring of CSR and financial performance, researchers investigating the relationship have acknowledged that there are several other factors which can influence the relationship and should be taken into consideration Brammer Millington (2008). According to McWilliams and Siegel (2000) each company is different in how it incorporates CSR at all in its business structure. They argue that this is determined by a variety of factors such as company size, industry environment, business culture and exposure to risk. Determining how social and financial performances are connected is further complicated by the lack of consensus of measurement methodology as it relates to corporate social performance. In many cases, subjective indicators are used, such as a survey of business students (Heinze, 1976), or business faculty members (Moskowitz, 1972), or even the Fortune rankings (McGuire, J. B., A. Sundgren, and Schneeweis 1988; Akathaporn and McInnes, 1993; Preston and O'Bannon, 1997). Significantly, it is unclear exactly what these indicators measure. In other cases, researchers employ official corporate disclosures—annual reports to shareholder.

2.4 ENVIROMENTAL RESPONSIBILITY AND PROFITABILITY

Previous studies have confirmed a mixed result in attempt to establish the relationship between CSR activity and profitability in that the outcome of these result have been inconclusive, possibly a positive, negative and neutral result (Cochran and Wood 1984, Griffin and Mahon 1997, McWilliams and Siegel 2000, 2001) Waddock and Graves (1997) and Hillman and Keim (2001) found that an increase in CSR could lead to enhance financial performance and vice versa. In a more detail manner, there are two possible measurements that fall into two categories:

investor returns and accounting returns. According to Cochran and Wood (1984) an investor return is measured from the perspective of shareholders

There has been an initial study that profitability ratios are most appropriate as a basic survival proxy such as share price, profit margins or ROI (Tuzzolino and Armandi 1981). These proxies are assumed to reflect company's performance, in terms of financial profitability, shareholders‟ decision to company's performance, and investors‟ return to financial performance.

In Uganda it is a requirement for organizations of a manufacture in nature to follow guidelines set out in the National Environmental Statute (1995) in their pursuit of environmental management. Organizational managers and employees are expected to support implementation of an environmental management system in accordance with their roles and responsibilities. Jimmy (2011)

2.5 ECONOMIC RESPONSIBILITY AND LIQUIDITY

Historically, business organizations were created as economic entities designed to provide goods and services to societal members. The profit motive was established as the primary incentive for entrepreneurship. Before it was anything else, business organization was the basic economic unit in our society. As such, its principal role was to produce goods and services that consumers needed and wanted and to make an acceptable profit in the process.

Kim et al. (2012) examine whether financial reporting differs from economically responsible firms from other firms in relation to earnings management, (how the organizations manage their returns) Their empirical findings indicate, that economically responsible firms are less likely to involve themselves in earnings management, manipulate real operating activities and increase liquidity of the organization. Ho and Taylor's (2007) study suggest a reverse causation where the level of corporate liquidity is an important determinant of the economic responsibility in both corporate financial and non-financial information. In particular, they indicate those companies with higher liquidity may have stronger incentives to provide more economic responsibility than companies with lower liquidity. These studies suggest that it is important to choose a sample of companies that are most actively traded on the stock exchange and have the incentive to disclose more information voluntarily, which are most likely to be the largest companies traded on any stock exchange.

The major aim of business units starting up is to make profit through the provision of goods and services to society. Archie (1991) noted that the profit motive was established as the primary incentive for entrepreneurship. A business organization was the basic economic unit of society. Therefore, its principal role was to produce goods and services making an acceptable profit in the process. He further argued that the idea of the profit motive got transformed into a notion of maximum profits, which has remained that way to date. All other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become moot considerations.

The economic component of a firm's Corporate Social Responsibility operates on the philosophy that a firm should perform in a manner consistent with maximizing earnings per share; commitment to being as profitable as possible; maintenance of strong competitive position; maintenance of high level of operating efficiency and for the business to be seen as successful it must consistently be profitable.

2.6 SOCIAL RESPONSIBILITY AND TURNOVER

Corporate Social Responsibility has risen to become of great importance to companies. A firm will do anything to increase its value and achieve competitive advantage; Corporate Social Responsibility has been highlighted as one of the avenues for achieving revenue turnover (Barnett, 2007); a firm that appears not to be engaged in Corporate Social Responsibility programs will be seen to be at a competitive disadvantage.

Proponents of Corporate Social Responsibility argue that it brings with it a multitude of benefits (Mandl & Dorr; 2007, Lantos, 2002; Del Baldo, 2006) whereas those against it argue that it only serves to reduce the economic gains of firms that would otherwise be used to increase shareholder wealth (Friedman, 1970). Dr. Aneel Karnani (2010) argues that Corporate Social Responsibility activities can confuse, delay or prevent finding legitimate solutions to the world's problems10. Porter & Kramer (2006) observe that firms can focus their Corporate Social Responsibility activities to best effect. This can be achieved by setting affirmative Corporate Social Responsibility agenda that will produce social benefits as well as gains for the business.(; Rowley & Berman, 2000; Wood & Jones, 1995).

Corporate Social Responsibility leads to increased productivity and quality as well as development of new products thus improved turnover. CSR initiatives can dramatically reduce operating costs and improve environmental performance thus leading to lower operating costs (Luo & Bhattacharya, 2006). This is especially so considering that DuPont saved $2Billion in 1990 due to reductions in energy use while McDonald reduced its solid waste by 30% due to changes in materials it used for wrapping food (Brown & Dacin, 1997).

Corporate Social responsibility can generate increased sales turnover and customer loyalty, as there is a large and growing market for the products and services of companies perceived to be socially responsible. Research by Schuler & Cording, 2006; Sen & Bhattacharya, (2001) shows that a strong record of Corporate Social Responsibility improves customers' attitude towards the company, for example, a research study carried out by Better Business Journey, a UK Small Business Consortium: showed that 88% of consumers said they were more likely to buy from a company that supported and engaged in activities that improved society (Maignan & Ferrell, 2001)

2.7 CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE

Over the years many researchers have propounded theories on the approaches to the study of CSR. Regarding CSR and the financial performance of firms, literature sources reveal three important components namely: An indication of a positive correlation between CSR and financial outcome; The lack of correlation between CSR and financial outcome; and An indication of a negative correlation between CSR and financial outcome (Uadiale and Fagbemi, 2012). Some of the proponents of the first component (Preston and O'Bannon, 1997; Mirfazli, 2008) explain from their research findings that CSR investments have huge returns to firms with regards to their image and particularly their financial outcome. In fact, researchers explain that the related benefits in CSR investments exceed related costs. Other research findings point to the fact that there are some positive externalities associated with the use of CSR investments in meeting the requirements of stakeholders.

