

**CORPORATE SOCIAL RESPONSIBILITY ON THE COMPETITIVE  
ADVANTAGE OF THE TELECOMMUNICATION IN KENYA: CASE STUDY  
OF SAFARICOM**

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## DECLARATION AND APPROVAL

### Declaration by the Student

This thesis is an original work and has not been presented for a degree in any other University or for any other award.

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### Approval by the Supervisor

I confirm that the work reported in the thesis was carried out by the candidate under my supervision.

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## DEDICATION

I thank my immediate family for their constant support and prayers on behalf of this research project.



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## ABSTRACT

Over the past few decades and into the foreseeable future, corporate social responsibility, CSR, has attracted a lot of attention as a focal point of interest, prompting diverse research into its potential impact on businesses' Competitive Advantage (CA). This study will specifically focus majorly on the effect of Corporate Social Responsibility (CSR) on the Competitive Advantage (CA) of Safaricom PLC. By employing a descriptive research approach, the study aims to target about 250 individuals within Safaricom, utilizing a Likert-type questionnaire for data collection. The study explicitly recognizes the crucial role of implementing CSR programs in cultivating a robust company reputation. In parallel, a separate study on Safaricom Kenya Limited collaborates CSR's significant contributions to corporate image, customer satisfaction, loyalty, and organizational performance, thus underscoring the enduring importance of CSR for sustained success. Acknowledging the existing gap in empirical research linking CSR to Safaricom's competitive advantage, the study delineates its primary objective: to investigate CSR's impact, specifically focusing on benchmarking, diversity supportive ratios, and satisfaction ratios. These objectives encompass characterizing and evaluating the impact of benchmarking on Safaricom Company Limited's competitive advantage, establishing the deductive impact of assessing the inferential influence of satisfaction ratios, the impact of diversity on competitive advantage in Safaricom Company Limited, and systematically exploring challenges and opportunities in implementing CSR initiatives at Safaricom PLC for competitive advantage. Immense assessments and industry benchmarks will be integral to the study, facilitating the comparison and evaluation of the deductive relationship between Safaricom PLC's CSR practices and competitive advantage within the telecom industry. The overarching aim of this research is to contribute valuable insights, ultimately enhancing the efficacy of CSR policies and fostering a positive impact on enterprises and society at large. The study explores potential connections between benchmarking and diversity ratios with Safaricom's Competitive Advantage, also recognizing the potential influence of satisfaction ratios. This research investigates how various factors influence Safaricom's competitive edge: benchmarking against competitors, diversity within the company, customer satisfaction, challenges of CSR implementation, and the link between CSR and financial performance. By employing a stratified random sampling approach, this study aims to obtain a representative sample that accurately reflects the characteristics and diversity of Safaricom's organizational structure and workforce. Data analysis encompassed both quantitative and qualitative measures. Quantitative measures dealt with numbers and statistics, while qualitative measures focused on words, descriptions, and experiences. The study primarily relied on questionnaires and interviews as data collection methods. The study ultimately seeks to offer practical recommendations and insights for Safaricom, policymakers, and industry stakeholders, with the overarching goal of optimizing the effectiveness of CSR initiatives. Safaricom's CSR initiatives and practices significantly boost its competitive edge. Strategic CSR investment enhances brand image, customer loyalty, and employee satisfaction, leading to long-term success. This study provides valuable guidance for firms seeking to leverage CSR for a sustainable competitive advantage.

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## LIST OF ABBREVIATIONS AND ACRONYMS

|             |   |   |
|-------------|---|---|
| <b>CSR</b>  | : | Corporate Social Responsibility         |
| <b>CA</b>   | : | Competitive Advantage                   |
| <b>PLC</b>  | : | Public Limited Company                  |
| <b>CBD</b>  | : | Central Business District               |
| <b>CF</b>   | : | Conceptual Framework                    |
| <b>CBU</b>  | : | Consumer Business Unit                  |
| <b>EBU</b>  | : | Enterprise Business Unit                |
| <b>HOD</b>  | : | Head of Department                      |
| <b>KPI</b>  | : | Key Performance Indicators              |
| <b>SPSS</b> | : | Statistical Package for Social Sciences |

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

Globalization has fundamentally transformed the economic landscape, intensifying competition across all industries. Companies can no longer rely on traditional business models; they must strategically optimize performance to secure a foothold in the ever-shifting market (Cegliński, 2016). The unpredictable nature of the business climate necessitates proactive strategic planning to gain a competitive edge, staying ahead of the curve is paramount (Mwangangi, 2018). This shift reflects a global recognition of Corporate Social Responsibility, CSR as a strategic approach to competitiveness. Stakeholders increasingly value factors beyond just the bottom line. Integrating CSR principles into corporate policies fosters public trust in a company's ethical conduct. As social consciousness evolves, stakeholders are demanding businesses to operate with a broader perspective, acknowledging their interconnectedness with the communities they serve (Waweru and Omwenga, 2015). Furthermore, a company's competitive edge is directly tied to environmental conditions; sustainability practices are no longer optional, but essential for long-term success (Omwenga, Mukulu, and Kanali, 2015).

To thrive in today's customer-centric and market-driven environment, businesses must demonstrate flexibility, adaptability, and a commitment to exceptional products and services. The CSR framework provides a blueprint for achieving this, encompassing environmental conservation, public engagement, and responsible business practices (Kotler & Lee, 2015; Irabora, 2019). Consumers are increasingly drawn to brands that offer products and services that align with their values, such as environmental responsibility and innovative solutions. Companies that prioritize environmental management through CSR initiatives not only enhance efficiency but also build customer

confidence (Kireru, Ombui, & Omwenga, 2016). CSR allows businesses to not only address their operational environment but also strengthen their reputation, image, and customer trust.

In essence, CSR is a theoretical framework that encourages companies to voluntarily exceed legal requirements when it comes to their environmental and social impact (Chakraborty, 2015; Coombs & Holladay, 2015). By embracing CSR as a strategic approach, companies can reap financial, social, and environmental benefits, contributing to long-term economic growth. At its core, social responsibility is about aligning business practices with the values and goals of the broader society. The current business landscape demands innovative solutions that address a multitude of interconnected variables. Companies must consider the diverse needs of stakeholders, ranging from local communities to society at large (Mwangangi, 2018). The evolving business environment requires companies to proactively address emerging challenges, focusing on stakeholder engagement, ethical conduct, and responsible leadership. Stakeholders, including executives, employees, consumers, and community members, all play a crucial role in a company's success (Mwangangi, 2018). By acknowledging this interconnectedness and embracing a holistic approach, companies can leverage CSR to achieve sustained success.

## **1.2 Problem Statement**

Understanding how customers view a company's strategic corporate social responsibility (CSR) influence on financial performance under different conditions is critical. The work of Mohtsham Saeed, M., & Arshad, F. (2014) demonstrates the persistence of interest in corporate social responsibility (CSR) efforts among academics and professionals. Corporate Social Responsibility (CSR) is a fundamental element of corporate

organizations that seek to establish and uphold a favorable public perception to attain a competitive edge while contributing to society's betterment (Hohnen, 2015).

Many organizations are very interested in Corporate Social Responsibility, or CSR. Several of these businesses employ this strategy to maintain their working environment and provide their clients with enjoyable services, all in an effort to foster a favorable opinion of their goods in the eyes of their clients. Businesses continue to take part in corporate social responsibility (CSR) activities in a proactive manner. Porter and Kramer contend that businesses ought to be aware of what the public expects of them and work to uphold their reputation as socially conscious organizations by actively tackling important socioeconomic, environmental, and related issues.

Several studies have explored the link between CSR and business performance. Abubakar et al. (2022) found a positive correlation between CSR and performance, particularly when focusing on green practices. Mwangangi (2018) investigated how CSR impacts manufacturing firms in Kenya, examining relationships with various stakeholders. Opilo et al. (2018) studied the connection between CSR and competitive advantage at Safaricom, looking at factors like customer subscriptions and brand image. Finally, Arnold (2017) examined the link between CSR initiatives and competitive edge in Kenyan commercial banks CSR) programs. This think about inspected the effect of educational initiatives, employee welfare initiatives, outdoor pursuits, and venture enhancement initiatives on the money related execution of Equity Bank. Amini, (2017) posited that Kenyan commercial banks employed a corporate strategy to attract and retain employees. The study's findings also indicated that most employees felt comfort and satisfaction when employed by firms that prioritize and uphold principles of social responsibility.

