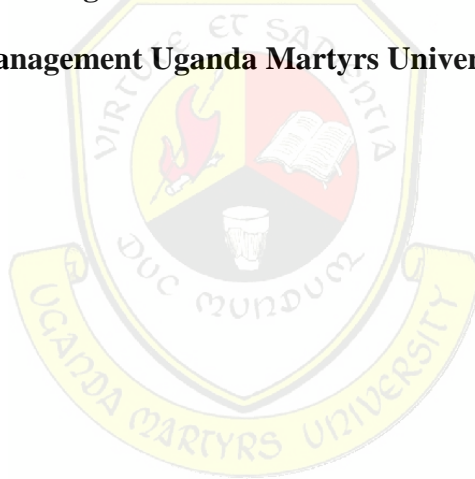


**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON BUSINESS
PERFORMANCE IN COMPANIES: CASE STUDY OF MTN UGANDA**

**A Dissertation presented to the Faculty of Business
Administration and Management in partial fulfillment of the requirements
for the award of the degree Bachelors in Business Administration and
Management Uganda Martyrs University**



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DEDICATION

To my mother, Hajati Sauda Kaija who brought me up and cared for me up to now. I also appreciate her because she paid my tuition fees from the beginning of my bachelors' degree up to the end and encouraged me to carry on with life despite the challenges I was going through at Uganda Martyrs University. Many thanks also my mother's family and friends for their moral support during my time at Uganda Martyrs University. Hajati, family and friends, without your moral support, financial support and encouraging words, I would not have completed this course.

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DEFINITIONS OF KEY TERMS

Corporate Social Responsibility is an ethical or ideological theory that an entity whether it is a government, corporation, organisation or individual has a responsibility to society (Hachimi 2007).

Business Performance is the process through which businesses perform a particular task (Smith 2004).

Stakeholders: According to Graw et al (2006), stakeholders are any individuals or groups who may benefit from or be harmed by the actions of the organisations.

Performance is the process of doing a given task (Smith 2004).

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LIST OF ABBREVIATIONS

CSR- CORPORATE SOCIAL RESPONSIBILITY

ABSTRACT

The study sought the impact of corporate social responsibility on business performance in companies using MTN Uganda as a case study. The study objectives were; to establish how CSR affects the organisational commitment of the companies' stakeholders, and to find out the extent to which companies benefit from CSR categorized under the economic, the social, and the environmental factors.

Both qualitative and quantitative data was gathered in order to find out the relationship between Corporate Social Responsibility (CSR) and business performance in companies, which were the independent and dependent variables respectively. The study comprised 48 respondents who were employees in the organisation, employers and other company stakeholders. Krejcie and Morgan sampling approach was used during the study. Data was collected, the answered questionnaires were gathered, and data was edited and sorted for the next steps. The data was then presented in tabular form with frequencies and percentages of each question for each objective. The researcher used Statistical Package for Social Sciences (SPSS) to compute and analyze the gathered data.

It was included that the findings indicated that CSR practices carried MTN Uganda created commitment towards the company by stakeholders through staff morale, customer approval, and customer loyalty. That respondents benefited from CSR practice through customer satisfaction, community acceptance, environmental conservation, competitor practice and it has increased rivals' costs. The findings showed the relationship between CSR and business performance in MTN Uganda, this was where by the sales of the company increased as a result of their CSR practices, that it (CSR) contributes a big percentage towards the company profitability, the practice influences company corporate image and the quality of services that MTN Uganda offer improve as a result of CSR practice.

The study recommends that the Management of MTN should strengthen the monitoring and evaluation department so as to ensure that the budgeted money for CSR and its activities are effectively implemented.

CHAPTER ONE

INTRODUCTION

This chapter focuses on the areas of the study which include; background to the topic, problem statement, research questions, research objectives, justification, significance of the study, the scope of the study, definitions of keys terms and the conceptual frame work.

1.1 BACKGROUND OF THE STUDY

The main concepts of Corporate Social Responsibility may include economic, legal and social responsibilities. It also involves the CSR activities and how they affect the firm and the environment surrounding it, including its stakeholders. According to Carroll and Buchholt (2003), Corporate Social Responsibility is the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time. Lewis, Goodman and Fandt (1995), argue that Corporate Social Responsibility is an interaction between business and the social environment in which it exists. They further argue that, the social responsiveness perspective of Corporate Social Responsibility recognizes the moral agency aspect of Corporate Social Responsibility. Rockefeller (1930) supports this argument by stating that whenever businesses make contributions to their community, they are honoring the tradition of giving back to the people who make their ongoing success possible.

Gomez (2002) argues that a corporation that fails to give priority to CSR may experience a crisis that diminishes company performance or threatens its survival. For instance, class action lawsuits from women injured by defective breast implants forced Dow Corning, the largest breast implant manufacturer, to pledge \$3.2 billion settlement. He goes ahead to give an example of Levi Strauss that devotes a portion of its profits to charitable organisation in the communities in which it does business. It then discovered that it is good business to give back to the community and that doing so nurtures the business. However, Milton Friedman (1970) maintains that the only Corporate Social Responsibility of business is to maximize

profits within the “rules of the game.” He continues to argue that the only constituent to which business is responsible are shareholders, and it is the firm’s responsibility to maximize the wealth of the constituent group. He also argues that if socially responsible behavior on the part of the corporation serves to reduce the financial return to the shareholders, the managers of the business have undermined the market mechanism for allocating resources and have violated the social contract of business as it should be in a free market society. Mullins (2010) also argues that the concept of Corporate Social Responsibility gives rise to how a company should conduct itself within society and different views on what a business is for and how it should act. He further argues that Social responsibilities arise from the interdependence of organisations, society and the environment. Equally there are myriad examples of CSR at work. Bill Clinton's Global Business Coalition on HIV/AIDS is one example, as is World Vision's work with leading Australian companies. Socially responsible investing, for instance, delivers results for both the community and investors.

While the case for adopting CSR is self-evident, AWB Ltd (former Australian Wheat Board, an Australian company that oversees the exports of grain) illustrates that the message is still not getting through. This could be that CSR is still seen by many organisations as a means to an end rather than an end in itself (Costello, 2006).

Mc Shane (2008) argues that another poll of researchers reported that 97% of American and European MBA students would relinquish significant financial benefits to work for an organisation with a better reputation for ethics and CSR. Almost 80% of Canadians say a company’s record of CSR has either a moderate or a great deal of influence on their decision where to work. Scholars like Nkiko and Katamba (2010) and Gisch-Boie (2008) have however carried out research on CSR in Uganda especially on what it entails. However, the volume of published research in the area of CSR in Uganda is still extremely low, with most research focusing on business ethics. There is great scope for expanding the amount of

research on CSR in Uganda and Africa, as well as improving on the diversity of its content and its geographic reach (Visser, 2006).

Nkiko and Katamba (2010) and Gisch-Boie (2008) went ahead and highlighted the various corporate Social Responsibility activities that companies are engaged in including environmental responsibility, practices concerned with labor, worker health and safety as well as quality of life of the community, corporate ethics and employee relations.

According to Kiberu (2009) billionaire and philanthropist, Warren Buffet summed up the importance of reputation to an organisation saying that when somebody causes his firm to lose money, he will understand but when that person causes the organisation to lose reputation, he will be ruthless. Kiberu (2009) therefore argues that CSR is more about how you make your money rather than how you spend it. He further suggests that by maintaining a 'licence to operate' you build a solid platform for business sustainability.

1.2 STATEMENT OF THE PROBLEM

Ron et al (2008), argues that positive impacts of CSR to profit making organisations that embrace the idea of CSR through activities like sponsoring sports events and fair treatment of employees, in such a way increase the number of loyal customers since people tend to favour organisations which demonstrate responsibility and ethical practices which would lead to increased market share, increased revenue and increased profits in the long run.

This is contrary to the view expressed by Friedman (1970) that businesses have only one social responsibility and that is to maximise the profits of its owners (to protect their property rights). Organisations are seen purely as legal entities incapable of value decisions. Managers who use firms' resources for non-profit social purposes are thought to be diverting economic efficiency and levying an "illegal tax" on the organisation.

This raises a question as to whether CSR positively or negatively impacts on the business performance in companies. This is the gap therefore that the researcher seeks to find out the relationship between CSR and business performance in companies.

1.3 objectives of the study

1.3.1 Major objective

To investigate the impact of CSR on the business performance in companies.

1.3.2 Specific Objectives of the study

- 1) To find out the relationship between CSR and business performance in companies.
- 2) To establish how CSR affects the organisational commitment of the companies' stakeholders.
- 3) To find out the extent to which companies benefit from CSR categorized under the economic, the social, and the environmental factors.

1.4 RESEACH QUESTIONS

- 1) What is the relationship between CSR and business performance in Companies?
- 2) How does CSR affect the organisational commitment of the companies' stakeholder?
- 3) To what extent do companies benefit from CSR categorized under the economic, the social and environmental factors?

1.5 Scope of the study

1.5.1 Geography scope

The study was carried out in MTN Uganda. The head quarters of MTN Uganda are located on the MTN towers, Hannington RD, Kampala.