In the views of Waddock and Graves (1997), the satisfaction of the interest of internal and external stakeholders, as well as being accountable to them, could have a positive impact on all firms' performances, particularly financial performance Waddock and Graves (1997) and Hillman and Keim (2001) found that an increase in CSR could lead to enhance financial performance and vice versa. In a more detail manner, there are two possible measurements that fall into two categories: investor returns and accounting returns. According to Cochran and Wood (1984) an investor return is measured from the perspective of shareholders. Some of the underlying tools considered are changes in price per share and dividend income. The other measurement, which was employed to this paper, is the accounting returns.

A possible reason is that this category is free from the effects of bias that can result from differences in capital structure between firms. Alongside, this measurement attempts to focus on how firm earnings respond to different managerial policies (Cochran and Wood 1984). In other words, accounting returns measurement can be determined as the closest magnitude to depict financial performance. Godfrey et al. (2009) argued that if quality management drives both CSR and Company's financial performance (CFP), then an observed relationship between CSR and CFP will be positive. Other studies conducted by Van de Ven and Graafland (2006) denoted CSR has a positive influence with financial result in the long run. Heinz (1976) conducted a research using CSR ratings against ROE, ROA and profit margins. Again, the result supports the previous two studies, concluding that there is a significant and positive correlation between CSR and ROE.

2.8 CONCLUSION

Managed social responsibility can generate information about how the use of resources with socially related effects affects the operations and performance of organizations and how organizational operations affect social systems. (Hahn and Schalteger, 2002)

Research opportunities into the link between CSR and financial performance center primarily upon the need for multiple measures of financial and non-financial performance and the duration of the time period analyzed. Financial performance is better assessed considering the effect on a number of financial measures beyond simple profitability. Additionally, CSR practices can and often do affect business performance negatively, especially in the short-term. Additional research of the long term financial effect of CSR practices can provide for a more accurate view of the relationship between how a firm fulfills the CSR expectations of multiple stakeholders while generating the business performance expected by shareholders, potential investors and the financial markets.

The above chapter shows different authors work on how corporate social responsibility affects the financial performance of telecom companies. Independent, dependent and intervening variables have been evaluated at different dimensions to show the way they can increase or decrease the financial performance of telecom companies. The need for additional research is evident as the results remain mixed. Higher profits have simply not emerged for all firms practicing CSR. There remains a need for large-scale and secondary data analysis of the effect of CSR on firm value (Lou & Bhattacharya, 2006).

CHAPTER THREE
RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter points out the research process and it is composed of methods the researcher used in obtaining useful information and how she did the analysis. It provides a lay out of the following; research design, study population, area of study, sample size, sampling techniques, data analysis and presentation, quality control, measure of variables, ethical consideration and study limitation

3.1 RESEARCH DESIGN

According to Sekaran and Bougie (2013) a research design is a blue print for the collection, measurement and analysis of data based on research questions of the study. The research design refers to the overall strategy that a researcher chooses to integrate the different components of the study in a coherent and logical way, thereby ensuring that the researcher effectively addresses the research problem. The choice of research design reflects decisions about the priority being given to a range of dimensions of the research process (Bryman, 2004, pg 27).

A cross section survey was conducted with great analysis and description of corporate social responsibility and the financial performance of organizations. The study conducted used both the qualitative and quantitative method of data collection whereby the qualitative data method was used to describe the statistics of the information received. The qualitative data analysis used in the research design was mainly interviews, conversational analysis and related articles.

3.2 AREA OF STUDY

The study was conducted at Hannington Road, Kampala at the MTN towers, because it was a large telecom company that is well involved in CSR making it appropriate for the study. It also provided the necessary information to answer the research questions.

3.3 STUDY APPROACH

This is the environment or subjects the researcher is interested in. The study was conducted at MTN telecom company Hannington road Kampala. The target population consisted of Management, Finance department, Human resource and Working staff the target population has been chosen because they are important in the assessing of CSR and financial performance of the company. This consists of a heterogeneous population.

3.4 STUDY POPULATION

Lee and Lings (2008) stated that population is who you wish to generalize your result. According to Bryman and Bell (2009) population is universe from which the sample is to be selected thus study population are set of individuals, groups to be studied or tested. Statisticians define a population as the entire collection of items that is the focus of concern. In this case, the study population involved all stakeholders of MTN Uganda both internal and external.

Table 3. 1: Illustration of the estimated number of respondents

Respondents	Population
Management	15
Finance department	20
Human resource	5
Working staff	40

Total	80

3.5 SAMPLE SIZE

According to Amin (2005), a sample is defined as the number of elements in a portion size is a subject of a population. The Krejice and Morgan table is adopted because the research involves inductive and deductive approaches to data collection and judgment. In this case am using MTN Uganda as my sample size in particular the headquarters

Table 3. 2: Sample Size determination

Respondent	Population	Sample size
Management	15	13
Finance department	20	15
Human resource	5	5
Working stuff	40	33
Total	**80**	**66**

Source: Krejice and Morgan (1970)

3.6 SAMPLING TECHNIQUES

The researcher used stratified random sampling because the population was divided into departments that represent the strata. Each member in the strata was given a unique number then; a random sample was done in each stratum later a subject was selected from the sample. A subject is a single member or subset of a sample (Sekaran and Bougie 2013).

3.7 DATA SOURCES

In this study, the researcher used two main sources of data, namely primary sources and secondary sources. Primary sources are original materials on which research is based. They are first hand testimony or direct evidence concerning a topic under consideration. They present information in its original form, neither interpreted nor condensed nor evaluated by other writers (Amin, 2015 these being the first-hand respondents to the questionnaires the researcher provided and The managers of MTN, the finance department, the human resource managers, the staff that participate in the different CSR activities and the community at large were used as the primary sources of information. Secondary sources offer interpretation or analysis based on primary sources. They may explain primary sources and often uses them to support a specific thesis or argument or to persuade the reader to accept a certain point of view (Amin, 2015).

The researcher also made use of the available published materials like journals, magazines, internal reports and newspapers as the secondary data sources. These provided plenty of information as regarding the corporate social responsibility carried on by MTN and how it has affected the financial performance of the company.

3.8 METHODS OF DATA COLLECTION

The researcher used the following data collection methods; questionnaire, interviews

3.8.1 Questionnaire

According to Sekaran and Bougie (2013) a questionnaire consists of formulated written set of questions to which the respondents record their answers. This method involved the researcher formulating or designing questions that be presented to the members, managers, customers and society of MTN to answer them. The questions where both closed and open ended. Closed ended questions required the respondent to tick their answer of choice provided in the questionnaire while open ended questions required the respondent to answer them with a bit of explanation that justified their answer. The questionnaires were used because respondents can read and write the answers, the respondents pose the information required to answer the questions and were willing to answer the questions honestly and it is less expensive for data collection (Amin, 2005). The respondents will record their answers within closely defined alternatives. In this study, the questionnaires were hand delivered to the respondents. The quantitative measure will be given out by a close- ended questionnaire divided into sections that represent the effect of corporate social responsibility to telecom companies in Uganda.