Even though a lot of research has been done on CSR, there is the lack of empirical data

creating a direct correlation between CSR and the competitive advantage of Safaricom. Specifically, few studies have been conducted to investigate the effects of bench marking, The impact of satisfaction and diversity supportive ratios on Safaricom's competitive advantage. Given the diminished significance of documented evidence, the researcher's primary objective being to ascertain the impact of corporate social responsibility (CSR) on Safaricom's competitive advantage. Additionally, the study evaluates whether Safaricom perceives any advantageous outcomes from its CSR initiatives.

### **1.3 Objectives of the Study**

- i. Evaluate the influence of benchmarking on Safaricom Company Limited's competitive advantage.
- ii. Examine the relationship between diversity and competitive advantage in Safaricom Company Limited.
- iii. Investigate the link between satisfaction ratios and competitive advantage for Safaricom Company Limited.
- iv. Characterize challenges and opportunities in implementing CSR initiatives at Safaricom for competitive advantage.
- v. Compare and evaluate the deductive relationship between Safaricom's CSR practices and competitive advantage within the telecommunication industry.

### **1.4 Research Questions**

The following are the research questions that will direct this investigation:

- i. To what degree does benchmarking influence the competitive advantage of inside the Kenyan telecommunication industry?
- ii. How does the diversity qualities steady proportion affect the competitive

advantages of Safaricom in its industry setting?

- iii. How does the satisfaction ratio influence Safaricom competitive advantage, and how does it relate to customer perception and loyalty?
- iv. What are the critical challenges faced by Safaricom in implementing CSR initiatives, and what opportunities can be harnessed to leverage CSR for competitive advantage?
- v. How do Safaricom's CSR practices affect its competitive advantage within the telecommunication industry in Kenya, and what aspects of CSR contribute to this advantage?

### **1.5 Justification of the Study**

The study holds relevance beyond academic boundaries, as it has real consequences for enterprises functioning inside the Kenyan communications industry. Gaining a comprehensive understanding of how competitive advantage is affected by corporate social responsibility (CSR) is of utmost importance for professionals in the industry. This knowledge gives them essential perspectives on strategically incorporating CSR initiatives

into their organizational activities. The research's findings will give managers insightful information and decision-makers in the telecommunication industry, assisting them in developing and executing CSR strategies that align with their overarching goals. This research contributes to promoting socially responsible business practices and achieving sustainable growth and commercial success in the telecommunication industry by offering a comprehensive manual for practitioners on integrating corporate social responsibility (CSR).

Moreover, it should be noted that the ramifications of this study extend beyond the realm

of corporate entities exclusively. The research findings will benefit government agencies and telecommunication and corporate social responsibility (CSR) consultants. The involvement of these stakeholders is of utmost importance in influencing the development of industry regulations, policies, and optimal approaches. The findings derived from this research can assist stakeholders in formulating and enhancing strategies that encourage ethical conduct within the telecommunication industry, thereby cultivating a climate that is beneficial for society's welfare and the growth of businesses. The research will serve as a significant asset for regulatory entities aiming to find a harmonious equilibrium between the growth of industries and the broader objective of social well-being.

This study could have a beneficial influence Kenyan telecommunication firm as they strive to enhance the overall socioeconomic conditions. This study advocates for telecommunication firms to invest in activities that contribute to the benefit of society by emphasizing the potential positive influence of CSR on both company success and welfare of communities they serve. This improves their business image and reputation and establishes them as socially responsible enterprises that draw in new clients and cultivate enduring loyalty. This study promotes the engagement of businesses in a symbiotic association with the communities in which they operate, fostering a congruence between their expansion and the overall welfare of Kenyan society.

### **1.6 Scope of the Study**

This study covers the headquarters of Safaricom, with a focus on Westland's office. The bulk of Safaricom's retail locations are located in the Central Business District (CBD), which is also included in the analysis. The focus is mostly on integrating top management personnel stationed at the majority of the call centers with functional and divisional

leaders from Safaricom. The study's objective is to obtain information that is directly pertinent to Safaricom's operations and strategic decision-making procedures by concentrating on these particular places and employees inside the organization. Since Nairobi County is the main focal area and the center of Safaricom's operations, it is the perfect place to learn about the nuances of the company's CSR programs and their effects. In addition, the CBD, which is home to Safaricom's retail locations, allows the study to include viewpoints from front-line employees and clients who deal with the company's goods and services firsthand. By ensuring that the research encompasses the various stakeholders involved in Safaricom's activities, this geographic scope enhances the breadth and depth of the findings. The study's overall scope covers important Safaricom locations and staff, offering a thorough grasp of the connection between CSR efforts and competitive advantage in the context of Nairobi County's telecom sector.

### **1.7 Study Limitations**

**Sample Size and Generalizability;** The study's findings are based on data gathered from a specific sample of clients and staff at Safaricom. Although the response rate was commendable, the relatively small and localized sample size may limit the generalizability of the results to the broader telecommunications industry or to other geographic regions. Variations in market dynamics, cultural differences, and organizational structures in other regions or companies might result in different outcomes. Consequently, the conclusions drawn from this study may not be applicable to all settings, and further research with a larger and more diverse sample is recommended to validate the findings.

**Data Collection Methods;** The study primarily relied on surveys and interviews as data collection methods. While these methods provide valuable insights, they also have

inherent limitations. Surveys may be subject to response biases, such as social desirability bias, where respondents might answer questions in a manner they believe is favorable rather than truthful. Interviews, although rich in qualitative data, can be time-consuming and may not always capture the full range of perspectives. Additionally, the study's reliance on self-reported data means that the accuracy of the information is contingent on the honesty and memory of the participants. Employing a mixed-methods approach, incorporating other data collection techniques such as focus groups, observational studies, or secondary data analysis, could offer a more comprehensive understanding of the CSR practices and their impact on competitive advantage.

**Temporal Limitations;** The study's findings are also time-bound, reflecting the conditions and context during the data collection period. The telecommunications industry is highly dynamic, with rapid changes in technology, market conditions, and consumer behavior. As such, the relevance and applicability of the study's conclusions may diminish over time.

**Longitudinal studies, track Macro Factors;** This study may not fully account for external macro factors that can significantly influence Safaricom's competitive advantage. Changes in regulations, such as new government policies or industry standards, can affect the company's operational environment. Technological advancements, which are rapid and continuous in the telecommunications industry, can alter competitive dynamics by introducing new products or services that shift consumer preferences. Additionally, competitor strategies, such as mergers, acquisitions, or shifts in market focus, can impact Safaricom's market position. These external factors are complex and often interrelated, making it challenging to isolate their effects within the scope of a single study. Future research should consider incorporating a broader analysis of these macro factors to provide a more holistic view of the influences on Safaricom's competitive advantage.

Considering changes and trends over a more extended period, would be beneficial in understanding how CSR practices influence competitive advantage in a continuously evolving industry. This approach would help in identifying long-term patterns and effects that are not apparent in a cross-sectional study.

### **1.8 Study Delimitations**

**Focus on Safaricom;** The research intentionally focuses solely on Safaricom, excluding other telecommunications companies from the analysis. This deliberate choice allows for a concentrated examination of Safaricom's unique CSR strategies and their impact on competitive advantage. By narrowing the scope to a single company, the study can delve deeply into Safaricom's CSR initiatives, organizational culture, and market positioning without the confounding variables introduced by comparing multiple companies. However, this limitation also means that the findings may not be directly transferable to other telecommunications firms, as each company may have its own distinct CSR practices and competitive landscape.

**Specific CSR Practices;** The study chooses to concentrate on a specific set of CSR practices particularly community engagement, to avoid overwhelming complexity. While CSR encompasses a broad range of activities, including environmental sustainability, employee welfare, and ethical business practices, focusing on a specific aspect allows for a more in- depth analysis within the confines of a single study. By honing in on community engagement, the research can explore the nuances of Safaricom's interactions with local communities, the effectiveness of these initiatives, and their implications for competitive advantage. However, this delimitation means that other important aspects of CSR may not be fully addressed, and the findings should be interpreted within the context of this specific focus.

