

**CORPORATE SOCIAL RESPONSIBILITY PROJECTS AND ORGANIZATIONAL
PERFORMANCE IN TELECOMMUNICATION COMPANIES
A CASE OF PROJECTS FINANCED BY MTN RWANDACELL**

**BY
KWIZERA ERIC
MBA/0266/12**

ABSTRACT

Companies worldwide tend to spend significant resources to promote corporate social responsibility projects (CSR). Yet, previous researchers have found no conclusive evidence that such activities lead to any financial benefits for the companies, especially in the less well--developed regions. The aim of this research is to examine the relationship between CSR projects and firm financial performance in the Rwandan Telecommunication Industry, MTN. Further, CSR projects are subdivided in five categories (workplace, market place, environment, community and other CSR) to determine which particular CSR categories affect firm financial performance the most. The study has chosen qualitative and quantitative research methods to explore the topic while the analysis used descriptive mean and percentile to rate the importation of CSR projects on financial performance of MTN. A sample of 72 beneficiaries were selected using stratified random sampling method to measure CSR project and regressions are run to determine the relationship between CSR and firm financial performance, approximated by return on assets (ROA). The results will show that on the overall level, CSR projects donator have or have any effect on firm financial performance in the MTN Rwanda cell. However, certain CSR categories will be found to impact ROA. Firstly, market place and environment related CSR projects seem to reduce firm financial performance, but other CSR projects, which are more abstract (e.g. Adherence to CSR standards) increase ROA. We speculate that the notion of CSR has not yet become institutionalized in the Rwandan societies; therefore, in general, people are not ready to pay more for products delivered by social responsibility companies. The existed CSR's projects in MTN Rwanda among customers provided significant contribution to the financial performance of MTN whereas findings revealed that the factors ranked to push MTN Rwanda to be engaged in CSR's project was first of all to satisfy the customers' requirements with result of 55.6 while also satisfying the domestic market with 31.9. the findings also revealed that the contribution of the CSR's Projects is insured as long as it directly help to increase Gross and Net Profit margin and finally participate to increase the return on equity, return on investment and return on capital employed.