3.8.2 Interview

Interviews are a method of collecting data in which selected participants are asked questions in order to obtain information on issue(s) of interest and can take a structured, or unstructured (open-ended) form (Sekaran, 2004). Structured interviews are those conducted when it's known at the outset what information is needed and of a list of predetermined questions asked of everybody in the same manner with the aid of a formal interview schedule.

This method was used for respondents with enough time and those that don't understand the language in the questionnaire because it calls for clarity. This method provided the researcher with more detailed and specific answers to the asked questions and this helped the researcher to fully understand the corporate social responsibilities carried out by MTN Uganda and their benefits to both the company and the stakeholders.

3.7 DATA ANALYSIS AND PRESENTATION

Data was extracted from the questionnaires and analyzed using statistical package for social scientists (SPSS). This helped the researcher descriptively generate frequency, mean, standard deviation and percentages of different stated objectives. The tables were later transferred to Microsoft excel to produce figures like pie-charts, line graphs, clustered bar graphs which clearly illustrate the data from the study impressively. The figures were used in illustrating the bio data of the respondents in MTN Uganda. The different scales (strongly disagree, disagree, agree strongly agree and not sure) used in the research tool helped the researcher to find out the respondents sense on the different statements**.**

The qualitative data from intervening variables was analyzed in comparison with the different authors work and the expressions by the respondents in. MTN Uganda

3.8 QUALITY CONTROL

Quality control is a means of detecting whether quality has been achieved using research tools. The researcher provided the research tools (questionnaire) and it was approved by an expert thus this strengthens reliability on the results obtained from the study. Quality control was done by ensuring that the right respondents were the only ones providing data; that the analysis were accurate and the correct conclusions were made through testing validity and reliability.

3.8.1 Validity

Validity is defined by Saunders et al (2007, p.614) as the extent to which data collection methods accurately measure what they are intended to measure. The questionnaire was subjected to expert face validity and theoretical content validity tests. Validity was established by computing the content validity index whose formula is;

$$CVI = K/N$$

Where by CVI = Content Validity Index

K = Number of items considered relevant/suitable

N = Number of items considered in the instruments

A content validity index (CVI) is an indication of the degree to which the instrument corresponds to the concept it was designed to measure. A content validity index (CVI) is an indication of the degree to which the instrument corresponds to the concept it is designed to measure. Amin's (2005) recommended minimum CVI of 0.7 which was employed. .

3.8.2 Reliability

Reliability is the degree to which a measuring instrument is free from error or yield consistent results when used over different time periods (Amin, 2005). It is the ability of the research tools to collect data that can be replicated i.e. where different other people can go to the field to carry out the same research being carried out and get the same results that the researcher got. When the items on an instrument are not scored right versus wrong, Cronbach's alpha is often used to measure the internal consistency which is often the case with attitude instruments that use likert scale (Barifaijo, Basheka and Oonyu, 2010). Mugenda and Mugenda, (2003) stresses that a coefficient of 0.70 or more implies that there is a high degree of reliability of the data, and that's what the researcher adopted.

Results revealed that the research instrument was both valid and reliable as the Reliability was measured using the Cronbach Alpha Value while the Validity was measured using the Content Validity Index. For each of the measures, the lowest values were 0.705 and 0.850 respectively yet the lowest minimum acceptable value is 0.700. This showed the research instrument was both valid and reliable**.**

3.9 MEASUREMENT OF VARIABLES

The Independent and dependent variables of the study were measured according to the response rate that was statistically developed from the different scales converted into percentages, frequencies and Mean.

Authors works, study findings and respondents arguments were used to draw a foundation for the intervening variables and the impact the carried on the performance corporate social responsibility in MTN Uganda. Some variables were observed by the researcher on the procedures the respondents tool as they were holding the different transactions within the telecom company.

3.10 ETHICAL CONSIDERATIONS

According to Sauders et.al (2003) ethics is concerned with the appropriate behavior of the researcher in relation to the rights of the subject of the study and those affected by the study.

Permission was asked by the researcher to collect data from the case study and was granted by the responsible party (Faculty of Business Administration). The authorization letter was always presented to the respondents as part of the researcher’s introduction to his objectives of carrying out the study. Respondents who were not contented showed less interest and were not willing to offer assistance to the researcher.

Information that seemed classified was not dwelled on by the researcher since provision of data by the respondent is always voluntary on their side and neither did the researcher try to 27 coax them. Departure from the business area was always communicated to the business owner by the researcher. The different works with in the research are well referenced to give credit to the different authors on the delivery of their work.

The researcher will provide assurance to the respondent about the confidentiality of the information collected.

3.11 STUDY LIMITATION

The researcher faced a limitation of short period of time to carry out the research and the researcher overcame this by using both quantitative and qualitative approaches to collect data

It was difficult to meet some employees because they were busy attending to customers and also the research was carried out during the end of the financial year of the organization. The researcher made an appointment with the head of finance that set a particular date for research to be carried out.

Negative response of some respondents hindered the success of the study. The researcher overcame this by convincing the respondents that the study was purely for learning purposes and that their names won't be exposed

3.12 Conclusion

The Chapter has comprehensively discussed the different procedures and designs the researcher applied in obtaining, analyzing and presenting the data from the respondents at MTN. This chapter presents the research methodology and methods adopted for this study. A cross-sectional methodology was adopted to collect both quantitative and qualitative data that was used to correlate CSR practices and business performance. Data collection consisted of interviews and a survey questionnaire in modified form to collect data for this study from 58 stratified randomly selected respondents. These methods were selected because of their convenience in the collection of data.

CHAPTER FOUR

RESULTS INTERPRETATIONS AND DISCUSSION

4.1 Introduction

In this chapter, is presented in four sections. In the first, results on the background of responds are analyzed and interpreted. This is followed by the second, third sections in which results on objective one, two and three respectively are analyzed and interpreted. Findings on the effect of corporate social responsibility on the financial performance of telecom companies, as a case study are presented, analyzed and interpreted.

4.1 Response rate

Table 4.1 showing the response rate of the respondents

Response Rate	Targeted	Achieved	Percentage
Respondents	66	45	68.2%

Source: Primary Date

It should be noted that out of the 80 study population, only 66 where used as the sample size and out of those only 45 managed to respond to the questionnaires passed on to them and of which were returned having the respondent rate at 68.2%

4.2 Socio-demographic characteristics of Respondents

This section represents the background information of the respondents, in regard to their Gender, Position held at work place, Period spent at place of work and Level of education. This information was considered useful in that it would reveal the professional relevance and knowledge base of the respondents to give informed responses.