Deductive Relationships; The research aims to understand the deductive relationships between CSR and competitive advantage. Rather than seeking to establish a direct causal link between CSR practices and competitive advantage, the study explores how CSR practices might influence competitive advantage through various mediating factors. This deductive approach allows for a nuanced examination of the mechanisms through which CSR initiatives impact organizational performance, including factors such as brand reputation, customer loyalty, and employee satisfaction. However, it also acknowledges that competitive advantage is influenced by a multitude of internal and external factors beyond CSR alone, and the study does not seek to oversimplify this complex relationship. By adopting a deductive perspective, the research can provide valuable insights into the potential pathways through which CSR practices contribute to Safaricom's competitive edge, while also acknowledging the multifaceted nature of competitive advantage in the telecommunications industry.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Corporate Social Responsibility (CSR) has emerged as a vital strategic business practice that extends beyond profit generation, emphasizing organizations' commitment to social and environmental concerns. Within the telecommunication industry in Kenya, CSR holds the potential to significantly contribute to competitive advantage by enhancing brand reputation, fostering customer loyalty, and improving market positioning. This literature study aims to provide an extensive summary of both empirical and theoretical literature related to the impact of CSR on the telecom firms' competitive edge, with a specific emphasis on Safaricom Public Limited Company (PLC) as a case study.

Corporate Social Responsibility (CSR) is a complex idea encompassing an organization's voluntary commitment to societal and environmental well-being. It involves going beyond regulatory requirements and profit motives to engage in initiatives that benefit the wider community actively. As a result, CSR has garnered substantial attention from scholars, industry practitioners, and policymakers who recognize its potential to affect several facets of business performance. In the telecommunication industry, CSR practices have the power to bolster brand reputation and cultivate stronger customer relationships. Furthermore, understanding in Kenya's fiercely competitive business environment. The connection between competitive advantage and corporate social responsibility is essential telecommunication sector, making Safaricom's case an insightful study.

This literature review will delve into both empirical studies and theoretical perspectives that shed light on the intricate the connection between competitive advantage and CSR activities of telecommunication companies. By focusing on Safaricom as a case study,

we aim to understand better how CSR practices can translate into a tangible competitive edge in the Kenyan telecommunication landscape. The review will encompass a range of CSR initiatives,

including but not limited to philanthropic endeavors, community development projects, environmental sustainability efforts, employee welfare programs, and ethical business practices. Through this exploration, we aspire to contribute to the existing strategic management and CSR knowledge while providing insights and recommendations for Safaricom and other telecommunication entities operating in similar contexts.

## **2.2 Theoretical Framework**

A theoretical framework serves as a foundational structure or model that offers a systematic approach to understanding complex phenomena within a specific field of study. It provides researchers with a structured framework for conceptualizing, analyzing, and interpreting data, enabling them to formulate hypotheses, design experiments, collect data, and draw conclusions. By drawing on existing ideas, concepts, and empirical research relevant to the chosen topic, theoretical frameworks help researchers to organize and guide their investigations effectively. The construction of a theoretical framework involves synthesizing and integrating existing knowledge and theories to develop a coherent conceptual framework for the study. This framework serves as a lens through which researchers can examine and interpret the relationships, variables, and interactions that underlie the phenomenon under investigation. By providing a structured framework for inquiry, theoretical frameworks facilitate a deeper understanding of the subject matter and aid in the generation of new insights and knowledge.

In the context of this study, the theoretical framework will draw upon established theories

and concepts related to corporate social responsibility (CSR) and competitive advantage. By integrating relevant theories from fields such as strategic management, organizational behavior, and corporate sustainability, the theoretical framework will provide a structured approach to understanding how CSR initiatives can influence Safaricom's competitive positioning in the telecommunications industry of Kenya. It will help to elucidate the mechanisms through which CSR practices may contribute to competitive advantage, guiding the formulation of research questions, data collection methods, and data analysis techniques. Overall, the theoretical framework serves as a critical tool for organizing and guiding the research process, facilitating a systematic exploration of the interplay between CSR and competitive advantage within the context of Safaricom.

### **2.2.1 Stakeholder Theory**

Stakeholder theory is a fundamental theoretical framework that underpins this study's exploration of the connection between. In the telecom industry, competitive advantage and corporate social responsibility (CSR), with an emphasis on Safaricom Public Limited Company (PLC). This theory challenges the traditional view that a firm's primary obligation is solely to its owners or shareholders. Instead, stakeholder theory contends that a company has obligations to a wide array of parties beyond its owners, and these parties are collectively referred to as stakeholders. Stakeholders encompass individuals or groups that can impact or be influenced by a company's choices, and they incorporate a wide range of substances such as workers, clients, providers, banks, the common open, and indeed equal businesses.

Edward Freeman, one of the original proponents of stakeholder theory, recognized it as an essential element of CSR (corporate social responsibility). CSR recognizes the multifaceted commitments that organizations have within the cutting-edge world, enveloping monetary and lawful obligations and ethical and charitable obligations.

Nowadays, numerous of the world's biggest enterprises attest that CSR lies at the heart of their trade procedure. Whereas a few businesses truly prioritize moral and social obligation, others may utilize CSR as a effective open relations device to improve their brand and picture, regularly falling brief of conveying on their guarantees.

The literature on CSR emphasizes the importance of conceptual approaches to aligning CSR with competitive advantages. CSR can manifest in various forms, from initiatives that enhance a company's standing and immediate earnings to a more calculated, principle- driven strategy that progressively seeps into organizational culture. It is widely accepted among academics that for CSR to impact organizational outcomes positively, it needs to be included into the business plan and culture of a firm. Kilong and Ayora, J. M., & Butali (2019). However, while the integration of CSR into an organization's culture is acknowledged, the positive results and an integrated CSR culture may not always correlate, according to research.

Stakeholder theory plays a significant part in this study as it directs the investigation into the types of corporate social responsibility initiatives that media transmission businesses engage in and ought to lock in in and the setting of these exercises for distinctive partner bunches, as given by the partner framework. The hypothesis outlines how satisfying CSR commitments to all partners can lead to competitive advantage, emphasizing natural obligation, social obligation, employee productivity, and brand image. This framework provides a solid basis for exploring how CSR initiatives, in alignment with stakeholder theory, can contribute to Safaricom's competitive position within the Kenyan telecommunication industry.

### **2.2.2 Michael porter theory of competitive advantage**

Michael Porter's Theory of Competitive edge is a seminal framework that has profoundly influenced strategic management. Porter identified three primary categories of

competitive advantage that organizations can leverage to distinguish themselves from their competitors: cost leadership, focus, and distinctiveness. These advantages result from a stronger market position, superior talent, or access to more significant resources, enabling a business to outperform its rivals (Guarnieri, & Kao (2018).

Porter's theory emphasizes that strategic effective management should revolve around creating while sustaining a competitive edge. In an ever-evolving business landscape, businesses must continuously adapt to maintain their competitive position. Porter's framework provides a structured approach for organizations to identify and capitalize on their unique strengths and market opportunities (Guarnieri, & Kao (2018).

Competitive advantage can originate from various sources, and Porter's theory underscores the importance of identifying the specific activities and relationships that underpin these advantages. This recognition is critical in strategic decision-making, enabling organizations to focus on the activities most conducive to gaining a competitive edge. Porter's framework also acknowledges the interconnectedness of activities within an organization and their relationships with suppliers and consumers, highlighting the need for a holistic approach to strategy.

Among the sources an organization can deliberately use to take a position competitively is inside organizational factors connected with corporate social duty (CSR). By integrating CSR into its core operations and culture, a company can create a distinct advantage by meeting its ethical and social obligations, appealing to socially conscious consumers, and enhancing its reputation. CSR-aligned organizational variables contribute to the overall competitiveness of a business and reinforce the idea that competitive advantage can be derived from multiple dimensions of an organization's operations.

### **2.2.3 Cost Leadership**

Cost leadership, one of Michael Porter's four competitive strategies, entails a company's relentless pursuit of becoming the lowest-cost producer in its industry. Achieving lower costs through efficient production, economies of scale, and effective supply chain management allows businesses to offer items or administrations at competitive costs whereas keeping up sound benefit edges. This strategy seeks to attract a broad customer base, leveraging cost advantages to capture market share and increase revenue. Factors contributing to cost leadership include efficient operations, technological advancements, and favorable resource access.