1.5.2 Content scope

The researcher focused on the impact of CSR on the business performance of companies with MTN Uganda as the case study. The specific area was to investigate the relationship between CSR and business performance in companies.

1.5.3 Time scope

The study covered the period of 2010 to 2014. During this period the researcher was to investigate the impact of CSR on the business performance in companies with MTN Uganda

1.6 Significance of the study

The researcher's findings are expected to guide company stakeholders on the relationship between CSR and business performance as a way of appreciating on how CSR affects the company surroundings, for instance the employees, the employers, customers and other stakeholders of the organisation, like, the government and competitors.

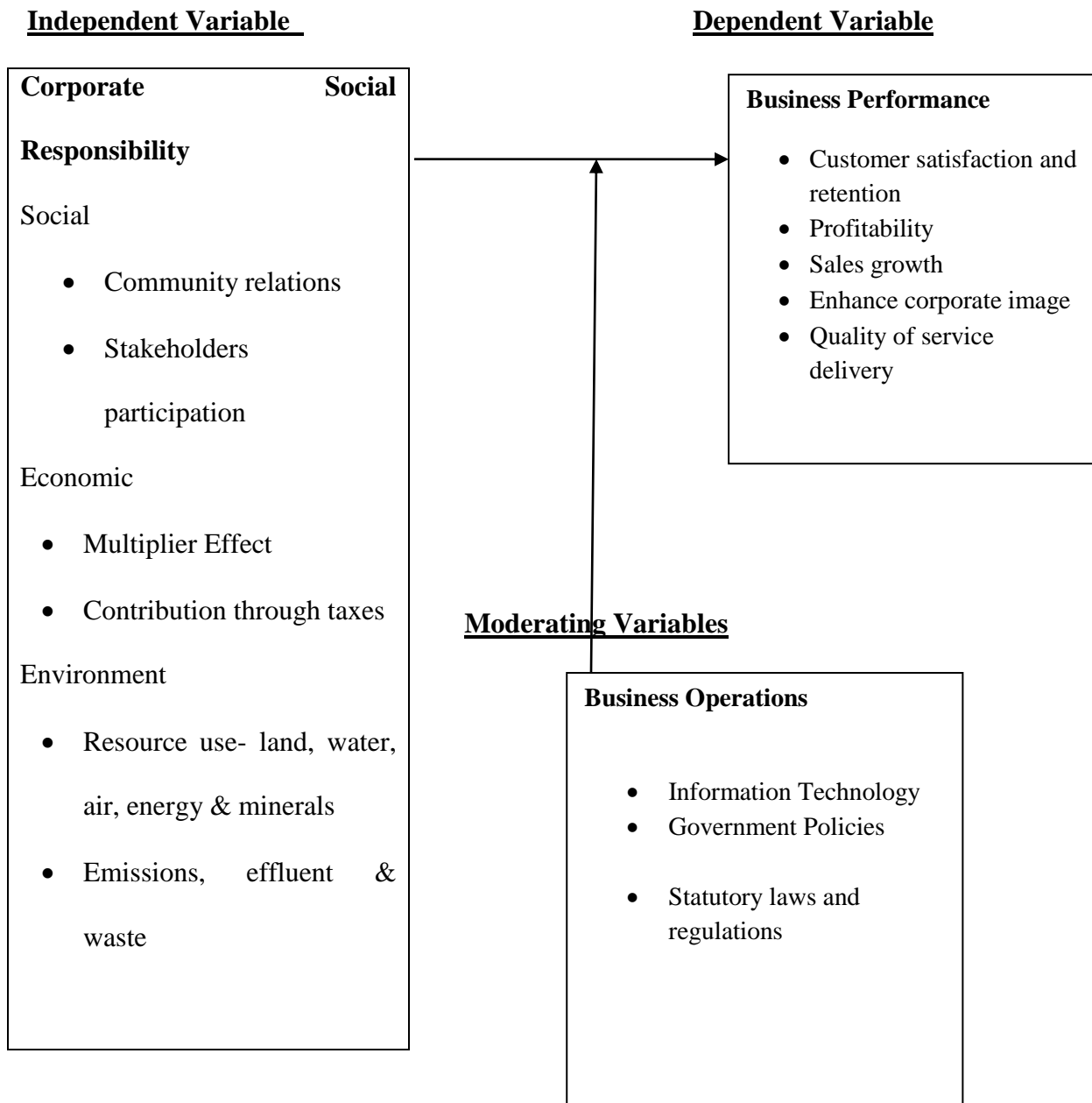
The study is expected to encourage companies to carry out CSR practices more often due to its impact on its stakeholders in regards to business performance.

The study was undertaken in partial fulfillment of the award of bachelor's degree of Business Administration. Thus, it is expected to enhance career growth of the researcher.

1.7 Justification of the study

Due to the CSR practices in companies, the study of how CSR affects the business performance of companies with the case study of MTN Uganda will help improve the importance of CSR by knowing the benefits of, the economic factors, the social factors and the environmental factors of CSR to MTN Uganda and stakeholders. This study is to be taken to investigate the impact of CSR on business performance.

1.8 CONCEPTUAL FRAME



Adopted from: Elkington 1998, p.73, Labuschagne et al 2006, p.3, Elliot 2006, p.13, modified by the researcher on review of Literature.

The model shows the relationship between CSR as the independent variable and business performance as the dependent variable with business operations as the moderating variables. The model portrays that community relations and stakeholders' participation are factors that indicate social responsibility in an organisation. Multiplier effect and contribution through taxes are factors organisations do as being economically responsible. The resource use-land, water, air, energy and minerals and emissions, affluent and waste are the environmental responsibilities of an organisation towards its society. The model views business performance in terms of customer satisfaction and retention, profitability, sale growth, enhancing corporate image and the quality of service delivery. These factors come as a result of CSR activities by an organisation. The model also shows the moderating variables that enable an organisation practicing CSR to achieve the dependent variables like, customer satisfaction and retention. These moderating variables include information technology, government policies and statutory laws and regulations. An example, through contribution through taxes by an organisation, as a result of the government policies in place, enhances the organisation's corporate image in society.

CHAPTER TWO

2.1 Introduction

Kiberu (2009) argues that Corporate Social Responsibility (CSR) has of late become popular among firms and has benefited many communities and individuals. However, it has also become one of the most misused terms in contemporary corporate nomenclature.

Not only has it become a misnomer, it has also become a 'silver-bullet' for some organisations to white-wash their shortcomings through unsustainable acts of philanthropy and populism. These corporate acts of generosity are falsely starting to emerge as real CSR, while responsible up-stream management of genuine CSR activity that shapes down-stream initiatives is abandoned on account of being tedious due to its longer gestation and fewer photo moments.

There is a dire need to re-think and re-focus CSR among firms to realize that it is not optional, but an obligation to society. CSR is a key component of long-term business sustainability.

According to Hachimi (2007), social responsibility is an ethical or ideological theory that an entity whether it is a government, corporation, organisation or individual has a responsibility to society. He further argues that this responsibility can be negative or positive in nature. He explained that it can be negative in that, it is a responsibility to refrain from doing acts that affect the society negatively or it can be positive, meaning there is a responsibility to act or do charitable activities. According to Murillo and Martinek (2009), CSR suggests that corporations embrace responsibilities toward a broader group of stakeholders (customers, employees and the community at large) in addition to their customary financial obligations to stockholders. A few examples of CSR include charitable giving to community programs, commitment to environmental sustainability projects, and efforts to nurture a diverse and safe

workplace. Costello (2006) argues that the key point is that no corporation is an island. Increasingly business is operating in complex, tangled environments with multiple stakeholders. And if they are to future-proof their businesses, ensure happy workers, avoid negative publicity and brand damage and generally develop more profitable practices, then CSR is not a choice but a necessity. Therefore the researcher reviewed some scholars' arguments on the relationship between CSR and business performance, the ways in which CSR affects the organisational commitment of companies' stakeholders and the extent to which companies benefit from CSR categorized under the economic, the social and environmental factors as shown below:

2.2 Relationship between CSR and business performance

Shane and Glinow (2009) define CSR as organisational activities intended to benefit society and the environment beyond the firm's immediate financial interests or legal obligations. It is a view that companies have a contract with society, in which they must serve stakeholders beyond shareholders and customers. In the same regard, Candy and Balkin (2008) define CSR as the belief that corporations have a responsibility to conduct their affairs ethically and be judged by the same standards as people. According to Mondy (1990), when a corporation behaves as if it had a conscience, it is said to be socially responsible. He further argues that Social responsibility is the implied enforced or felt obligation of managers, acting in their official capacities, to serve or protect of interests of groups other than themselves. Malcolm (1994) also argues that a number of news stories have put corporate citizenship at the top of the agenda in recent years and alerted the public to issues of social responsibilities. He states that some of the issues that have raised public awareness include executive greed, inform of share options and pay. Zadek (1999) says that companies should take into account the responsibilities of their business not to abuse people, the environment or animals wherever they operate. According to Kossen (1994), part of the public's attitude towards the business

community has resulted from the latter's reluctance to show concern for the environment unless pressured by government agencies. He further argues that the public tends not to believe that companies do things for good, sincere or noble reasons, but only for their own advantage, which has led, to dirty air, filthy lakes and rivers, global warming and ozone depletion. Thompson (2001) suggests that Social responsibility is a one way process where organisations can benefit considerably from it and that Social responsibility and profitability can be improved simultaneously. James (2002) argues that the general public expects businesses to be socially responsible and many companies have responded by making social goals a part of their overall business operations. David (2003) further argues that the actions taken in the name of CSR can have three general types of motivation. The motive for strategic CSR is to increase profits of the firm in the absence of an external threat. A second motive for CSR is to reduce threats to the firm from its non market environment, for instance, from activists and governments. The third motive is moral, here the firm responds to the needs of the others without a compensating profit. Mutie (2002) states that the wave of Corporate Social Responsibility (CSR) is pressing strongly business organisation to give back part of what they earn to the community. And as the pressure mounts, more organisations are finding it increasingly difficult to handle stakeholders' demands, after facing conflicts, boycotts, of their ultimately poor image and equally poor business.