4.2.1 Gender of the Respondents

The following table presents findings about the gender of respondents and analysis follows. Data related to gender of the respondents is presented.

Table 4.2: Gender of respondents

	Gender	**Frequency**	**Percentage**
Valid	Males	17	37.8%
	Females	28	62.2%
	Total	**45**	**100.0**

Source: Primary Data 2017

It is clear from the above table 4.2 that the majority of respondents, (62.2%) were females and males were only (37.8%). These results agreed with the social assumptions by the Gender and Development Journal which concluded that females are always more than the males in every community (Nussbaum, 2001).

4.2.1 Position held at work place

The following table 4.3 presents findings about Position held at work place by respondents and analysis follows.

Table 4.3 Position

	Position held at work place	Frequency (F)	Percent (%)
Valid	Management	10	22.2%
	Finance	10	22.2%
	Human resource	5	11.1%
	Working staff	20	44.4%
	Total	**45**	100

Source: Primary Data 2017

Findings show that most respondents (44.4%) were working class compared to (22.2%) who were both in finance department and management, and the minority being in Human Resource (11.1%). The respondents from the different departments were considers relevant for they study because they had varying views and knowledge regarding the effect of corporate social responsibility on the financial performance of telecom companies

4.2.3 Period spent at place of work

The respondents' Period spent at place of work was also considered in the study and findings as shown in the following Table.

Table 4. 4: **Period spent at place of work**

	Period spent at place of work	Frequency (F)	Percent (%)
Valid	1 year	12	22.2%
	2-3 years	17	37.8%
	3– 4 Years	18	40.0%
	Total	**45**	100

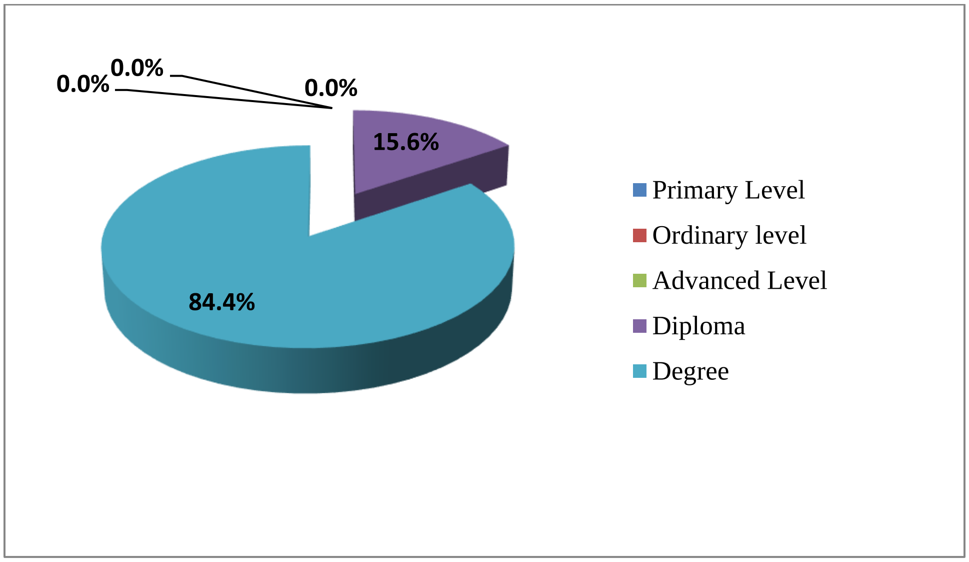
Source: Primary Data 2017

Results reveal that majority respondents (40.0%) has been in the organization for 3 – 4 years, followed by (37.8%) were 2 – 3 years, and only (22.1%) had been in the organization for 1 years The Period spent at place of work was relevant to the study because different respondents and various work experiences within the organization and therefore had varying views on the effect of corporate social responsibility on the financial performance of telecom companies.

4.2.4: Education level of Respondents

The study also revealed the education level of the respondents in which findings were recorded as indicated in the Table below. The educational attainment of a society's population is an important indicator of the respondent's knowledge and attitude about the effect of corporate social responsibility on the financial performance of telecom companies. The education of the respondents is shown in the figure below

Figure 4. 1: Education level of respondents



Source: Field Data

As portrayed in the figure 4.1 above, majority respondents (84.4%), had attained degrees followed by (15.6%) with diploma. This implied that the respondents were educated and were able to interpret the questionnaires.

4.3 Environmental Responsibility and financial performance.

The first objective of the study was to assess the Environmental Responsibility on financial performance. The findings were presented, analyzed and interpreted in percentages, frequencies, mean and standard deviation as indicated below. The following abbreviations are used Strongly Agree (SA), Agree (A), Not Sure (NS), Disagreed (D) and Strongly Disagreed (SD)

Table 4.5 Environmental Responsibility

Environmental Responsibility	SA		A		NS		D		SD		Mean	Std Dev
	F	%	F	%	F	%	F	%	F	%		
The organization takes initiative to care for the environment	23	51.1	11	24.4	7	15.6	2	4.4	2	4.4%	3.8	0.8
The organization participates in all round activities that benefit the environment	22	48.9	14	31.1	2	4.4	7	15.6	0	0.0%	4.1	1.2
It is important for all employees of the organization to participate in activities that benefit the environment	17	37.8	15	33.3	6	13.3	5	11.1	2	4.4%	4.2	1.4
Environmental responsibility activities are carried out regularly	29	64.4	14	31.1	0	0.0	2	4.4	0	0.0%	3.8	0.7
The company benefits profitably from environmental responsibility	28	62.2	13	28.9	0	0.0	4	8.9	0	0.0%	3.9	0.8
Carrying out such activities attracts customers all around the country hence enhancing profits.	31	68.9	10	22.2	0	0.0	4	8.9	0	0.0%	4.1	0.7

Source: Primary data

From the table 4.5 above, the majority of respondents (51.1%) strongly agreed that the organization takes initiative to care for the environment as opposed to (24.4%) who agreed to the statement; however, there was substantial number of respondents (15.6%) who were not sure, (4.4%) disagreed and (4.4%) strongly disagreed as evidenced by the mean score of 3.8 and standard deviation 0.8 which explains the varying of responses between respondents that strongly agreed and those that agreed. This was in line with Cavaco & Crifo, (2014) a company's first responsibility is its economic responsibility -- that is to say, a company needs to be primarily concerned with turning a profit. This is for the simple fact that if a company does not make money, it won't last, employees will lose jobs and the company won't even be able to think about taking care of its environmental responsibilities.