Porter's cost leadership strategy underscores the significance of cost reduction as a means to outperform competitors. It emphasizes the efficiency of internal operations and a keen awareness of the cost structure. While cost leadership can provide a significant competitive advantage, it may not be suitable for every business, as it demands substantial resources, economies of scale, and a commitment to continuous cost optimization. The ability to offer products or services at lower prices can be a compelling market proposition, particularly in price-sensitive industries like the telecommunication industry in Kenya.

### **2.2.4 Differentiation**

The differentiation strategy is another of Michael Porter's competitive strategies. It centers on an organization's efforts to differentiate its goods or services from rivals' offerings through distinctive innovation, quality, branding, or other distinct attributes. By offering something perceived as distinct and superior by customers, a company can command premium prices and build customer loyalty. Differentiation revolves around creating a value proposition that justifies higher prices while delivering superior product or experience.

Porter's differentiation strategy underscores the importance of innovation, branding, and creativity in establishing a unique selling proposition. Companies pursuing this strategy invest in research and development, design, and marketing to create goods or services that are unique in the marketplace.

Differentiation can be a robust competitive strategy, especially in industries where customers value quality, design, or unique features. However, it requires a deep understanding of customer preferences and the ability to deliver on promises of distinctiveness.

### **2.2.5 Market Segmentation**

While not originally one of Porter's classic competitive strategies, market segmentation has become vital in modern strategic management. It involves dividing the market into divisions according to behavior, or needs. Businesses then tailor their products, services, and marketing strategies to cater to the specific requirements of these segmented markets, enabling more precise targeting and customization.

Market segmentation empowers companies to address the diverse needs of different customer groups effectively. While it may not be among Porter's traditional competitive strategies, it has gained prominence in contemporary business strategy, recognizing that no single strategy fits all customers. By segmenting the market, businesses can create value propositions and solutions that resonate with the unique demands of various customer segments, ultimately enhancing their competitiveness. This approach aligns with modern marketing practices, customer-centrality, and adaptability in the rapidly shifting conditions for business.

### 2.3 Empirical Review

Beyond theoretical arguments, a growing body of empirical research provides compelling evidence for the positive impact of Corporate Social Responsibility (CSR) on a company's competitive edge. These studies delve into the mechanisms by which CSR practices enhance performance, improve market value, and ultimately lead to a sustainable competitive advantage. On efficiency, innovation, and risk reduction: Al-Shuaibi's (2016) study highlights the performance-boosting potential of CSR. The research suggests that CSR initiatives can drive efficiency and innovation within an organization, leading to cost reductions and improved risk management. This translates to a more streamlined operation and a stronger foundation for long-term success.

Moreover, on enhanced market value and strategic advantage: Murila's (2016) examination of East African Portland Cement Company Limited provides further support for CSR's strategic value. The study reveals a positive correlation between CSR practices and a company's market value and operational efficiency. Murila emphasizes the strategic use of CSR as a tool for differentiation, allowing companies to define their operations in a way that sets them apart from competitors. By building customer loyalty through ethical practices: Onlaor and Kitumnuai's (2015) research on Thai suppliers sheds light on the specific CSR elements that resonate with customers. Their findings demonstrate that different facets of CSR, like ethical conduct and philanthropy, have varying impacts on customer satisfaction and loyalty. Ethical behavior, in particular, emerges as a significant driver of customer trust and long-term commitment.

Again, on the moral business conduct and community empowerment: Focusing on the telecom giant MTN Nigeria, Adebese and Taiwo's (2014) study underscores CSR's role as a strategic tool for competitive success. Their research reveals a positive link between ethical business practices, community empowerment initiatives, and MTN's overall

competitive performance. These findings highlight the importance of not only adhering to ethical principles but also actively contributing to the well-being of the communities a company operates within. The brand reputation, customer acquisition, and retention: Nyoro's (2015) research on Kenyan mobile service providers, with a specific focus on Safaricom, reinforces the crucial role of CSR in customer acquisition and retention. The study demonstrates that CSR initiatives are instrumental in building brand reputation, attracting new customers, and fostering loyalty among existing ones. By demonstrating a commitment to social good, companies can differentiate themselves and create a more positive brand image in the eyes of consumers.

In addition, positive customer perception and competitive edge: Kubai and Waiganjo's (2015) study on Equity Bank's "Wings to Fly" initiative adds another layer to the understanding of CSR's impact. Their research suggests that CSR initiatives positively influence customer perceptions, particularly among beneficiaries, ultimately leading to a competitive edge. This highlights the power of CSR to create a positive emotional connection with customers, fostering loyalty and advocacy. The employee well-being and retention: While the focus is often on external stakeholders, Yang's (2022) study delves into the impact of corporate philanthropy on employee well-being. His research suggests that different forms of corporate giving contribute to employee welfare, potentially influencing aspects like employee morale and retention. Investing in employee well-being through responsible business practices can create a more engaged and productive workforce, ultimately bolstering a company's competitive edge.

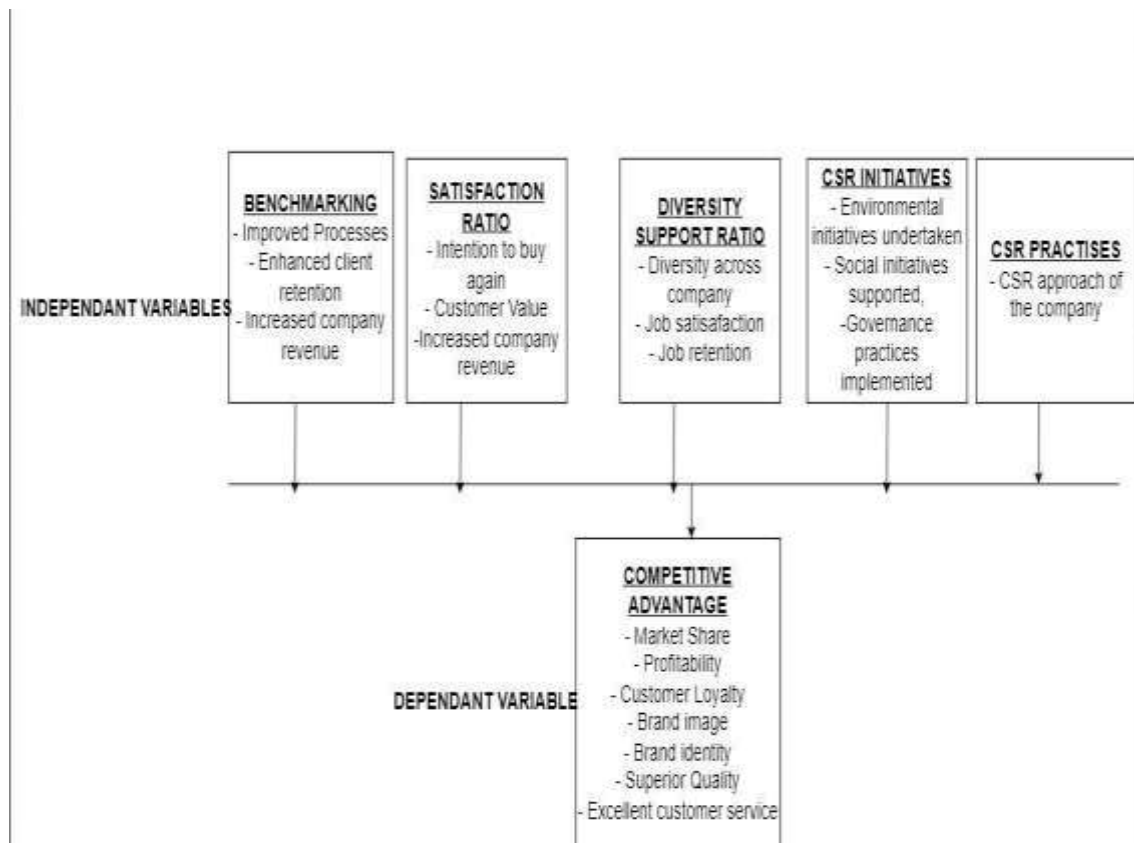
In conclusion, these empirical studies collectively paint a compelling picture of the multifaceted relationship between CSR and competitive advantage. They demonstrate that CSR initiatives can enhance efficiency, build brand loyalty, improve customer satisfaction, and contribute to employee well-being, all of which contribute to a

company's long-term success. As the business landscape continues to evolve, embracing CSR as a core principle will be increasingly crucial for companies seeking to secure a sustainable competitive advantage.