Smith (2004) states that business performance management solutions from IBM combine Market-leading software, industry expertise and best practices to enable you to better monitor, manage, analyze and take action so you can make smarter decisions, gain competitive advantage and achieve greater performance results. Porter and Kramer (2006) argue that CSR has become a priority for business leaders in every country as governments, activists, and the media have focused on holding companies accountable for the social consequences of their business actions. The problem as they see it is that most CSR efforts

are not productive because they pit business interests against societal interests rather than looking for points of interdependence. External pressures on firms tend to make them think of corporate social responsibility in generic ways, instead of in the way most appropriate to their individual strategies.

Porter and Kramer (2006), suggest four common reasons that companies participate in CSR activities are: moral obligation (duty to be good citizens and “do the right thing”), sustainability (continued ability to operate requires environmental and community stewardship), license to operate (stakeholder approval to conduct business in a community is required), and reputation (CSR initiatives can improve an organisation’s reputation, leading to improved business conditions). They argue that all four of these concepts focus on the tensions between business and societal issues, and so fall more into public relations and less into using CSR to improve organisational performance. Porter & Kramer (2006) conclude by stating that if corporations were to analyse their opportunities for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed. It can be a potent source of innovation and competitive advantage. To meet this goal, Porter and Kramer (2006) propose a new way to look at the relationship between business and society that does not treat corporate growth and social welfare as a zero-sum game. This framework allows an individual company to identify the social consequences of their actions and discover opportunities to benefit society and themselves by strengthening the competitive context in which they operate.

Daft and Marcic (2009) argue that, enlightened companies realize that integrity and trust are essential to sustain successful and profitable business relationships with an increasingly connected web of employees, customers, suppliers and partners. Although doing the right thing might not always be profitable in the short-run, many managers believe it can provide a

competitive advantage by developing a level of trust that money cannot buy. Daft and Marcic (2009) suggest that, one concern of managers is whether good citizenship will hurt performance. The determinants of business performance are; an organisation's profitability, Customer satisfaction and retention, sales growth, corporate image and the quality of service or product delivered. McGuire et al. (1988) supports this and argues that a firm perceived as high in social responsibility may face relatively fewer labour problems or perhaps customers may be more favourably disposed to its products. Alternatively, CSR activities might improve a firm's reputation and relationship with bankers, investors and government officials. Improved relationships with them may well be translated to economic benefits. Economists Donald Siegel and Donald Vitaliano (2007) examined the theory that firms strategically engage in profit maximizing CSR. Their analysis highlights the specific attributes of business and types of CSR activities that make it more likely that "socially responsible" actions actually contribute to profit maximization. They concluded that high-profile CSR activities (e.g., voluntary efforts to reduce pollution or to improve working conditions for employees) are more likely undertaken when such activities can be more easily integrated into a firm's differentiation strategy. The following are the aspects of CSR (Uddin, Hassan and Tarique, 2008) which can be related to business performance of companies:

2.2.1 The economic aspects of CSR on business performance.

The economic aspects of CSR consist of understanding the economic impacts of the company's operations on business performance. According to Uddin, Hassan and Tarique (2008), the economic dimension of the sustainability agenda should consider the direct and indirect economic impacts that the organisation's operations have on the surrounding community and the company's stakeholders. These may include contributions through taxes, the multiplier effect and avoiding actions that damage trust.

2.2.2 Social Aspects of CSR on business performance.

Many organisations are becoming increasingly active in addressing social concerns. Social Responsibility according to Uddin, Hassan and Tarique (2008), means being accountable for the social effects the company has on people, even indirectly. These social aspects may include responsibility towards customers, responsibility towards employees and responsibility towards community.

2.2.3 Environmental Impact on business performance.

Uddin, Hassan and Tarique (2008) argue that corporate activity may have many types of effects on the environment. Usually environmental impact refers to the negative effects occurring in the surrounding natural environment due to business operations. Such impacts may include: environmental management and, the Win-Win of Environmental Responsibility. The above aspects of CSR are related to business performance in companies. These aspects of CSR affect the business performance of all stakeholders in an organisation, in terms of Customer satisfaction and retention, profitability, sales growth, the quality of service or product delivered and the corporate image. Economists Bryan Husted and José de Jesus Salazar (2006), for example, recently examined an environment where it is possible for investment in CSR to be integrated into the operations of a profit-maximizing firm.

2.3 Corporate image

Bouchet (2000) suggests that the concept of Corporate Image should draw the company's attention to the way in which it is perceived in the market. The market – as mentioned – contains the company itself. Of course, the companies are chiefly interested in what image their most important audience have of them. No matter how much or how well the company seeks to influence this, its image on the market usually never corresponds with the ideal as the managers want it to be and as the employees perceive it. He further argues that similarly Corporate Identity should draw the company's attention to the way it perceives itself. And as

mentioned it can be misleading to stick to limits that are too rigid between management, employees, shareholders and suppliers. The issue, when it comes to corporate identity, is to define how the company intends to present itself. Therefore, it is more a matter of an ideal, but because this is dealt with consciously, an assessment of one's own behaviour should be aimed at. To be able to perceive one better - one's limits and potentials - the concept of corporate culture could be useful.

2.4 Service delivery

Oboth (2001) noted that in as far as the Local Government Act (2000), the constitution and any other statutes that are studied; there is no definition of the phrase service delivery either deliberately or ignorantly. However, he said, service is a system or arrangement that supplies public needs whereas delivery is periodical performance of a service. Therefore service delivery is a system or arrangement of periodical performance of supplying public needs. Hemsing (1995) in his study defines service delivery as a deliberate obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients. Heskett (2007) defines service delivery as an attitudinal or dispositional sense, referring to the internationalization of even service values and norms. He further observes that there is no difference between service delivery and performance because you can only measure performance by focusing on the services delivered.

2.5 Sale growth

Callidus Software (2008) is of the view that achieving profitable sales growth is accomplished by selling more of the right products as cost effectively as possible.

2.6 Profitability

Hofstrand (2013) refers to profitability as the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Profitability is measured with income and expenses. Income is money generated from the activities of the business.

2.7 Government policy

According to the Times 100 Business Case Studies (2014) Governments create the rules and frameworks in which businesses are able to compete against each other. From time to time the government will change these rules and frameworks forcing businesses to change the way they operate. Business is thus keenly affected by government policy.

2.8 Statutory laws and regulation

According to Sheehy (2001), Statutes are federal or state written laws enacted by the Congress or state legislatures. Regulations are rules and administrative codes issued by governmental agencies at all levels, municipal, county, state and federal. Regulations have the force of law because they are adopted under authority granted by statutes and often include penalties for violations. Most often, regulations are not included in volumes containing state statutes or federal laws; instead, they must be obtained from government agencies or located in publications not widely distributed.

2.9 Information technology

Rouse (2005) defines information technology as a term that encompasses all forms of technology used to create, store, exchange, and use information in its various forms (business data, voice conversations, still images, motion pictures, multimedia presentations, and other forms, including those not yet conceived). It's a convenient term for including both telephony

and computer technology in the same word. It is the technology that is driving what has often been called the information revolution.

According to Davis (1975), Social responsibility is also seen as a consequence of and an obligation following from the unprecedented increase of firms' social power (as tax payers, recruiters, etc.). He argues that failure to balance social power with social responsibility may ultimately result in the loss of this power and a subsequent decline of the firm.

2.3 The ways in which CSR affects the organisational commitment of companies' stakeholders.

Organisational commitment refers to the employee's emotional attachment to, identification with and involvement in a particular organisation. It is a significant competitive advantage since employees with high levels of effective commitment are less likely to quit their jobs and be absent from work (Mc Shane and Glinol, 2008). They further argue that organisational commitment also improves customer satisfaction because long tenure employees have better knowledge of work practices, and clients like to do business with the same employer. The stakeholder concept was described in a detailed way by E. Freeman (1984). Freeman argued that managers should tailor their policies to satisfy the needs of all the stakeholders, not just those of the shareholders. In this approach, CSR became a strategic mandate for business leaders and thus a favourable task also for the top management level. Kiberu (2009) argues that CSR is becoming a key performance indicator in making decisions by international financial institutions. He further argues that there is a rise in societal expectations of companies by stakeholders other than shareholders and that the same discipline required in managing stakeholder value is applicable today as that used previously for managing shareholder value.