From the results, still it was indicated some people with a percentage of (48.9%) who strongly agreed that the organization participates in all round activities that benefit the environment (31.1%) agreed as opposed to (4.4%) who were not sure to the statement; (15.6%) who disagreed. This had a mean score of 4.1 which is tending towards the maximum of 5 implies that most of the respondents agreed that the organization participates in all round activities that benefit the environment. The standard deviation of 1.2 explains the responses that vary between those who strongly agreed and agreed.

According to the table 4.5 above, (37.8%) respondents strongly agreed to the fact that It is important for all employees of the organization to participate in activities that benefit the environment, (33.3%) who agreed to the statement, while (13.3%) were not sure whether the It is important for all employees of the organization to participate in activities that benefit the environment, (11.13%) disagreed and (4.4%) strongly disagreed as evidenced by a mean value of 4.2 although the standard deviation of 1.4 under the same test revealed as variations in responses generated. Porter & Krammer (2006) were of the view that the essential test that should guide Corporate Social Responsibility is not whether a cause is worthy but whether it presents an opportunity to create shared value that is, a meaningful benefit for environmental and society that is also valuable to the business.

From the findings, most of the respondents (64.4%) strongly agreed that Environmental responsibility activities are carried out regularly; however (31.1%) agreed Environmental responsibility activities are carried out regularly and (4.4%) disagreed. This is evidenced by the mean mark of 3.8 from the responses of question whether Environmental responsibility activities are carried out regularly. The findings also show that majority of the respondents strongly agreed and just agreed that Environmental responsibility activities are carried out regularly as shown by the standard deviation of 0.7.

From the table 4.5 above, most of the respondents (62.2%) strongly agreed and (28.9%) agreed they the company benefits profitably from environmental responsibility, while (8.9%) disagreed and (1.3%) disagreed. The findings depicted that majority respondents agreed the company benefits profitably from environmental responsibility as evidenced by the mean score of 3.9. However, the responses varied as shown by the standard deviation of 0.8. This implies that the distribution of responses varied from those who strongly agreed and agreed. From the table 4.5 above, the majority of respondents (68.9%) strongly agreed that Carrying out such activities attracts customers all around the country hence enhancing profits as opposed to (22.2%) who agreed to the statement; however, there was substantial number of respondents (8.9%) who disagreed as evidenced by the mean score of 4.1 and standard deviation 0.7 which explains the varying of responses between respondents that strongly agreed and those that agreed.

4.4 Economic Responsibility and financial performance

The second objective of the study was to establish the role of Economic Responsibility and financial performance. The findings were presented, analyzed and interpreted using a number of indicators as shown below. The following abbreviations are used Strongly Agree (SA), Agree (A), Not Sure (NS), Disagreed (D) and Strongly Disagreed (SD)

Table 4.6: Economic Responsibility and financial performance

Economic Responsibility	SA		A		NS		D		SD		Mean	Std Dev
	F	%	F	%	F	%	F	%	F	%		
The company is committed to being as profitable as possible.	35	77.8	10	22.2	0	0.0	0	0.0	0	0.0	4.8	0.8
It is important that a company be consistently profitable.	30	66.7	12	26.7	0	0.0	1	2.2	2	4.4	4	0.7
The company gains reasonable profitability	24	53.3	11	24.4	0	0.0	5	11.1	5	11.1	4.3	1.3
It is important to maintain a high level of operating efficiency.	22	48.9	12	26.7	4	8.9	3	6.7	4	8.9	3.6	1.2
The company performs in a manner consistent with maximizing earnings per share.	25	55.6	17	37.8	0	0.0	2	4.4	1	2.2	3.9	0.9
The company cares about providing the best services to their customers	27	60.0	16	35.6	1	2.2	0	0.0	1	2.2	4.1	0.7
The economic responsibility activities improve company's liquidity	26	57.8	15	33.3	0	0.0	1	2.2	3	6.7	3.9	1.3

Source: Primary Data

From the table 4.6 above, the majority of respondents (77.8%) strongly agreed that the company is committed to being as profitable as possible. as opposed to (22.2%) who agreed to the statement. This study revealed that respondents agreed that the commitment and capability of managers is being developed and this is shown by a mean of 4.8. However, a significant standard deviation of 0.8 is a clear manifestation of varied responses from respondents as far as the company is committed to being as profitable as possible.is concerned. This shows that economic responsibility involves continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as that of the local community and society at large as agreed by Lord and Richard, (2011)

From the table 4.6 above, the majority of respondents (66.7%) strongly agreed that It is important that a company be consistently profitable, (26.7%) who agreed to the statement, there was substantial number of respondents (2.2%) who strongly disagreed, (4.4%) disagreed. This is indicated by a mean value of 4.0. However, a standard deviation of 0.7 reveals that there were varied responses from the respondents. The findings from the study as shown in table 4.6 above reveal that the majority of respondents (53.3%) strongly agreed that the company gains reasonable profitability, (24.4%) who strongly agreed to the statement; however there was substantial number of respondents (11.1%) who disagreed and strongly disagreed. The findings depicted that majority respondents agreed that the company gains reasonable profitability as evidenced by the mean score of 4.3. However, there was a variation in the responses as shown by the standard deviation of 1.3. This implies that the distribution of responses varied from those who strongly agreed and agreed.

From the table 4.6 above, the majority of respondents (48.9%) strongly agreed that it is important to maintain a high level of operating efficiency, (26.7%) who agreed to the statement, however there was substantial number of respondents (8.9%) who were not sure and disagreed and (6.7%) disagreed. The mean score was 3.6. The findings also show that majority of the respondents strongly agreed and agreed that that the operations in the organization should be decentralized as shown by the standard deviation of 1.2. This rhymed with Luo & Bhattacharya, (2006) who said the economic component of a firm's Corporate Social Responsibility operates on the philosophy that a firm should perform in a manner consistent with maximizing earnings per share; commitment to being as profitable as possible; maintenance of strong competitive position; maintenance of high level of operating efficiency and for the business to be seen as successful it must consistently be profitable.

From the table 4.6 above, the majority of respondents (55.6%) strongly agreed that all the company performs in a manner consistent with maximizing earnings per share, (37.8%) agreed to the statement; however there was substantial number of respondents (4.4%) who disagreed, (2.2%) strongly agreed. The mean score was 3.9. The findings also show that most of the respondents strongly agreed and agreed that the company performs in a manner consistent with maximizing earnings per share. as shown by the standard deviation of 0.9.