## **2.4 Conceptual Framework**

The conceptual system (CF) is a fundamental inquire about device that plays a urgent part in making a difference analyst set up a clear understanding of the relationship between study's free and subordinate factors (Mugenda and Mugenda, 2023). It can be respected as an expository apparatus with different varieties and settings that establish conceptual boundaries and arrange ideas. This conceptual framework is instrumental in illustrating how ideas are structured and interconnected to achieve a specific research objective as presented in figure 1 below.

A robust conceptual framework (CF) serves as an intellectual scaffold that not only aids in comprehending the intricate relationships between independent and dependent variables but furthermore serves as a vital guide for the complete study process (Mugenda and Mugenda, 2023). In this study, the CF is essential for systematically organizing and demonstrating how CSR programs and Safaricom's competitive advantage are related. A well-constructed CF offers a structured approach to investigating how CSR activities, including philanthropic endeavors, community development projects, environmental sustainability efforts, employee welfare programs, and ethical business practices, are interconnected and may influence the Safaricom's competitive standing within the Kenyan telecom sector.



**Figure 1: Conceptual Framework**

The CF also provides a lens through which the researcher can make conceptual distinctions and draw meaningful insights from the study. By examining how the various elements of CSR contribute to Safaricom's competitive advantage, the CF offers a holistic view of how these factors interact and influence the organization's market positioning, customer loyalty, brand reputation, and financial performance. This structured approach ensures that the research process remains focused and driven by a clear understanding of the link between competitive advantage and CSR. It is informed by the idea that CSR is a multifaceted concept with diverse elements, and the CF helps comprehend the interplay of these elements in Safaricom's specific context. Using a well-defined CF also aligns the study with existing literature and established theoretical frameworks, such as Michael Porter's Theory of Competitive Advantage, as discussed earlier. This alignment ensures that the research is grounded in established principles

while exploring new avenues in the context of Safaricom and the Kenyan telecommunication industry. Drawing upon existing theories and concepts, the CF offers a structured foundation for analysis and hypothesis testing, ultimately resulting in a deeper comprehension of how CSR influences competitive advantage in the specific organizational and industry context.

## **2.5 Critique of Existing Literature**

Several existing studies have contributed valuable insights to the field of CSR and its impact on competitive edge. While these studies offer significant findings, it is essential to acknowledge their limitations and areas where further research is needed.

**Study Strengths:** The study conceptualizes CSR as a composite variable encompassing ethics, human rights, and employee rights. It establishes a CSR and customer happiness are correlated. **Critique:** These analysis employs Pearson's correlation, providing the link between the variables' direction but not its strength. The study focuses on constitutional and moral aspects of CSR, which are essential but not exhaustive in gaining an edge over competitors. Although they get less emphasis, benchmarking, diversity support, and satisfaction ratios are also essential.

**Al-Bdour and Altarawneh's (2015) Study:** **Strengths:** This study explores how employee engagement is impacted by internal CSR initiatives, considering dimensions like job engagement and organizational engagement. **Critique:** While it emphasizes the significance of human resources in gaining a competitive edge, it may oversimplify the role of various strategic resources that contribute to competitive advantage. Competitive advantage is often a multifaceted outcome.

**Mei and Seng's (2015) Study Strengths:** The study links the adoption of internal CSR practices to autonomy, ingenuity, and initiative, enhancing smaller firms' comprehension

of CSR. Critique: The research design and the random selection of employee samples, limited to specific professional categories, may not fully capture the diversity of internal CSR practices across different industries and regions.

Marakova, Wolak-Tuzimek, and Tockova's (2021) Study: Strengths: This study identifies critical sources of competitive advantage in large enterprises and finds that marketing, innovation, and CSR activities are significant contributors. Critique: The study focuses primarily on manufacturing enterprises in Poland and emphasizes only specific aspects of CSR. It does not provide a comprehensive view of CSR's influence on competitive advantage in various industries and regions.

The existing literature on Corporate Social Responsibility (CSR) and its influence on the performance of the organization reveals noteworthy nuances and limitations. A substantial portion of prior research has predominantly focused on the financial outcomes associated with CSR practices, offering insights into the relationship between financial performance and CSR adoption. However, many of these studies have stopped delving deeper into the broader realm of competitive advantage, leaving a critical void in our understanding. Unlike its predecessors, the current research shines a spotlight on how CSR, when strategically harnessed, can furnish organizations with a distinctive competitive edge. This study expands

the horizon beyond financial metrics, recognizing the multifaceted dimensions of competitive advantage and their intricate relationship with CSR, thus advancing the discourse in this field. Moreover, a significant proportion of CSR research originates from developed economies, and these findings might not be readily extra-palatable to developing nations' distinctive socio-political and cultural milieu. To address this contextual gap, our research extends its purview to Kenya, offering insights more attuned to the unique dynamics of the African telecommunication landscape. By scrutinizing

CSR and its impact on organizational competitive edge within the specific Kenyan context, this study endeavors to contribute valuable insights into a relatively underexplored territory. In doing so, it seeks to foster a more thorough and sophisticated comprehension of the CSR's strategic implications in the ever-evolving business environment.

## **2.6 Research Gap**

The existing body of research on Corporate Social Responsibility (CSR) and its influence on competitive advantage highlights several critical gaps that the present study seeks to address. **Financial Performance Focus:** The bulk of CSR research to date has concentrated on examining the connection between financial performance and CSR implementation—or lack thereof. (Moskola, 2016 and Galant and Cadez, 2017). These studies have explored the financial implications of CSR practices but may not comprehensively cover the broader impact on competitive advantage. The current study seeks to close this gap by focusing on how CSR can strategically enhance an organization's competitive advantage.

**Contextual Variation:** Previous research conducted It might not apply to developing countries in the context of wealthy countries due to different sociopolitical environments, political regimes, legal systems, and cultural influences (Ndinda, Namusonge, & Kihoro, 2015; Tilt, 2016). By scrutinizing the relationship between CSR and competitive advantage in the Kenyan setting, the study seeks to close this contextual gap., acknowledging the unique characteristics and challenges of the African context.

**Cultural and Industry Specificity:** Research suggests that people and companies may have varying expectations and attitudes about CSR depending on this industry and cultural influences. Most studies in this domain have been conducted outside Kenya and

the African environment. This research aims to close the gap by examining the effects of CSR on competitive advantage in Safaricom, considering Kenya's specific industry and cultural context.

Strategic Management of CSR (Husted and Allen (2015) argue that companies don't necessarily approach CSR viably, often giving up to the isomorphism of institutions pressures that undermine strategic reasoning. The study explores how organizations can they set themselves apart by developing unique internal CSR programs that offer a competitive advantage over rivals. This adds a strategic perspective to examining CSR's role in gaining competitive advantage.

Organizational Processes and Customer Satisfaction: Despite decades of research on CSR, only the connection between CSR and competitive edge has been the subject of a few scholarly investigations while considering critical factors like organizational processes, diversity support of employees, and customer satisfaction. This study aims to fill these empirical gaps by analyzing how CSR affects the competitive advantage of Safaricom PLC In summary, the existing research on Corporate Social Responsibility (CSR) and its influence on competitive advantage has revealed several notable gaps. Prior studies have predominantly centered on the financial aspects of CSR and its implications on organizations, leaving a void in comprehensively understanding how CSR can strategically enhance an organization's competitive advantage. Furthermore, the literature has not adequately addressed the contextual variations between developed and developing countries, industry- specific influences, and the role of culture. Through investigating how competitive advantage is impacted by CSR. within the particular context of Safaricom in Kenya, this study seeks to close these gaps, considering the cultural, industry, and strategic dimensions that previous research may have overlooked.

The study also seeks to fill empirical gaps by exploring the influence of CSR on organizational processes, employee diversity support, and customer satisfaction, which are crucial factors in determining competitive advantage. By addressing these research gaps, this study provides a more comprehensive and contextually relevant understanding of how a company can deliberately use CSR to improve its competitive position in the telecommunication industry, particularly in the African context.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter provides an overview of the selected research design, target population, sample design, and data collection methods, along with the plan for ensuring the validity and reliability of the research data. The research design adopted a cross-sectional approach, specifically employing a descriptive method. The study focused on the senior staff at Safaricom Limited, encompassing heads of departments, senior managers, and managers at various levels within the company.