Kiberu (2009) argues that all this is geared at maintaining the elusive “licence to operate.” This “licence” is the good will that no organisation can afford to squander. It is vital for business sustainability. Many firms grapple daily trying to implement sophisticated CSR programmes and campaigns in their workplace. Many times, these corporations forget that charity begins at home. The best ambassadors to role-model an organisation’s CSR are its work force. It is them that play a most influential role in securing third party endorsement. An organisation can only ignore this reality at its own peril.

Mc Shane and Glinon (2008) note that stakeholders are shareholders, customers, suppliers, governments and other groups with a vested interest in the organisation. They further argue that as part of CSR, many companies have adopted the triple bottom line philosophy. This means that they try to support or “earn positive returns” in the economic, social, and environmental spheres of sustainability. Firms that adopt the triple bottom line aim to survive and be profitable in the market place (economy), but they also intend to maintain or improve conditions for society as well as the physical environment. The two authors Shane and Glinon (2008) state that stakeholders represent a central part of internal and external environment. They suggest that stakeholders include any person or entity with a vested interest in the organisation. Stakeholders influence the firm’s access to inputs and ability to discharge outputs. They also state that unless they (organisations) pay attention to the needs of all shareholders, organisational leaders may find their business in trouble. For instance, leaders may put their organisation at risk if they pay attention only to shareholders and ignore the broader CSR. Waddock (2006) argues that the basis for Friedman’s assertion that shareholders are the only important stakeholder is that owners have taken a risk with their investments in the firm and are therefore owed a profit. But this view is too constricted to be useful in a world in which it is increasingly recognized that other stakeholders are equally

important to the survival and success of the firm and they too have maximum significant investments in the welfare of the firm. That is to say,

- ❖ Owners invest financial capital
- ❖ Communities may invest social capital or relationship built on trust and association or create infrastructure to support the firm's activities
- ❖ Employees invest their human capital, knowledge and intellectual energies
- ❖ Customers invest their trust as part of the firm's franchise and hence their willingness to continue to purchase the goods and services produced by the firm
- ❖ Suppliers may invest in specific technology, equipment or infrastructure so that they can enhance their relationship to the firm over time and make the bonds tighter.

Jimmy Kiberu (2009) argues that, Organisations that invest in CSR can benefit from: Increased ability to attract and retain high calibre employees whilst elevating staff morale, enhanced brand and image reputation and increased sales and customer loyalty from its reputation as consumers base their purchasing decisions on an organisation's social and environmental track record. According to Freeman, Velamuri and Moriarty (2006), there are four levels of how CSR affects organisational commitment of stakeholders, these include;

Level 1: Basic Value Proposition

At this most basic level, the entrepreneur or manager needs to understand how the firm can make the customer better off, and simultaneously offer an attractive value proposition to employees, suppliers, communities, and financiers.

Level 2: Sustained stakeholder cooperation

The competitive, macro-economic, regulatory, and political environments are so dynamic they necessitate constant revision of the initial stakeholder arrangements. Each revision

upsets the delicate balance struck in the basic value propositions to various stakeholders. Managers must have a deep understanding of how these trade-offs affect each stakeholder, the amount of sacrifice a given stakeholder will accept, and how these current sacrifices can be compensated.

Level 3: An understanding of broader societal issues

Today's managers must recognize and respond to a rising number of international issues, without the moral compass of the nation, state or religion as a guide. Managers may need to take positions on issues that apparently are not purely business related. A pro-active attitude is necessary towards all stakeholder groups, both primary, i.e., those that have direct business dealings with the company, and secondary, such as NGOs and political activists, who can affect the operations of the company.

Level 4: Ethical leadership

Recent research points to a strong connection between ethical values and positive firm outcomes such as sustained profitability and high innovation. Proactive ethical leadership is possible only if there exists a deep understanding of the interests, priorities, and concerns of the stakeholders.

Freeman, Velamuri and Moriarty (2006) state that the very idea of managing for stakeholders is that the process of value creation is a joint process. Companies need to show returns to its shareholders, meet obligations to debt holders, banks, and others. Managers must keep these stakeholder interests in balance, hopefully mutually reinforcing each other. The online auction firm eBay constantly updates its user interface and back office processes to meet the expectations and desires of multiple stakeholder groups in particular, people who use the site to buy and sell goods. Freeman, Velamuri and Moriarty (2006) further explain that, it has also been of great benefit to the firm's shareholders, with the stock price increasing roughly 400% from 1999 to 2006. They further argue that employees are far more motivated to give their

time, energy and creativity when they believe in their firm's overall mission and goals. The firm in turn needs to live its values.

For example, Merck (2000)'s stated mission is to provide society with superior products and services by developing innovations and solutions that improve the quality of life and satisfy customer needs, and to provide employees with meaningful work and advancement opportunities, and investors with a superior rate of return.

CSR seeks solutions to issues that satisfy multiple stakeholders simultaneously.

Issues and problems come at managers from many sources, in many forms. Managers need to find ways to develop programs, policies, strategies, even products and services that satisfy multiple stakeholders simultaneously (Velamuri and Moriarty 2006).

2.4 The extent to which companies benefit from CSR categorized under the economic, the social and environmental factors.

Kiberu (2009) suggests that Organisations that invest in CSR can benefit from: Increased ability to attract and retain high calibre employees whilst elevating staff morale, enhanced brand and image reputation and increased sales and customer loyalty from its reputation as consumers base their purchasing decisions on an organisation's social and environmental track record. They also benefit from reduced operating costs, positive publicity and an enhanced public image from an organisation's good works. Global financial institutions are also making it a condition to apply social and environmental indicators to access capital, which is embedded in contracts. However, according to a 2006 Globescan survey of socially responsible companies, the top eight factors cited by respondents as reasons a company is not considered socially responsible were; harming the environment, failure to act in community's interest, treating employees poorly and providing poor quality products or services. Others were untrustworthy brands, poor working conditions, overpriced products or services, and

failure to support charities or community. Judging from these responses, environmental protection is back on the CSR agenda big-time.

Likewise, care and treatment of employees is highly regarded. Human rights issues have also gone up in rating. They are mirrored in the way an organisation applies them in the workplace through labor standards and environmental protection.

Post (2002) gave an example that if a drug education program prevents and reduces on the job drug abuse, then resulting lower employee turnover, fewer absences from work, a healthier workforce, fewer accidents and injuries may increase the firm's productivity and lower health insurance costs. In that case, the company may actually experience an increase in its long-run profits, although it had to make an expensive outlay to get the program started. He further argues that as a member of society a firm must abide by the laws and regulations governing the society. Legal rules set minimum standards for business to follow. Some firms go beyond the law; others seek to change the law to require its competitors to be more socially responsible. Businesses that comply with laws and public policies are meeting a minimum level of social responsibility by the public. Post, Lawrence and Weber (2002), argue that a business manage its economic responsibilities to its stockholders, its legal requirements to societal laws and regulations and its social responsibility to various stakeholders. Although these obligations may conflict at times, a successful firm is one for which management finds ways to meet each of its critical responsibility and develops strategies to enable these obligations to help each other. Foote, Gaffney and Evans (2010), argue that an organisation's leadership needs to stress its responsibilities to the public and needs to practice good citizenship. They further explain that these responsibilities refer to basic expectations of an organisation; these may include business ethics and protection of public health, safety and the environment. Health, safety, and the environment include an organisation's operations as well as the life cycles of its products and services. Foote,

Gaffney and Evans (2010), argue that also organisations need to emphasize resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, distribution, transportation, use, and disposal of your products. Plans should seek to prevent problems, to provide a forthright response if problems occur, and to make available information and support needed to maintain public awareness, safety, and confidence.

Critics of CSR

M. Friedman (1970) for instance argued that CSR served solely the personal benefit of company managers in raising their reputation in society, thus leading to higher personal wages, while shareholders would experience loss because companies were not profiting from CSR activities as these activities would incur only expenses. He argued that businesses should focus only on increasing their profits and not on adding value to society in general. Milton Friedman (1970) also contends that diverting corporations from the pursuit of profit makes the economic system less efficient. Business's only social responsibility is to make money within the rules of the game. Private enterprises, therefore, should not be forced to undertake public responsibilities that properly belong to government. Kaufmann and Olaru (2012) suggest that this reasoning was in line with the market driven approach coined by Adam Smith: The invisible hand of free markets would produce best results if all agents would strive to maximize their profits.

2.5 Conclusions

According to the arguments presented above, a firm may be legally responsible when it abides by the laws and regulations set up by their governments. These firms may be socially responsible by participating in community activities so as to show transparency in the organisation and thereby building good relationships with others. Firms may be economically responsible when they charge favourable prices especially during tough economic conditions.

For instance when there are unfavourable exchange rates in the economy. Firms may also be environmentally responsible when they obey the laws and regulations set by their governments concerning how they should maintain their environment.

In conclusion, the researcher reviewed the literature of different scholars on the three objectives of the research topic as discussed above. Murillo and Martinek (2009), conclude that modern theoretical and empirical analyses indicate that firms can strategically engage in socially responsible activities to increase private profits. Given that the firm's stakeholders may value the firm's social efforts, the firm can obtain additional benefits from these activities, including: enhancing the firm's reputation and the ability to generate profits by differentiating its product, the ability to attract more highly qualified personnel or the ability to extract a premium for its products.