From the table 4.6 above, the majority of respondents (60.0%) strongly agreed that the company cares about providing the best services to their customers, (35.6%) who agreed to the statement, there was substantial number of respondents (2.2%) who strongly disagreed. This is indicated by a mean value of 4.0. However, a standard deviation of 0.7 reveals that there were varied responses from the respondents. The findings from the study as shown in table 4.6 above reveal that the majority of respondents (57.8%) strongly agreed that the economic responsibility activities improve company’s liquidity, (33.3%) who strongly agreed to the statement; however there was substantial number of respondents (2.2%) who disagreed and (6.7%) strongly disagreed as evidenced by the mean score of 4.3. However, there was a variation in the responses as shown by the standard deviation of 1.3. This implies that the distribution of responses varied from those who strongly agreed and agreed. This is because Liquidity involves the assets a company has that it can quickly and easily convert to cash without losing value. It provides the organization with a way to get cash quickly, without losing anything. Liquid assets can be stocks, government bonds or money stocks. (Guenster et al 2011)

4.5 Social Responsibility and financial performance

Findings on the social Responsibility and financial performance are indicated in the table 4.7 below. The following abbreviations are used Strongly Agree (SA), Agree (A), Not Sure (NS), Disagreed (D) and Strongly Disagreed (SD)

Table 4.7: Social Responsibility and financial performance

Supply Chain Practices	**SA**		**A**		**NS**		**D**		**SD**		**Mean**	**Std Dev**
	F	**%**	**F**	**%**	**F**			**%**	**F**	**%**		
The company respects and follows societal values	20	44.4	22	48.9	0	0.0	3	6.7	0	0.0	3.9	1.2
The company often gives back to the society all around the country	21	46.7	24	53.3	0	0.0	0	0.0	0	0.0	3.6	0.5
The company has a low labour turn over	24	53.3	19	42.2	2	4.4	0	0.0	0	0.0	4.3	1.2
Social responsibility affects the employees productivity	23	51.1	16	35.6	1	2.2	3	6.7	2	4.4	3.8	0.7
Employee welfare is important	18	40.0	21	46.7	3	6.7	2	4.4	1	2.2	4.2	0.8

and necessary in the company.												
The company is a well-known telecom company in and out of the country	23	51.1	21	46.7	1	2.2	0	0.0	0	0.0	3.8	1.2
Equal opportunities for rewards and advancement are provided to all employees for a company to be socially responsible.	19	42.2	23	51.1	0	0.0	2	4.4	1	2.2	3.9	0.3
All stakeholders of the company are treated equally important and are pleased with the company's social responsibility	23	51.1	16	35.6	3	6.7	1	2.2	2	4.4	4.1	1.2

Source: Primary Data

From the table 4.7 above, the majority of respondents (44.4%) agreed that the company respects and follows societal values (48.9%) who agreed to the statement, however there was substantial number of respondents (6.7%) who disagreed. This study revealed that respondents agreed and this is indicated by a mean of 3.9. However a significant standard deviation of 1.2 is a clear manifestation of varied responses from respondents as far as they have employed strategic supplier partnership is concerned. From the table 4.7 above, the majority of respondents (46.7%) strongly agreed, (53.3%) disagreed, that the company often gives back to the society all around the country as evidenced by the mean score of 3.6. However, the responses varied as shown by the standard deviation of 0.5. This implies that the distribution of responses varied from those who strongly agreed and agreed. Companies continue to engage in CSR activities that might go beyond what is their responsibility as a company to give back to the societies around them as agreed by Ortiz and Crowther (2006).

It was also revealed from the table above, the majority of respondents (53.3%) strongly agreed, (42.2%) agreed that the company has a low labour turn over (2.5%) who were not sure as evidenced by the mean score of 4.3 and standard deviation 1.2 explains the varying of responses between respondents that strongly agreed and those that agreed. From the table 4.7 above, the majority of respondents (51.1%) strongly agreed, (35.6%) who agreed to the statement that social responsibility affects the employees productivity; however there was substantial number of respondents (6.7%) who disagreed. (4.4%) strongly disagreed. This implies that the majority of respondents agreed that Social responsibility affects the employees productivity; as evidenced by the mean score of 3.8 and standard deviation 0.7 explains the varying of responses between respondents that strongly agreed and those that agreed.

Employee turnover intention is a complex phenomenon that depends on various factors. Many researches on employee turnover behavior indicates that age, gender, tenure, designation, experience, compensation, education, nature of employment are predictors of turnover intentions of employees in the organization.

From the findings most of the respondents (46.7%) agreed that Employee welfare is important and necessary in the company; however (40.0%) strongly agreed, (6.7%) were not sure, (4.4%) disagreed and (2.2%) strongly disagreed. This is evidenced by the mean mark from the responses from the question whether employee welfare is important and necessary in the company. The mean score was 4.2. The findings also show that there were varied responses whereby majority of the respondents strongly agreed and agreed as shown by the standard deviation of 0.8.

From the table 4.7 above, most of the respondents (51.1%) strongly agreed and (46.7%) agreed that the company is a well-known telecom company in and out of the country, while (2.2%) were not sure,. This had a mean score of 3.8 which is tending towards the maximum of 5 implies that most of the respondents agreed that the company is a well-known telecom company in and out of the country. The standard deviation of 1.2 which explains the responses that varies between those who strongly agreed and agreed.

From the findings most of the respondents (42.2%) strongly agreed that Equal opportunities for rewards and advancement are provided to all employees for a company to be socially responsible; however (51.1%) agreed, (4.4%) disagreed and (2.2%) strongly disagreed. This is revealed by a mean value of 3.9. However, a standard deviation of 0.3 reveals that there were varied responses from the respondents.

It was also revealed that (51.1%) of the respondents strongly agreed, (35.6%) agreed, (6.7%) were not sure whether All stakeholders of the company are treated equally important and are pleased with the company's social responsibility and (2.2%) disagreed and (4.4%) strongly disagreed as evidenced by the mean score of 4.1 and standard deviation 1.2 explains the varying of responses between respondents that strongly agreed and those that agreed.

4.6 Correlation analysis on corporate social responsibility on the financial performance of telecom companies

The study analyzed the relationships between the study variables using Pearson correlation product moment technique. These findings are shown below

Table 4.8: corporate social responsibility and financial performance of telecom companies

		corporate Social responsibility	Financial performance
corporate social responsibility	Pearson Correlation	1	0. 622**
	Sig. (2-tailed)		.002
	N	45	45
Financial performance	Pearson Correlation	0.622**	1
	Sig. (2-tailed)	.002	
	N	45	45

**. Correlation is significant at the 0.05 level (2 tailed)

Source: Primary Data

The table shows a significant positive relationship between corporate social responsibility and financial performance of telecom companies. This was done with the support of the Pearson correlation product moment technique. The table above reflects the results that emerged. It comprises of variables; corporate social responsibility and financial performance of telecom companies. The Pearson correlation (r=0.622**) reveals that a positive relationship exists between corporate social responsibility and financial performance of telecom companies. The p <.002, that is less than the alpha level of significance of 0.05 which implies that there is a signification correlation. The r value of 0.622 reveals that a positive relationship exists between corporate social responsibility and financial performance of telecom companies. According to

Sandon, (2006), Corporate Social Responsibility entails a business monitoring and ensuring that it undertakes active compliance with the law as through established ethical standards, and international norms. The goal of Corporate Social Responsibility is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and various members of the public sphere who may also be considered as stakeholders.