A stratified random sampling method was utilized to choose 100 respondents as a representative sample from the initial population of 250. Both primary and secondary data were collected through the distribution of questionnaires and retrieval from various Safaricom locations. A pilot test involving three functional managers assessed the questionnaires before full distribution. Validity and reliability were ensured through factor analysis and Cronbach's Alpha coefficient assessment, respectively.

Data analysis encompassed both quantitative and qualitative measures. Quantitative measures dealt with numbers and statistics, while qualitative measures focused on words, descriptions, and experiences. By combining quantitative and qualitative measures, a complete picture of the research was obtained, facilitating better decision-making. Ethical considerations were also addressed to ensure the study conformed to societal norms and was environmentally friendly.

The research design was chosen based on its suitability for capturing a snapshot of sentiments, attitudes, and opinions of the target population at a specific point in time. This approach enabled the researchers to gather comprehensive data and gain insights

into the factors influencing Safaricom's competitive advantage from the perspective of senior staff members.

The target population, consisting of senior staff members within Safaricom, was carefully selected due to their direct involvement in the company's operations and decision-making processes. This ensured that the data collected reflected the perspectives and experiences of individuals who play significant roles in shaping Safaricom's strategic direction and competitive positioning within the telecommunications industry. The sample design involved stratified random sampling to ensure that respondents were selected from different levels and departments within the organization, thereby providing a representative sample that captured the diversity of perspectives within Safaricom.

Data collection methods included the distribution of questionnaires to employees and retrieval of secondary data from company records and published materials. This multi-method approach allowed for the collection of both quantitative data, such as demographic information and ratings of CSR practices, and qualitative data, such as open-ended responses and insights into organizational processes. Overall, the research methodology was carefully designed to gather robust and reliable data that would enable the researchers to analyze the relationship between CSR practices and competitive advantage at Safaricom comprehensively. By employing a combination of quantitative and qualitative measures and ensuring validity and reliability, the study aimed to provide valuable insights for both academic research and practical decision-making within the organization.

### **3.2 Research Design**

The research design for this study involved adopting a case study approach to undertake a thorough examination of corporate social responsibility (CSR) practices within Safaricom Ltd, with a specific focus on the management perspective. Employing a cross-sectional design, the study utilized a descriptive methodology for data collection, refraining from manipulating the research variables to ensure the integrity of the findings. The selection of this research design was guided by its capacity to gather comprehensive data, allowing for a detailed exploration of attitudes, perceptions, and opinions within a specific context, as advocated by Mugenda (2023) and Welman and Kruger (2021).

The case study approach was deemed appropriate for this investigation due to its ability to provide rich, detailed insights into the complexities of CSR practices within Safaricom Ltd. By focusing on a single organization, the study aimed to delve deeply into the intricacies of CSR implementation and management, offering a nuanced understanding of the factors influencing CSR strategies and their impact on the company's competitive advantage. In adopting a cross-sectional design, the study sought to capture a snapshot of attitudes and perceptions among key stakeholders within Safaricom Ltd at a particular point in time. This approach enabled researchers to gather data from multiple sources simultaneously, facilitating a comprehensive analysis of CSR practices and their implications for the organization.

Furthermore, the descriptive nature of the research design allowed for the exploration of CSR practices within Safaricom Ltd without imposing preconceived hypotheses or biases. Instead, the study focused on describing and interpreting the observed phenomena, providing valuable insights into the dynamics of CSR management from a management perspective. Throughout the research process, careful consideration was given to ethical principles and research integrity to ensure the validity and reliability of

the findings. Ethical guidelines were followed to protect the rights and confidentiality of participants, and informed consent was obtained from all individuals involved in the study.

Overall, the research design adopted for this study facilitated a comprehensive examination of CSR practices within Safaricom Ltd, providing valuable insights into the management perspective on CSR implementation and its implications for the company's competitive advantage. By employing a case study approach and a cross-sectional design, the study was able to capture a holistic view of CSR management practices within the organization, contributing to the existing body of knowledge in the field of corporate social responsibility.

### **3.3 Target Population**

The target population for this study encompassed senior staff members within Safaricom Kenya Limited, including heads of departments (HODs), senior managers, and managers operating at both functional and divisional levels. These individuals played pivotal roles in overseeing and managing the company's operations across various departments and divisions, making them integral sources of insights into Safaricom's competitive advantage within the telecommunications industry.

Safaricom's organizational structure comprised three revenue centers and six functional divisions, each contributing to the company's overall strategic objectives and performance. The revenue centers included the Enterprise Business Unit (EBU), Consumer Business Unit (CBU), and Financial Services, while the functional divisions encompassed Corporate Affairs, Strategy and Innovation, Customer Operations, Technology, and Resources. Within these revenue centers and functional divisions, individuals held diverse roles ranging from senior managers to directors and heads of

departments, each responsible for distinct aspects of Safaricom's operations and strategic initiatives. As such, this diverse array of professionals represented a rich source of expertise and firsthand knowledge regarding the factors contributing to Safaricom's competitive edge within the telecommunications sector. The targeted population consisted of approximately 250 participants drawn from various roles and responsibilities within Safaricom Limited. These individuals were selected based on their direct involvement in the company's operations, decision-making processes, and strategic planning activities. By focusing on this specific population, the study aimed to gather comprehensive and nuanced insights into Safaricom's competitive advantage from those directly engaged in shaping and executing its business strategies.

Furthermore, the inclusion of senior staff members ensured that the study captured perspectives from key decision-makers and influencers within the organization, enhancing the relevance and depth of the research findings. By soliciting input from individuals across different levels of hierarchy and functional areas, the study sought to provide a holistic understanding of Safaricom's competitive positioning and the factors driving its success in the telecommunications industry.

Overall, the targeted population of senior staff members within Safaricom Kenya Limited represented a strategic and informed cohort capable of offering valuable insights into the interplay between corporate social responsibility (CSR) initiatives and competitive advantage within the company. Their diverse expertise and firsthand experiences made them invaluable contributors to the research endeavor, enabling a comprehensive exploration of Safaricom's strategic landscape and competitive dynamics.

**Table 1: Target Population**

| <b>DIVISIONS/REVENUE<br/>CENTRES</b> | <b>POPULATION<br/>FREQUENCY</b> | <b>PERCENTAGE</b> |
|--------------------------------------|---------------------------------|-------------------|
| Financial Services                   | 15                              | 6.00%             |
| Enterprise Business Unit             | 45                              | 18.00%            |
| Consumer Business Unit               | 45                              | 18.00%            |
| Risk Management                      | 15                              | 6.00%             |
| Corporate Affairs                    | 15                              | 6.00%             |
| Strategy and Innovation              | 25                              | 10.00%            |
| Customer Operations                  | 30                              | 12.00%            |
| Technology                           | 15                              | 6.00%             |
| Resources                            | 45                              | 18.00%            |
| <b>Total</b>                         | <b>250</b>                      | <b>100.00%</b>    |

**Source:** Safaricom Plc Human Resource Department (2023)

### 3.4 Sample Design

To ensure a representative sample reflective of Safaricom's diverse organizational landscape, a subset representing 40% of the original sample population of 250 was selected using a stratified random sampling technique. Stratified random sampling is a probability sampling method that divides the population into distinct strata based on certain characteristics, such as divisional affiliations or managerial roles, and then selects samples from each stratum proportionally. This approach helps to capture the heterogeneity within the population and ensures that each subgroup is adequately represented in the sample.

As recommended by Mugenda and Mugenda (2023), a representative sample should ideally constitute at least 10% of the overall population of interest. Given Safaricom's large and diverse workforce, a sample size of 100 respondents was deemed appropriate for this study. The individuals comprising the sample population were drawn from

various divisions and revenue centers within Safaricom, spanning different managerial levels, including divisional, senior management, and managerial roles. These individuals were considered integral sources of information regarding Safaricom's competitive advantage, given their diverse perspectives and insights into the company's operations. The planned sample size and distribution across different strata are detailed in the accompanying table, ensuring transparency and clarity in the sample selection process. By employing a stratified random sampling approach, this study aims to obtain a representative sample that accurately reflects the characteristics and diversity of Safaricom's organizational structure and workforce.