CHAPTER THREE

3.0 Introduction

In this chapter, the researcher provides the methods to be used and applied to make the study successful. The researcher deals with the following; the research design, the target population, sample size, sampling techniques, data collection methods, validity, reliability, research procedure, data analysis, ethical consideration, study limitations and conclusion. The research was carried out on MTN Uganda as a case study.

3.1 Research design

According to Babbie (2013), research design is the process of focusing your perspective for the purposes of a particular study whereas according to Sekaran (2010), a research design is a way in which the requisite data can be gathered and analyzed to arrive at a solution. Amin (2005) argues that it is the conceptual structure within which the quantitative research is conducted and constitutes the blue print for the measurement of variables collection and analysis. This study was carried out among the employers, employees and customers of MTN Uganda.

3.2 Area of study

The study was conducted at the head quarters of MTN Uganda in Kampala district.

3.3 Study population

Babbie (2013), states that the population for a study is that group (usually people) about whom we want to draw conclusions. The researcher targeted the shareholders, the employees and the clients of MTN Uganda. It was difficult to determine the actual population; therefore the researcher estimated a certain number of the target population that was to be sampled as indicated below;

POPULATION	FREQUENCY	PERCENTAGE
Finance department	8	14.5%
Quality control department	8	14.5%
Management department	2	3.6%
Sales and marketing department	8	14.5%
Other departments	8	14.5%
Production department	9	16.3%
Other stakeholders	12	21.8%
Totals	55	100%

3.4 Sampling techniques

3.4.1 Sample size

A sample refers to a representative of the population from which it is selected (Bloor and Wood, 2006). The researcher used the population of the managers, the employees and stakeholders of MTN Uganda to get the sample size. The researcher used the sample size of 48 people out of which 8 were employees from Finance department, 2 were at management level, 8 were employees from Quality control department, 8 were employees from the sales and marketing department, 8 were employees from production department, 9 were from other departments and 12 were other stakeholders of the Organisation. The sample size was obtained using the Krejcie and Morgan table as attached in the appendix 11. It shows a sample size of 48 for the estimated population of the researcher which is 55.

3.4.2 Sampling techniques

Sampling refers to the process of selecting elements from a population in such a way that the sample elements selected represent the population (Amin, 2005). The researcher used

probability sampling which Amin defines as the process of selecting a sample in a way that all elements in the population have some probability of being selected. The researcher decided to use Stratified sampling under probability sampling. Stratified sampling is the sampling methodology that takes into consideration the heterogeneous nature of the population to be sampled (Amin, 2005).

When using Stratified sampling, the population is divided into sub-populations such that the elements within each sub population are homogenous. This was used because the population to be used was divided into sub populations. That is; employees, management and other stakeholders. The number of respondents in each category were determined as follows;

Total population=55, Finance department= 8, management= 2, other stakeholders= 12, Quality control department=8, Sales and Marketing=8, production=8, and other departments=9.

Sample as obtained from the Krejcie and Morgan table=48

Fraction to be maintained in both strata= $48/55 = 0.8727272$

Therefore, of the 48 sample respondents,

Finance Department - $0.8727272 * 8 = 7$

Quality Control Department - $0.8727272 * 8 = 7$

Management level - $0.8727272 * 2 = 2$

Sales and Marketing Department - $0.8727272 * 8 = 7$

Production Department - $0.8727272 * 8 = 7$

Other Departments - $0.8727272 * 9 = 8$

Other stakeholders - $0.8727272 * 12 = 10$

Source: (Amin 2005, p.247)

3.5 Data collection methods and instruments

The key methods of data collection that were used in the study are questionnaire, interview, and observation. The researcher developed a questionnaire of which copies were distributed to respondents and then collected after being filled in. The researcher used observation method while in the field to observe the perception of company stakeholders on CSR and the impact of CSR on the stakeholders' performance in and towards the company.

Questionnaire: Baker (1999) suggests that questions are written down and the respondent reads them and gives written answers. He further states that questions in a questionnaire or an interview try to get at the underlying attitudes and dispositions (the orientations) surrounding a piece of information. The questionnaires were given to different respondents who answered them and posted them back to the researcher. The researcher used the information to answer the research questions in the study of the impact of CSR on the business performance of companies. In addition questionnaires generate first hand information.

Interview: Interview according to Babbie (2013) is a data-collection encounter in which one person (interviewer) asks questions of another (a respondent). He states that interviews may be conducted face to face or by telephone. The researcher carried out a face to face interview with the respondents and this enabled the researcher to get more detailed information about the study and the researcher put forward her opinion basing on the information got from the respondents. This has a higher response rate compared to the questionnaires

3.5.1 Research instrument

Sarantakos (2003) refers to the data collection instruments as the tools that are used to collect information during the study. The researcher used the following during the study; questionnaires, pens, papers, and internet sources and interview guide.

3.6 quality control methods

3.6.1 Validity

Validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration (Babbie, 2013). He further states that a measure of social class, not political orientations. He argues that validity means that we are actually measuring what we say we are measuring. To ensure validity, the research instruments were given to two experts who rated the items

3.6.2 Reliability

According to Babbie (2013), reliability is a matter of whether a particular technique, applied repeatedly to the same object, yields the same result each time. He further argues that reliability is a quality of measurement method that suggests that the same data would have been collected each time in repeated observations of the same phenomenon. To ensure reliability, the researcher pre tested the questionnaire by altering the questions to check whether similar answers would be obtained.

3.7 data management and processing

The researcher during the study, recorded interviews through writing down field notes. The recordings were then transcribed later and data was entered in the computer on Microsoft word where editing was done to keep the originality of the information.

3.8 Data Analysis

Sarantakos (2003), define data analysis as the process of data processing and converting raw data into meaningful statements.

The researcher used both the qualitative and quantitative designs, the study was more of qualitative than quantitative in nature.

Babbie (2013) defines quantitative data analysis as a numerical representation and manipulation of observations for the purpose of describing and explaining the phenomena that those observations reflect. The researcher used correlation analysis to examine the relationship between independent variable (corporate social responsibility) and the dependent variable (performance). This means that the research related the dimensions of the independent variables (economic, social and environmental aspects) with the indicators of the dependent variable (quality of products, efficiency and effectiveness).

Qualitatively, data was analyzed using SPSS computer software version 1.6 computer program. Data was first presented in univariate forms using distribution tables and written down. Data was then presented in tables and graphs with accompanying explanations of each. Later Bivariate analysis was carried out to yield more meaningful information.

Uni-variate according to Babbie (2013) is the analysis of a single variable, for purposes of description. He further defined Bivariate as the analysis of two variables simultaneously, for the purpose of determining the empirical relationship between them.

3.9 Ethical consideration

The researcher followed the correct procedures while carrying out the study. This included introducing herself to the respondents to know who the researcher was and made sure that the researcher also got to know the respondents by name, this eliminates the bias between the respondents and the researcher. Researcher also informed the respondents about the confidentiality of data. In addition, consent was sought for from the respondents before obtaining any information from them. No respondent was required to put names on the questionnaire as a means of ensuring confidentiality.

3.10 Study limitations

Limitations that the researcher faced during the study included incomplete questionnaires, the data collected was from a small size and this meant that the results are not appropriate enough to be generalized.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 INTRODUCTION

This chapter presents the results obtained from the field interviews and questionnaire responses generated during this study.

Data was collected and analysed with the guidance of the study objectives and presented in three main categories namely, organisational commitment of companies' stakeholders, benefit of CSR categorized under the economic, the social and environmental factors and the relationship between CSR and business performance. Chapter four gives their analysis and explanations. It analyses and discusses the impact of CSR on business performance in companies using the case study of MTN Uganda. The researcher presents the findings as follows;

4.2 Response rate and methods of analysis

In reference to chapter three, a total of 55 respondents were expected to participate in this study, but 48 respondents actually participated representing a response rate of 87%. In the study non respondents were not found on site at the time of this study. Others did not return questionnaires for unknown reasons and others did not participate in interviews sighting reasons of being busy. According to Guttmacher Institute, (2006), response rate should never be less than 60%; Amin (2005) argues that for any results to be reliable, the response rate should never go below 50%. Therefore the results obtained from the study are considered to be reliable based on the response rate of 87%.

Table 1: Gender of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	27	56.2	56.2	56.2
female	21	43.8	43.8	100.0
Total	48	100.0	100.0	

Source: Field Data

From table 4.3 above, 27 (56.2%) of the respondents were males and 21 (43.8%) were females. The views of each gender category were adequately represented. The higher proportion of males is largely attributed to the higher number of males compared to females in the organisation, which was also taken into account at the sampling stage.

Table 2: Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-29	14	29.2	29.2	29.2
30-39	22	45.8	45.8	75.0
40-49	5	10.4	10.4	85.4
50-59	5	10.4	10.4	95.8
60 and above	2	4.2	4.2	100.0
Total	48	100.0	100.0	

Table 4.4 above indicates the respondents who belonged in the ages between 30 and 39 years and these were 22 (45.8%), which implied that MTN Uganda employs and retains energetic personnel because of their innovativeness and synergy. The modest numbers of respondents are 40-49 who were 5(10.4%) and 50-59 with 5(10.4%) and the lowest number of respondents is 60 or above with 2 (4.2%).