CHAPTER FIVE

SUMMARIES, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of the study, discussion, conclusions and recommendations of the findings; they are presented objective by objective.

5.1 Summary of Findings from the Study

5.1.1 Environmental Responsibility and financial performance.

The study revealed that most of the respondents agreed that the organization takes initiative to care for the environment, participates in all round activities that benefit the environment and also that it is important for all employees of the organization to participate in activities that benefit the environment. It was further revealed that the Environmental responsibility activities are carried out regularly, the company benefits profitably from environmental responsibility and also that the carrying out such activities attracts customers all around the country hence enhancing profits.

5.1.2 Economic Responsibility and financial performance

The study revealed that most of the respondents agreed that the company is committed to being as profitable as possible, it is important that a company be consistently profitable and also that the company gains reasonable profitability. It was further revealed that it is important to maintain a high level of operating efficiency and also that the company performs in a manner consistent with maximizing earnings per share in addition to the company cares about providing the best services to their customers.

5.1.3 Social Responsibility and financial performance

The study revealed that most of the respondents agreed that the company respects and follows societal values, often gives back to the society all around the country and also has a low labour turn over. It was also revealed that social responsibility affects the employees productivity, employee welfare is important and necessary in the company and also that the company is a well-known telecom company in and out of the country. Further equal opportunities for rewards and advancement are provided to all employees for a company to be socially responsible and all stakeholders of the company are treated equally important and are pleased with the company's social responsibility

5.3 Conclusions

Conclusively, the purpose for this study was to establish whether social, economic and environmental responsibilities influenced Financial Performance of organizations

5.3.1 Environmental Responsibility and financial performance

Organizations takes initiative to care for the environment, participates in all round activities that benefit the environment. Environmental responsibility activities are carried out regularly, the company benefits profitably from environmental responsibility and also that the carrying out such activities attracts customers all around the country hence enhancing profit

5.1.2 Economic Responsibility and financial performance

The company is committed to being as profitable as possible, it is important that a company be consistently profitable and also that the company gains reasonable profitability. It is important to maintain a high level of operating efficiency and also that the company performs in a manner consistent with maximizing earnings per share in addition to the company cares about providing the best services to their customers.

5.1.3 Social Responsibility and financial performance

Company respects and follows societal values, often gives back to the society all around the country and also has a low labour turn over. Equal opportunities for rewards and advancement are provided to all employees for a company to be socially responsible and all stakeholders of the company are treated equally important and are pleased with the company's social responsibility

5.4 Recommendations

It is recommended that executive management needs to get involved in CSR initiatives by formulating business strategies that embed CSR practices in business operations, and undertaking sustainable operations. CSR strategy should carefully be aligned into business strategy in order to reinforce governance and sustainable value generation in the organization and society as a whole.

It is recommended that Government needs to provide an enabling environment for SMEs while encouraging other corporate bodies to follow suit. There is need to align CSR activities with development goals in order to create sustainable value with in communities. This can only be achieved with government support through partnership of the public and private sectors.

5.5 Suggestions for Further Research

During the study, there were areas that were beyond the scope of the study that called for further investigation: Future studies should concentrate on other factors that influence the financial performance of MTN Uganda since this study did not focus on other factors that affect the CSR and financial performance like, public awareness and acceptance and issues related with the policies and regulations of the government.

Due to the limitation of time the same study could be conducted a few years from now in order to establish if there are any changes in the effect of advertising on the organizational performance within this environment

References

BACKHAUS, K. B., STONE, B. A., and HEINER, K. (2002). 'Exploring the relationship between Corporate Social Performance and Employer Attractiveness'. *Business & Society*, 41: 292 – 318.

BUCHHOLTZ, A. K., BROWN, J. A., and SHABANA, K.M. 2008. 'Corporate Governance and Corporate Social Responsibility'. *The Oxford Handbook of Corporate Social Responsibility*. New York: Oxford.

BERLE, A.A. and MEANS, G.C. (1932), The Modern Corporation and Private Property, Harcourt.

BRUNO, A.F. and NICHOLS, L.T. (1990), ''Stockholder and stakeholder interpretations of business' ethical role'', in Hoffman, W.M. and Moore, J.M. (Eds), *Business Ethics, McGraw-Hill, New York, NY, pp. 170-5.*

BURRELL, G. and MORGAN, G. (1979). *Social Paradigms and Organizational Analysis*, Ashgate Publishing Company, Burlington.

BRYMAN, A. (2004). *Social Research Methods*, 2nd ed., Oxford University Press, Oxford.

Carroll, A.B. (1991). The Pyramid of Corporate Social responsibility: Toward the Moral Management of Organizational Stakeholders. Business Horizons, July- August

Lelwala, U.L, 2015, Corporate social responsibility and financial performance. Proceedings of the Undergraduates Research Conference, Department of Accountancy, University of Kelaniya, Sri Lanka.

McWilliams & Siegel, 2001, Impact of Corporate Social Responsibility on Financial Performance of Corporations: Evidence from Pakistan, *International Journal of Learning & Development*, Vol. 2, No. 6.

Sacconi, (2004), The Corporate Social Performance Financial Performance Link, *Strategic Management Journal* Vol. 18, 4, pp. 303-319.

Nkundabanyanga S.K. and Okwee, A, (2011) Institutionalizing Corporate Social Responsibility (CSR) in Uganda: Does It Matter?, *Social Responsibility Journal*, Vol. 7 Issue: 4, pp.665 – 680.

JAMES. M. PASKERT. 2008. '*The Impact of Corporate Social Responsibility practices on Financial Performance & Consumer Loyalty'*. Published Doctoral Dissertation thesis, University of Pheonix, USA.

KATAMBA & GISCH-BOIE. 2008. '*CSR in Uganda: Perceptions, approaches and needs of Companies*'. UCCSRI, Kampala.

ORLITZKY, MARC. 2008. 'Corporate Social Performance and Financial Performance: A Research Synthesis'. *The Oxford Handbook of Corporate Social Responsibility.* New York: Oxford.

http://www.uccsri.com (viewed 05-01-17)

http://www.investorwords.com (viewed 12-01-17)

http://businessdictionary.com (viewed 10-01-17)

http://www.investopedia.com (viewed 12-01-17)

Katamba & Boie, 2008, Corporate Social Responsibility (CSR) and Issue to Corporate Financial Performance (CFP): An Empirical Evidence on Dhaka Stock Exchange (DSE) Listed Banking Companies in Bangladesh, *European Journal of Business and Management,* Vol. 4, No.11, 2012, ISSN 2222-1905.