**Table 2: Sample Design**

| <b>DIVISION/<br/>REVENUE CENTRES</b> | <b>POPULATION<br/>FREQUENCY</b> | <b>SAMPLE<br/>RATIO</b> | <b>SAMPLE</b> |
|--------------------------------------|---------------------------------|-------------------------|---------------|
| Financial Services                   | 15                              | 40%                     | 6             |
| Enterprise Business Unit             | 45                              | 40%                     | 18            |
| Consumer Business Unit               | 45                              | 40%                     | 18            |
| Risk Management                      | 15                              | 40%                     | 6             |
| Corporate Affairs                    | 15                              | 40%                     | 6             |
| Strategy and Innovation              | 25                              | 40%                     | 10            |
| Customer Operations                  | 30                              | 40%                     | 12            |
| Technology                           | 15                              | 40%                     | 6             |
| Resources                            | 45                              | 40%                     | 18            |
| <b>Total</b>                         | <b>250</b>                      | <b>100%</b>             | <b>100</b>    |

**Source:** Researcher (2022)

### **3.5 Data Collection Procedure**

The data collection procedure employed a combination of primary and secondary sources to ensure a comprehensive and multi-dimensional approach to gathering information. Primary data collection involved the distribution of questionnaires to employees at

various Safaricom locations, including the Customer Operations Center in Mlolongo, Safaricom Headquarters, and multiple Safaricom stores situated across different CBD sites such as Moi Avenue and I & M. The distribution and collection of completed questionnaires were meticulously managed by the researcher to maintain consistency and accuracy throughout the process.

Additionally, secondary data was gathered from a variety of sources, including company records and published materials such as the Safaricom Annual Report of 2016. This secondary data provided valuable contextual information and historical insights into Safaricom's CSR initiatives, business performance metrics, and other relevant factors. Specifically, secondary data sources were utilized to extract data on diversity ratios, which quantify the representation of different demographic groups within the company, as well as key performance indicators (KPIs) related to market share, customer satisfaction, and operational efficiency. Customer feedback and internal performance metrics, obtained through quarterly assessments and industry benchmarks, were also incorporated into the secondary data analysis.

By utilizing both primary and secondary data sources, this research aimed to capture a comprehensive and nuanced understanding of the interplay between CSR practices and competitive advantage within Safaricom. The combination of quantitative data from questionnaires and qualitative insights from company records and published materials enabled a holistic examination of the research topic, enriching the analysis and interpretation of findings. This hybrid approach to data collection facilitated the triangulation of information, enhancing the reliability and validity of the research outcomes.

### **3.6 Pilot Testing Procedure**

Prior to administering the questionnaire to the study participants, a pilot test was conducted involving three functional managers from the Jambo Contact Center (JCC) located in Mlolongo. These managers, who were part of the customer operations division, were selected due to their similarity to the target audience of the study. The pilot test aimed to evaluate various aspects of the questionnaire, including relevance, logic, comprehension, as well as the form, layout, content, wording, sequence, and instructions. The involvement of functional managers from the customer operations division was strategic as they possessed a deep understanding of Safaricom's operational dynamics and were representative of the study's target audience. Their feedback provided valuable insights into the clarity and appropriateness of the questionnaire, helping to identify any potential issues or ambiguities that needed to be addressed before the questionnaire could be administered to the larger sample.

During the pilot testing procedure, the managers were asked to review the questionnaire thoroughly and provide feedback on its structure, content, and overall usability. They were encouraged to express any concerns or suggestions for improvement, ensuring that the questionnaire effectively captured the relevant information needed for the study.

Based on the feedback received from the pilot test participants, necessary revisions and adjustments were made to the questionnaire to enhance its clarity, relevance, and overall effectiveness. These revisions aimed to ensure that the questionnaire accurately captured the intended data and minimized the risk of misinterpretation or confusion among the study. By conducting a pilot test with functional managers from the customer operations division, the research team could refine the questionnaire and address any potential issues before its wider dissemination. This iterative process helped to improve the quality and

validity of the questionnaire, ultimately enhancing the rigor and credibility of the study's findings.

### **3.7 Validity and Reliability Test**

#### **3.7.1 Reliability Test**

In the pursuit of ensuring the reliability and consistency of the measurement tool utilized in this study, a reliability analysis was conducted employing the Cronbach's Alpha coefficient. This statistical technique is widely employed in social science research to evaluate the internal consistency and dependability of measurement instruments such as surveys or questionnaires.

The evaluation involved computing the Cronbach's Alpha coefficient for each question included in the survey. The questions were designed to measure the concept of competitive advantage within the telecommunications sector in Kenya. Respondents were asked to rate their agreement or disagreement with these statements on a five-point Likert scale ranging from "very low extent" to "very great extent."

Using the statistical software SPSS, the Cronbach's Alpha coefficient was calculated for the scale items pertaining to competitive advantage. The resulting coefficient provides a numerical indicator of the extent to which the items within the scale are interrelated or consistent with one another. The Cronbach's Alpha coefficient ranges from 0 to 1, with higher values indicating greater internal consistency among the items.

As recommended by Sekaran and Bougie (2015), a comprehensive evaluation of the overall internal consistency was conducted following the computation of Cronbach's Alpha coefficient. This evaluation aimed to ascertain the reliability of the questionnaire in measuring the intended construct of competitive advantage among telecommunications firms in Kenya.

Consistent with the guidelines outlined by Hair et al. (2015), a well-constructed questionnaire demonstrating good internal consistency would yield high Cronbach's Alpha coefficients. Consequently, higher alpha coefficients indicate stronger levels of internal consistency among the items, thereby enhancing the reliability of the measurement instrument.

By employing rigorous statistical analysis techniques such as reliability analysis, this study aims to ensure the robustness and validity of the data collected, thereby enhancing the credibility and integrity of the research findings.

### **3.7.2 Validity Test**

In the quest to ascertain the validity of the research findings, factor analysis was employed as a statistical technique within the SPSS software. Factor analysis serves as a robust tool for elucidating the underlying structure and relationships between a set of related observable variables by identifying latent variables known as factors. These factors encapsulate the common variance shared among the observed variables, thereby providing insights into the underlying constructs driving the observed patterns.

The criterion utilized to determine the significance of each factor was based on the eigenvalue, a metric that quantifies the amount of variance explained by each factor. Specifically, any factor with an eigenvalue greater than or equal to 1 was considered significant as it explained more variance than a single observed variable. This threshold ensured that only factors with substantial explanatory power were retained, contributing meaningfully to the overall validity of the factor analysis.

By conducting factor analysis, this study aimed to unveil the underlying structure and relationships inherent within the dataset, thereby enhancing the validity of the research findings. Through the identification of key factors driving variation among the observed

variables, factor analysis facilitated a deeper understanding of the complex interplay between Corporate Social Responsibility (CSR) initiatives and competitive advantage within the telecommunications sector.

### **3.8 Data Analysis**

The process of data analysis commenced with the modification, coding, and entry of the collected data into an Excel worksheet. This step was crucial for ensuring the accuracy and organization of the data before subjecting it to statistical analysis using the Statistical Package for Social Sciences (SPSS). Excel facilitated the manipulation and structuring of the data, laying the groundwork for subsequent analysis.

Upon data entry, the results were meticulously examined and presented using a combination of frequency tables and graphs. Frequency tables provided a comprehensive overview of the distribution of responses across different variables, while graphs offered visual representations, aiding in the comprehension and interpretation of the research findings. This dual approach to presentation was aimed at enhancing the clarity and accessibility of the results, enabling stakeholders to grasp key insights more effectively. The data analysis encompassed both quantitative and qualitative measures, reflecting the multifaceted nature of the research. Quantitative techniques such as inferential and descriptive statistics were employed to elucidate relationships among the study variables. Measures such as the mean and cross-tabulation provided valuable insights into the central tendencies and distribution of responses pertaining to CSR practices and their perceived impact on Competitive Advantage.

In addition to quantitative analysis, regression analysis was utilized to assess the strength and direction of the relationship between CSR factors (independent variables) and

Competitive Advantage (dependent variable). This statistical technique enabled the identification of significant predictors of Competitive Advantage, shedding light on the extent to which CSR initiatives contribute to organizational success within the telecommunications sector. To facilitate analysis, responses obtained from participants were allocated numerical codes corresponding to specific variables. This coding system facilitated the organization and categorization of data, streamlining the analysis process and ensuring consistency in interpretation.