Table 3: Functions the respondents are involved with

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Finance	5	10.4	10.4	10.4
quality control	10	20.8	20.8	31.2
management	4	8.3	8.3	39.6
production	8	16.7	16.7	56.2
sales and marketing	12	25.0	25.0	81.2
Others	9	18.8	18.8	100.0
Total	48	100.0	100.0	

Source: Field Data

Table 4.5 above shows the functions of MTN Uganda the respondents were from or worked, in finance 5 (10.4%), 10 (20.8%) in quality control, 4 (8.3%) in management, 8 (16.7%) in production, 12 (25.0%) in sales and marketing, 9 (18.8%) work in other functions, like, corporate affairs, security and customer care. This implies that the majority 12(25.0%) of the respondents worked under the sales and marketing department. These were in charge of creating awareness about the various MTN Uganda’s products and services and in addition

they sale the company’s products and services. The respondents under others work in the corporate affairs department which is involved in CSR practices of MTN Uganda.

Table 4: Years spent with MTN Uganda

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid less than 5	26	54.2	54.2	54.2
5 or more	22	45.8	45.8	100.0
Total	48	100.0	100.0	

Source: Field Data

In table 4.6 above, the majority 26(54.2%) have worked with MTN Uganda for less than 5years, 22 (45.8%) of the respondents have worked with the organisation for 5 or more years. The majority of the respondents have worked with MTN Uganda for less than 5 years which suggests MTN Uganda recruits new staff to replace the old ones so as to exercise their innovativeness and creativity in the company thus improving quality of CSR. These have been able to create good relationships with other stakeholders.

Table 5: The CSR Policy of MTN Uganda

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	39	81.2	81.2	81.2
no	9	18.8	18.8	100.0
Total	48	100.0	100.0	

Source: Field Data

In table 4.7 above, the majority who were 39 (81.2%) agree that MTN Uganda had a CSR policy. And 9 (18.8%) disagreed with the statement that MTN Uganda had no CSR policy. This implies that MTN Uganda has its CSR policy written down and therefore these activities are planned for and also show the commitment of MTN Uganda towards its employees, customers, environment and other stakeholders, like the government of Uganda.

Table 6: If yes in 5, is this policy written down

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	34	70.8	70.8	70.8
no	14	29.2	29.2	100.0
Total	48	100.0	100.0	

Source: Field Data

From table 4.8 above, 34 (70.8%) of the respondents agreed with the statement that MTN Uganda has a written down policy of CSR and 14 (29.2%) of the respondents disagreed with the statement that MTN Uganda doesn't have a written down policy of CSR. The ones who disagreed with the statement stated in their oral interviews that MTN Uganda had no written down policy and that their CSR practices are profit making ventures for the company. This is mainly because the company is a profit making business and Waddock (2006) argues that the basis for Friedman's assertion that shareholders are the only important stakeholder is that owners have taken a risk with their investments in the firm and are therefore owed a profit.

4.3 Organisational commitment of companies' stakeholders.

One of the objectives of the study was to analyze how CSR affects the organisational commitment of the companies' stakeholders. Organisational commitment refers to the employee's emotional attachment to, identification with and involvement in a particular

organisation (Mc Shane and Glinol, 2008). As indicated in the methodology (chapter 3), the questionnaire from which the data was generated was designed with a yes or no option.

Table 7: CSR practice has affected yours commitment to MTN Uganda.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	27	56.2	56.2	56.2
no	21	43.8	43.8	100.0
Total	48	100.0	100.0	

Source: Field Data

From the table 4.8.1 above, 27 (56.2%) of the respondents agreed with the statement that CSR practice of MTN Uganda has affected their commitment to the organisation. The respondents who disagreed were 21 (43.8%) that CSR practice has affected their commitment to MTN Uganda. Of the majority 27 (56.2%) of the respondents who agreed that the CSR practice of the company affected their commitment gave the following reasons; it's because MTN cares about the society, one respondent suggested that he became more creative in the activities of the company, it's because they participate in some CSR activities of the companies like the MTN marathon carried out annual because this gets them to interact with new people and it's also a fun activity.

In addition the respondents stated that they like to identify with companies that give back to the community; they also get to associate with important individuals in the society due to the fact that they work with MTN Uganda which is regarded as a company with good corporate image. These respondents are motivated to work harder, they are more committed, they are proud of it, because they have to work hard in order to maximise sales to get profits and to

give back to the society. The respondents feel that MTN is a responsible entity that cares about the community and the country at large, and it has reinforced their passion to work with a brand that supports CSR. This was in agreement to Kiberu (2009), who argued that organisations that invest in CSR can benefit from: Increased ability to attract and retain high calibre employees whilst elevating staff morale, enhanced brand and image reputation and increased sales and customer loyalty from its reputation as consumers base their purchasing decisions on an organisation’s social and environmental track record. However, some of the respondents who disagree that their commitment to MTN Uganda has been affected by the company’s CSR practice gave the following reasons; its expensive, it’s because they focus on they work and the management of MTN, they have maintained their salaries despite the abnormal profits made by the company, they are not users, and they have maintained their positions in the company. Waddock (2006) argues that the basis for Friedman’s assertion is that shareholders are the only important stakeholders, they are owners of an organisation and they have taken a risk with their investments in the firm and are therefore owed a profit. This argument is against the fact that employees and business customers negatively impose on the business as a result of it making abnormal profits and not sharing the profits with them.

Table 8: CSR practice has influenced staff morale in MTN Uganda

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	35	72.9	72.9	72.9
no	13	27.1	27.1	100.0
Total	48	100.0	100.0	

Source: Field Data

From table 4.8.2 above, 35 (72.9%) of the respondents agreed with the statement that CSR practice has influenced staff morale in MTN Uganda and 13 (27.1%) of the respondents disagreed with the statement that CSR practice has influenced staff morale in MTN Uganda. The majority of the respondents agree that CSR practices influenced staff morale and this is supported by Jimmy Kiberu (2009), who argues that, Organisations that invest in CSR can benefit from: Increased ability to attract and retain high calibre employees whilst elevating staff morale. CSR influences staff morale in MTN Uganda because of the company's intentions to be socially responsible because MTN chairman Charles Mbire said, "At MTN, we do not give out of pity, but out of love."

Table 9: CSR practice has influenced customer approval in MTN Uganda

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	40	83.3	83.3	83.3
no	8	16.7	16.7	100.0
Total	48	100.0	100.0	

Source: Field Data

From the table 4.8.3 above, 40 (83.3%) of the respondents agreed that CSR practice has influenced customer approval in MTN Uganda and 8 (16.7%) of the respondents disagreed with the statement that CSR practice has influenced customer approval in MTN Uganda. Jimmy Kiberu (2009), argues that, Organisations that invest in CSR can benefit from customer loyalty from its reputation as consumers base their purchasing decisions on an organisation's social and environmental track record, this is evidenced with the majority of the respondents that agreed with the statement that CSR practice influenced customer approval in companies.

Table 10: CSR practice has influenced customer loyalty maintenance in MTN Uganda.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	33	68.8	68.8	68.8
no	15	31.2	31.2	100.0
Total	48	100.0	100.0	

Source: Field Data

Of the 48 respondents who responded to this statement, 38 (68.8%) of them agreed with the statement that CSR practice has influenced customer loyalty maintenance in the organisation of MTN Uganda and 15 (31.2%) of the respondents disagreed that CSR practice has influenced customer loyalty maintenance in MTN Uganda. With the majority 38 (68.8%) who agreed to the above statement imply that due to the CSR practices of companies, customers develop trust in the companies and therefore always prefer to buy products and services from that company regardless of the prices of the products and services. A good example is MTN Uganda which is a very expensive network but individuals continuously consume their products and services.

4.4 Benefit of CSR categorized under the economic, the social, and the environmental factors.

Another objective of the study was the extent to which companies benefit from CSR categorized under the economic, the social, and the environmental factors. As indicated in the methodology (chapter 3), the questionnaire from which the data was generated was designed on a five-point Likert scale with different levels of agreement for each item, namely; level 5 for strongly agree, 4 for agree, 3 for not sure, 2 for disagree and 1 for strongly disagree.

Table 11: Benefit of CSR categorized under the economic, the social, and the environmental factors.