Wanyama, S. 2014, Corporate Governance in Uganda: An introduction to concepts and principles, Fountain Publishers

Fauzi, 2009, The Relationship of CSR and Financial Performance: New Evidence from Indonesian Companies, *Issues in Social and Environmental Accounting*, Vol. 3, No. 1, (available at)http://ssrn.com/abstract=1694284 (accessed 18/05/2014)

Nkiko, C.M & Katamba, D. 2010. Uganda CSR profile, in Wayne Visser & Nick Tolhourst, World Guide to CSR: A Country by Country Analysis of Corporate Sustainability and Responsibility. Green Leaf Publishers, UK, London.

Margolis & Walsh, 2003, Misery Loves Companies: Social Initiatives by Business, *Administrative Science Quarterly*, Vol. 48, Issue 2, (available at) http://www.hbs.edu/socialenterprise/pdf/SE19MiseryLovesCompanies.pdf (accessed 20/11/2016)

Mwangi & Jerotich, 2013, the Social Responsibility of Business is to Increase its Profits, The New York Times Magazine, September 13, 1970. Copyright @ 1970 by The New York Times Company., New York.

Lelwala, U.L, 2015, Corporate social responsibility and financial performance. Proceedings of the Undergraduates Research Conference, Department of Accountancy, University of Kelaniya, Sri Lanka.

Orlitzky Olufemi O. Amao., 2003, Corporate Social Responsibility, Social Contract, Corporate Personhood and Human Right Law: Understanding The Emerging Responsibilities of Modern Corporations, *Australian Journal of Legal Philosophy*.

Friedman, Milton. "The Social Responsibility of Business Is to Increase Its Profits." *The New York Times*, September 13, 1970.

"Corporate Governance." *Definition and Meaning*. Web. Accessed October 5, 2012.

<http://www.businessdictionary.com/definition/corporate-governance.html>.

Aupperle, K.E., A.B. Carroll, and J.D. Hatfield. “An empirical examination of the relationship between corporate social responsibility and profitability”, *Academy of Management Journal,* 28 (1985): 446—463.

Orlitzky, M., F. L. Schmidt, and S. L. Rynes. "Corporate Social and Financial Performance: A Meta-Analysis." *Organization Studies* 24.3 (2003): 403-41.

Orlitzky, M. Corporate social performance and financial performance: A research synthesis. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. S. Siegel (Eds.), *The Oxford Handbook of CSR*. Oxford, UK: Oxford Press 2008.

Corporate Social Responsibility Branding Survey. Publication. Penn Schoen Berland, 2010.

Backhaus, K. B., Stone, B. A. and Heiner, K. “Exploring the relationship between corporate social performance and employer attractiveness.” *Business and Society,*

Wu, M.-L.: 2006, ‘Corporate Social Performance, Corporate Financial Performance, and Firm Size: A Meta-Analysis’, Journal of American Academy of Business 8(1), 163–171.

Allouche, J., & Laroche, P. (2005). A meta-analytical investigation of the relationship between corporate social and financial performance. *Revue de Gestion des Resources Humanise,* 57, 18-41.

Appendix I: QUESTIONNAIRE
UGANDA MARTYRS UNIVERISTY NKOZI

SECTION A

CONFIDENTIALITY STATEMENT

Dear respondent

I am a student of Uganda Martyrs University in the Faculty of Business Administration and Management. The research is a requirement for fulfilment for the award of a bachelor's degree in Business Administration and Management of Uganda Martyrs University. This questionnaire is entirely for academic purpose, designed for obtaining information about '' **the effect of corporate social responsibility on the financial performance of telecom companies.''** The information that you provide will be confidential. Please spare some time and help me complete this questionnaire.

SECTION B: BACKGROUND INFORMATION

Personal data (Tick where appropriate).

Gender

Female ☐

Male ☐

Position held at work place

Management ☐

Finance ☐

Human resource ☐

Working staff ☐

Others specify …………………………………………………………….

Period spent at place of work

1 year ☐

2-3 years ☐

3-4 years ☐

Above 5 years ☐

Level of education

a) Primary Level ☐

b) Ordinary level ☐

c) Advanced Level ☐

d) Diploma ☐

e) Degree ☐

Please indicate the extent to which you agree with the statements where 1= Strongly disagree, 2= Disagree, 3= Neutral, 4 =Agree and 5 = Strongly agree.

SECTION C

ENVIRONMENTAL RESPONSIBILITY

		1	2	3	4	5
C1	The organization takes initiative to care for the environment					
C2	The organization participates in all round activities that benefit the environment					
C3	It is important for all employees of the organization to participate in activities that benefit the environment					
C4	Environmental responsibility activities are carried out regularly					
C5	The company benefits profitably from environmental responsibility					
C6	Carrying out such activities attracts customers all around the country hence enhancing profits.					

What are the benefits of carrying out environmental responsibility?

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
…………………………………………………………………………………………………….

What challenges does the company face as they carry out environmental responsibility

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
…………………………………………………………………………………………………….

SECTION D

ECONOMIC RESPONSIBILITY

		1	2	3	4	5
D1	The company is committed to being as profitable as possible.					
D2	It is important that a company be consistently profitable.					

D3	The company gains reasonable profitability					
D4	It is important to maintain a high level of operating efficiency.					
D5	The company performs in a manner consistent with maximizing earnings per share.					
D6	The company cares about providing the best services to their customers					
D7	The economic responsibility activities improve company's liquidity					

What are the benefits of carrying out economic responsibility?

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………………………………………………………………………………………

What challenges does the company face as they carry out economic responsibility

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………………………………………………………………………………………..

SECTION E

SOCIAL

		1	2	3	4	5
E1	The company respects and follows societal values					
E2	The company often gives back to the society all around the country					
E3	The company has a low labour turn over					
E4	Social responsibility affects the employees productivity					
E5	Employee welfare is important and necessary in the company.					
E6	The company is a well-known telecom company in and out of the country					

E7	Equal opportunities for rewards and advancement are provided to all employees for a company to be socially responsible.					
E8	All stakeholders of the company are treated equally important and are pleased with the company's social responsibility					

What are the benefits of carrying out social responsibility?

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………………………………………………………………………………………

What challenges does the company face as it carries out social responsibility

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………………………………………………………………………………………..

Thank you for your time

Appendix II: Sample Size Determination

Note: "N" is population size and "S" is sample size.

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	*950*	*274*	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	*400*	*196*	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	275	159	750	256	2600	335	100000	384

Source: Krejcie, R. V., & Morgan, D.W. (1970).