	Statements	1		2		3		4		5		total	
(a)	CSR has affected customer satisfaction	-	-	2	4.2%	14	29.2%	25	52.1%	7	14.6%	48	100
(b)	CSR practice influences community acceptance	1	2.1%	1	2.1%	8	16.7%	27	56.2%	11	22.9%	48	100
(c)	CSR practice influences better contribution to community	-	-	2	4.2%	11	22.9%	20	41.7%	15	31.2%	48	100
(d)	CSR influences environment conservation	4	8.3%	4	8.3%	21	43.8%	13	27.1%	6	12.5%	48	100
(e)	MTN CSR practice influences competitor practice	3	6.2%	5	10.4%	19	39.6%	15	31.2%	6	12.5%	48	100
(f)	MTN CSR practices influence increasing rivals' costs	16	33.3%	6	12.5%	12	25.0%	6	12.5%	8	16.7%	48	100

Table 12: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR has affected customer satisfaction	48	2	5	3.77	.751
CSR practice influences community acceptance	48	1	5	3.96	.824
CSR practice influences better contribution to community	48	2	5	4.00	.851
CSR influences environmental conservation	48	1	5	3.27	1.067
MTN CSR practice influences competitor practices	48	1	5	3.33	1.038
MTN CSR practices influence increasing rivals' costs	48	1	5	2.67	1.478
Valid N	48				

From the table 4.9 above, the respondents responded as follows to each of the above statement in the table above;

(a) **CSR has affected customer satisfaction.** None of the respondents strongly disagree that CSR has affected customer satisfaction, 2(4.2%) of the respondents disagreed that CSR has affected customer satisfaction, 14(29.2%) of the respondents were not sure about whether CSR has affected customer satisfaction or not, 25 (52.1%) agreed that the practice of CSR has affected customer satisfaction, and 7(14.6%) of the respondents strongly agreed the CSR

has affected customer satisfaction. The mean is 3.77, which implies that respondents agreed with the statement that CSR has affected customer satisfaction.

(b) CSR practice influences community acceptance. 1(2.1%) of the respondents strongly disagreed that CSR influences community acceptance, 1(2.1%) of the respondents disagreed that CSR practice influences community acceptance, 8(16.7%) of the respondents were not sure that CSR practice influences community acceptance, 27(56.2%) of the respondents agreed CSR practice influences community acceptance, and 11(22.9%) of the respondents strongly agreed that CSR practice influences community acceptance. The mean of respondents who answered this question was 3.96. This is evidenced in the (Daily Monitor, 2014) when Ms Museveni said, “thank you (MTN) for rallying the public to annually come together to run not only for their personal health, but to make a difference in the live of needy people who live amongst us.” The mean 3.96 implies that respondents agreed that CSR practice influences community acceptance.

(c) CSR practice influences better contribution to community. 2(4.2%) of the respondents disagreed that CSR influences better contribution to community, 11(22.9%) of the respondents were not sure if CSR practice influences better contribution to community, 20(14.7%) of the respondents agreed that CSR influences better contribution to community, and 15(31.2%) of the respondents strongly agreed that CSR practice influences better contribution to community. The mean 4.00 implies that respondents agreed that the contribution to community is influenced by CSR practices.

(d) CSR influences environmental conservation. 4(8.3%) of the respondents strongly disagreed that CSR influences environmental conservation, 4(8.3%) of the respondents disagreed that CSR practice influences environmental conservation, 21(43.8%) of the respondents were not sure that CSR influences environmental conservation, 13(27.1%) of the

respondents agreed that CSR influences environmental conservation, and 6(12.5%) of the respondents strongly agreed CSR practice influences environmental conservation. The mean of the respondents who answered this question was 3.27, which may imply that some respondents agree that CSR influences environmental conservation and others do not.

(e) **MTN CSR practice influences competitor practices.** 3(6.2%) of the respondents strongly disagreed that MTN CSR influences competitor practices, 5(10.4%) of the respondents disagreed that CSR of MTN influences competitor practices, 19(39.6%) of the respondents were not sure that MTN CSR practices influence competitor practices, 15(31.2%) of the respondents agreed MTN CSR practice influences competitor practices, and 6(12.5%) of the respondents strongly agreed with the statement that MTN CSR influences competitor practices. The mean of the respondents who answered this question was 3.33; this implies that the respondents were not sure of whether to agree with the statement above or not.

(f) **MTN CSR practices influence increasing rivals' costs.** 16(33.3%) of the respondents strongly disagreed that the CSR of MTN doesn't influence increasing rivals' costs, 6(12.5%) of the respondents disagree that the CSR practices of MTN don't influence increasing rivals' costs, 12(25.0%) of the respondents were not sure that the CSR practices of MTN influence increasing rivals' costs, 6(12.5%) of the respondents agree that MTN CSR practices influence increasing rivals' costs, and 8(16.7%) of the respondents strongly agreed with the statement that the CSR of MTN influences the increasing rivals' costs. The mean of the respondents who answered this question was 2.67 which implied that they disagreed with the statement that MTN CSR influences increasing rivals' costs.

Table 13: CSR is part of the company's annual budget

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	34	70.8	70.8	70.8
no	14	29.2	29.2	100.0
Total	48	100.0	100.0	

Source: Field Data

From the table 5.0 above, 34 (70.8%) of the respondents agreed that CSR was part of the company MTN (U)'s annual budget and 14 (29.2%) of the respondents disagreed that CSR was not part of MTN (U)'s annual budget. The majority who agreed that CSR was part of the company MTN Uganda's annual budget believe that the company invests so much money in its practices and therefore budget for the various activities to be carried out. It's because Corporate Social Responsibility is the continuing commitment by business to behave according to business ethics and contribute to economic development while improving the quality of the life of the workforce and their families as well as the local community and society at large. (Uddi, Hassan, Tarique, 2008).

Table 14 What percentage of the budget is allocated to CSR?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-1%	27	56.2	56.2	56.2
1-5%	17	35.4	35.4	91.7
5-10%	4	8.3	8.3	100.0
Total	48	100.0	100.0	

From the above illustrations, 27 (56.2%) of the respondents agreed that 0-1% is the range for which MTN Uganda budget is allocated to CSR, 17 (35.4%) of them agreed that MTN Uganda allocated 1-5% to CSR practice in their budget and 4 (8.3%) of the respondents agreed that MTN Uganda allocated between 5-10% to CSR. However, majority of the respondents agreed that MTN Uganda allocated the least range of percentage of the budget to CSR. This indicates that companies do not give very much importance CSR; they still do not consider it very useful in the running of their businesses. CSR, in terms of supply of goods and services to society at a profit within a regulatory framework (Friedman, 1970). Therefore corporate social responsibility is not a threat to achievement of economic goals of a corporation; rather CSR is an opportunity and can be the basis of economic development of firms in terms of competitive advantage in global market. However, it was only the employees of MTN Uganda that have access to the budget.

Table 15: You have benefited from the CSR activities done by MTN Uganda

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	38	79.2	79.2	79.2
no	10	20.8	20.8	100.0
Total	48	100.0	100.0	

Source: Field Data

From the table above, 38 (79.2%) of the respondents agreed that they benefited from the CSR activities done by the organisation while 10 (20.8%) of the respondents disagreed that they had not benefited from the CSR activities done by MTN Uganda. The agreement of the statement above is evidenced in the (Daily Monitor, 2014), when Nakapiripirit district benefited from 2013 MTN Kampala marathon MTN, together with their various partners,

handed over a shs.400m cheque to water aid, an international charity that transforms lives by improving access to safe water, hygiene and sanitation who have been tasked to implement a six month clean water project in the karamoja region. The funds were part of proceeds from the 2013 marathon which attracted at least 20,000 participants under the theme run for water.

5.2 The relationship between CSR and business performance.

This is the last objective of the study was to find out the relationship between CSR and business performance in companies. As indicated in the methodology (chapter 3), the questionnaire from which the data was generated was designed with a yes or no option.

Table 16: MTN Uganda sales have increased as a result of their CSR practice

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	39	81.2	81.2	81.2
no	9	18.8	18.8	100.0
Total	48	100.0	100.0	

Source: Field Data

From the table above, 39 (81.2%) of the respondents agreed that the sales of MTN Uganda have increased as a result of their CSR practice and 9 (18.8%) of the respondents disagreed that MTN Uganda's increase in sales is not as a result of their CSR practice.

Table 17: CSR contributes a big percentage towards its profitability

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	25	52.1	52.1	52.1
no	23	47.9	47.9	100.0
Total	48	100.0	100.0	

Source: Field Data

From the table above, 25 (52.1%) of the respondents agreed that CSR contributes a big percentage towards its profitability and 23 (47.9%) of the respondents disagreed with the statement that CSR contributes a big percentage towards its profitability. Although doing the right thing might not always be profitable in the short-run, many managers believe it can provide a competitive advantage by developing a level of trust that money can't buy. Economists Donald Siegel and Donald Vitaliano examined the theory that firms strategically engage in profit maximizing CSR. Their analysis highlights the specific attributes of business and types of CSR activities that make it more likely that "socially responsible" actions actually contribute to profit maximization. They concluded that high-profile CSR activities (e.g., voluntary efforts to reduce pollution or to improve working conditions for employees) are more likely undertaken when such activities can be more easily integrated into a firm's differentiation strategy. A respondent in the marketing department said that most of the CSR activities done are a marketing tool for the company, these activities are put in the media so that the company can gain appreciation and favour from the society. Research shows that doing the right thing because it is the right thing can be more lucrative than being motivated solely by profit (Costello 2006).

Table 18: CSR practice influences MTN’s corporate image

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	38	79.2	79.2	79.2
no	10	20.8	20.8	100.0
Total	48	100.0	100.0	

Source: Field Data

From the table above, 39 (79.2%) of the respondents agreed with the statement that CSR practice influences MTN’s corporate image. 10 (20.8%) of the respondents disagreed that MTN’s CSR practice doesn’t influence their corporate image. One respondent said that through CSR activities, the company is able to build its name society. And the other mentioned that CSR activities benefit the corporation by building a good reputation for it in society. “We rely on the basic notion of signaling theory that positive signals enhance a firm’s reputation while negative signals harm it and that the consistency in the sent signals is a key enabler for a positive reputation and a stable corporate identity” (Cornelissen, Haslam, and Balmer 2007).

Table 19: The quality of services that MTN Uganda offer improve as a result of CSR practice

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	29	60.4	60.4	60.4
no	19	39.6	39.6	100.0
Total	48	100.0	100.0	

Source: Field Data

From the table above, 29 (60.4%) of the respondents agreed that the quality of services that MTN Uganda offer improve as a result of CSR practice. 19 (39.6%) of the respondents disagreed with the statement that MTN Uganda offer improve as a result of CSR practice.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

This chapter brings out a summary of the findings presented in chapter four and are discussed in relation to the reviewed literature. The discussion was in relation to the objectives of the study. This chapter took a critical look into findings and it took an analytical form seeking to explain whether the research proves the hypothesis. The analysis was concluded with recommendations for effective CSR activities in companies to stimulate better performance.

5.1 Summary of the findings

5.1.1 Organisational commitment of companies' stakeholders.

Results of respondents show that the commitment of the stakeholders of MTN Uganda is positively affected by the CSR practices. The popular activity is the yearly MTN Marathon that to most people benefits both employees and other stakeholders of the organisation, that is to say, people actually get to relax from their daily activities, meet new friends and yet even donate to the under privileged. This has also shown a good commitment of the organisation towards its community. However, though MTN Uganda is popular with these activities, it is also an expensive network, and most stakeholders are blinded by the CSR activities. Among the respondents who disagreed that MTN's CSR activities negatively affected their commitment to the organisation, they stated that MTN Uganda is a business enterprise and therefore it aims at making profits. This statement meant that since this is done every year and many people participate, surely the organisation must be making profits. The other reason is that there is inadequate transparency, that is to say, the company does not inform the public on the amount collected. The assumption of people is that some of the money is got and given to charity while the rest of the money is retained by the company.

The practice of CSR boosts staff morale of the employees of MTN Uganda as shown with the majority 35 (72.9%) who agreed that the practice of CSR led to staff morale. The researcher found out that as a result of CSR practices, customer approval was achieved in MTN Uganda. In addition, customer loyalty was also achieved. The above were the factors that indicate stakeholder commitment towards companies.

However, with its practice MTN Uganda has been able to have a very big market share in Uganda despite of its various expensive charges on its network.

As a result of CSR activities, staff morale has been enhancing as per the evidence got from respondents. Employees are more devoted to their work; customers of MTN Uganda only prefer to use their network as they believe it's the quickest means of communication and other services such as, mobile money.

5.2.2 Benefit of CSR categorized under the economic, the social, and the environmental factors.

CSR practice has affected customer satisfaction in that, MTN Uganda network has the largest coverage in Uganda. Customers have grown to approve of it and several people are willing to seek employment in the organisation. As a result MTN products and services have increased throughout the country at a fast rate; for instance there are increasing numbers of MTN mobile money centers in the country. In addition, institutions like banks have embraced the idea and are being used to carry out transactions. There has also been improvement in society's standard of living, for instance the funds that MTN collected last year were also used to supply water to the people in camps in northern Uganda.

MTN includes CSR as part of the company's annual budget; however the research findings show that CSR holds a very small percentage which to most respondents shows that the management of MTN Uganda gives little importance to its CSR despite the MTN marathon carried out annually. In addition, the majority of the respondents agreed that they benefited from the CSR activities done by MTN Uganda.

The researcher found out that CSR practice has influenced customer satisfaction, community acceptance, and better contribution to community which has improved standards of living of communities surrounding the company. CSR practice was a result of environmental conservation; it has also influenced competitor practices and has increased rivals' costs. However, according to the data analysed in chapter four, majority of the respondents agreed that CSR practice influences better contribution to community with a mean of 4.00, for instance through carrying out charitable acts to cater for the less privileged in the company's community. The MTN Uganda CSR practices influence increasing rivals' costs was the statement with the least mean (2.67), this meant that respondents were not sure whether to agree with the statement or not.

5.2.3 The relationship between CSR and business performance.

As shown in table 5.2.1, majority of the respondents 39 (81.2%) agreed that the sales of MTN Uganda have increased as a result of their CSR practices. This has led to profitability in the organisation. In addition, CSR practice has influenced MTN Uganda's corporate image. This creates favor among other stakeholders and therefore achieving customer approval and acceptance. The respondents also agreed that the quality of services of MTN Uganda improved as a result of the CSR practices. However, some disagreed that the quality of MTN services and products remind consistent or worse the quality of their products or services decreased.

5.3 Recommendations.

Based on the third objective, to find out the extent to which companies benefit from CSR. Individuals especially in companies should be trained that CSR is not all about giving back to the community but also being environmentally responsible by conserving the environment, for instance through managing company wastes, socially responsible by sponsoring events or members of the community, promotion of local artists, treatment of employees and good governance aspects. In addition, CSR should not only be carried out in large companies but also small and medium enterprises.

Basing of the first objective which was to find out the relationship between CSR and business performance, Management of MTN should strengthen the monitoring and evaluation department so as to ensure that the budgeted money for CSR and its activities are effectively implemented.

Basing on the second objective which is to establish how CSR affects the organisational commitment of company stakeholders, MTN Uganda should focus their resources towards the contribution to society since this was the highest agreed statement under this objective with 4.00.

5.4 Further research

To the researchers, to research about the challenges and obstacles faced by companies during the planning and execution of CSR activities. Also examine the levels of CSR awareness in small and medium enterprises.

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Appendix 1

THE IMPACT OF CSR ON BUSINESS PERFORMANCE IN COMPANIES QUESTIONNAIRE SURVEY

Dear Respondent,

This Questionnaire is intended for academic purposes only. The questions are intended to investigate the impact of corporate social responsibility on the business performance of companies using MTN Uganda in Kampala as a case study.

Please fill in this questionnaire to help me in the fulfillment of my partial requirements for the course unit in Research Methodology in the Faculty of Business Administration and Management at Uganda Martyrs University. There is no right or wrong answer and you may stop at any time; however, completing the entire survey (about 5 – 10 minutes) will be greatly appreciated. Your results will remain anonymous. Thank you for your time.

Immaculate Asaba - 2011-B021-10039

SECTION A: Respondent Particulars (*please tick as appropriate*)

1. Please tell us your gender: M F
2. Please tell us which range best describes your age:
18-29 30-39 40-49 50-59 60 or over
3. What function of MTN UGANDA are you involved with?
a) Finance d) Production
b) Quality Control e) Sales and Marketing
c) Management f) Other (specify)
4. For how many years have you been with MTN (U)?
a) Less than 5 b) 5 or more
5. Does MTN Uganda have a Corporate Social Responsibility policy?
Yes No
6. If **YES** in 5, is this policy written down?
Yes No

SECTION B. Organisational commitment of companies' stakeholders

Has the practice of CSR affected your commitment to MTN Uganda?

Yes

No

8. If yes, how?

.....
.....

9. If no, why?

.....
.....

10. Does the CSR practice influence staff morale in MTN Uganda?

Yes

No

11) Does the CSR practice influence customer approval?

Yes

No

12) Does the CSR practice influence customer loyalty maintenance in MTN Uganda?

Yes

No

SECTION C: *Benefit of CSR categorized under the economic, the social and environmental factors*

13) Please indicate your level of agreement in respect to the following statements as they relate to CSR practice of your organisation (**please tick the appropriate box**):

(1) Strongly disagree, (2) Disagree; (3) Not Sure; (4) Agree; (5) Strongly agree

	Statements	1	2	3	4	5
(a)	CSR has affected customer satisfaction					
(b)	CSR practice influences community acceptance					
(c)	CSR practice influences better contribution to community					
(d)	CSR influences environmental conservation					
(e)	MTN CSR practice influences competitor practices					
(f)	MTN CSR practices influence increasing rivals' costs					

Please tick the appropriate box.

14) Is CSR part of the Company's annual budget?

Yes No

15) What percentage of the budget is allocated to CSR?

(0-1%) (1-5%) (5-10%) (more than 10%)

16) Have you benefited from the CSR activities done by MTN Uganda?

Yes No

SECTION D: *The relationship between CSR and business performance*

17) Have MTN Uganda sales increased as a result of their CSR practices?

Yes No

18) Does CSR contribute a big percentage towards its profitability?

Yes No

19) Does CSR practice influence MTN's corporate image?

Yes No

20) Does the quality of services that MTN Uganda offer improve as a result of CSR practice?

Yes No

Thank you again for participating in this questionnaire survey.

APPENDIX II

INTERVIEW GUIDE

1. How do you think involvement in CSR activities affects the business performance of companies?
2. Have you benefited from the CSR activities of MTN Uganda?
3. Would such activities influence your decision to use MTN products and services?

Appendix III: Krejcie and Morgan Table for Determining Sample Size from a Given Population

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	270	159	750	256	2600	335	100000	384

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