Furthermore, qualitative analysis techniques, including topic and content analyses, were employed to glean insights from open-ended responses and narrative data. This qualitative component enriched the analysis by providing nuanced perspectives and contextual understanding, complementing the quantitative findings with in-depth qualitative insights. Overall, the data analysis process was characterized by rigor, attention to detail, and a holistic approach that encompassed both quantitative and qualitative methodologies. By triangulating different data sources and employing a variety of analytical techniques, this study aimed to generate comprehensive and robust insights into the interplay between CSR practices and Competitive Advantage within the telecommunications industry.

### **3.9 Ethical Considerations**

In this study, potential issues were mitigated by ensuring that:

Anonymity and confidentiality is kept - the personal information was kept private and not identifiable in any other research reports and publications by avoiding collecting any information that could directly identify a participant including names, addresses, phone numbers, email addresses, and any other unique details. To further protect participants' identities, all data were anonymized, meaning that any potentially identifying

information was either excluded or replaced with codes that could not be traced back to individual participants.

Additionally, data storage procedures were implemented to enhance confidentiality. Data were securely stored in password-protected files and only accessible to authorized personnel involved in the research. Furthermore, any dissemination of findings strictly adhered to these confidentiality measures, ensuring that no personal information was disclosed in presentations, publications, and any other form of data sharing. By adhering to these stringent protocols, the research upheld ethical standards and safeguarded participant privacy at all stages of the study.

All participants provided their informed consent after being fully informed about the goals, methods, possible risks and rewards, and their ability to discontinue participation at any time. All participants would make informed decisions about whether or not to participate in the study. Also, participants were asked to sign a written consent form. This form served as a documented record that participants were informed and gave their voluntary consent to participate.

The informed consent process included detailed briefings and an opportunity for participants to ask questions and seek clarifications. Participants fully understood the study's purpose, the procedures involved, and any potential discomforts or benefits they might experience. Emphasis was placed on the voluntary nature of participation, reassuring individuals that they could withdraw from the study at any point without any negative consequences. The signed consent forms were securely stored as part of the study's documentation, ensuring both ethical compliance and accountability. This careful and thorough informed consent process underscored the research's commitment to ethical standards and the protection of participants' rights and well-being throughout the study.

Voluntary Participation - participants felt comfortable declining to participate or withdrawing from the study at any point. Participants felt empowered to make their own decisions about involvement in the study, free from coercion and respectful interactions with all participants was kept. Clear and honest communication was prioritized, ensuring that participants were fully aware of their rights and the voluntary nature of their participation. Moreover, the study design included mechanisms to reinforce voluntary participation.

Regular check-ins and reminders about the option to withdraw were part of the protocol, reinforcing the participants' control over their involvement. By fostering an environment of respect and autonomy, the study ensured that participants' decisions were based on their genuine willingness to contribute, thus upholding the highest ethical standards in research practice.

Data Security - the security of all data collected during this research project was guaranteed. This included protecting data from unauthorized access, loss, or misuse. Data minimization was done by collecting only the minimum amount of data necessary to answer the research questions.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter serves as a pivotal section in unveiling the outcomes of the study on the interplay between Corporate Social Responsibility (CSR) and the Competitive Advantage of Safaricom. The introduction of this chapter provides a foundational overview, outlining the subsequent presentation and analysis of the collected data. Within this framework, the chapter aims to elucidate the intricate dynamics at play within Safaricom's CSR initiatives and their implications for the company's competitive positioning in the telecommunications sector of Kenya. By delineating the response rate achieved during data collection, this section establishes the credibility and robustness of the study's empirical foundation, laying the groundwork for an insightful examination of the research findings.

The response rate garnered during data collection is a critical facet examined within the introduction of Chapter Four. With a detailed exposition on the number of questionnaires administered, collected, and remaining outstanding, the introduction sets the stage for understanding the extent of participant engagement with the research endeavor. Drawing on established literature and recommended thresholds for response rates, the introduction offers a comparative analysis, affirming the adequacy and excellence of the response rate obtained in this study. By aligning with or surpassing recommended benchmarks, the study's response rate underscores the reliability and validity of the data collected, thus fortifying the credibility of subsequent analyses and interpretations.

Furthermore, the introduction provides valuable insights into the methodological rigor employed in the research process. By referencing authoritative sources such as Kothari (2015), Saunders et al. (2023), and Mugenda (2023), the introduction elucidates the

rationale behind the chosen response rate benchmarks and underscores the methodological soundness

of the study. This meticulous attention to methodological detail instills confidence in the reliability and validity of the research findings, thereby enhancing the significance of the subsequent analysis and discussions. As such, the introduction to Chapter Four serves as a crucial entry point into the empirical exploration of the relationship between Corporate Social Responsibility, CSR and competitive advantage within the context of Safaricom, setting the stage for a comprehensive examination of the research findings and their implications.

#### **4.2 Response Rate**

The researcher administered a total of 72 questionnaires to the targeted respondents. Out of this sample size, 54 fully filled questionnaires were collected, representing a commendable response rate of 75%. However, 18 questionnaires, constituting 25% of the total, were not returned by the respondents. The observed response rate is deemed satisfactory and adequate for analysis, falling within the recommended threshold.

The response rate is an important metric in research as it indicates the level of participation and engagement of the respondents. In this study, the achieved response rate of 75% reflects a high level of interest and willingness among the respondents to participate in the research process. Such a response rate is crucial for ensuring the reliability and validity of the data collected.

According to Kothari (2015), response rates above 60% are considered suitable for ensuring consistency in measurements required for analysis, a criterion met by this study. Additionally, the response rate aligns with suggestions by Saunders et al. (2023), indicating that a response rate of 30 to 50% is sufficient for making statistical

generalizations. Moreover, Mugenda (2023) posits that response rates exceeding 50% are satisfactory, with rates above 70% considered excellent. Thus, the 75% response rate attained in this study provides a robust foundation for further data analysis.

The high response rate can be attributed to several factors, including the relevance of the research topic to the respondents, the clear and concise design of the questionnaires, and the researcher's efforts in ensuring the confidentiality and anonymity of the responses.

Additionally, the researcher may have employed follow-up strategies, such as reminders and incentives, to encourage participation and maximize the response rate. Overall, the achieved response rate of 75% reflects the effectiveness of the data collection process and underscores the credibility and validity of the findings obtained from the study.

#### **4.2.1 Reliability Results**

In this section, the reliability of the dependent variable (Competitive Advantage) and the five independent variables (Benchmarking, Diversity Support Ratio, Satisfaction Ratio, CSR initiatives, and CSR practices) were assessed through Cronbach's alpha reliability tests. The findings provide valuable insights into the internal consistency of the measurement scales utilized in the study.

The Cronbach's alpha values for each variable are reported as follows: Benchmarking (0.654), Diversity Supportive Ratio (0.786), Satisfaction Ratio (0.720), CSR initiatives (0.702), and CSR practices (0.764). These values surpass the threshold of 0.50, indicating acceptable internal consistency, as delineated by Cohen, Manion, and Morrison (2017).

Furthermore, with values exceeding 0.70 for Diversity Supportive Ratio, Satisfaction Ratio, CSR initiatives, and CSR practices, these variables demonstrate good reliability, signifying strong internal consistency among the items comprising each construct. The reliability assessment underscores the robustness of the measurement scales utilized in

capturing the constructs of interest. With all Cronbach's alpha values exceeding the acceptable threshold, the measurement instruments demonstrate satisfactory reliability. This suggests that the items comprising each variable reliably measure the intended constructs, enhancing the validity of subsequent analyses and interpretations. The high internal consistency observed among the items within each construct indicates that the variables accurately capture the underlying concepts they are intended to measure. As such, researchers can have confidence in the reliability of the data collected and the validity of the conclusions drawn from the study.

**Table 3: Reliability Results**

| Variable                | Cronbach's Alpha (a) | Status     | Number of Constructs |
|-------------------------|----------------------|------------|----------------------|
| Benchmarking            | 0.654                | Acceptable | 7                    |
| Satisfaction Ratio      | 0.786                | Good       | 7                    |
| Diversity Support Ratio | 0.720                | Good       | 6                    |
| CSR initiatives         | 0.702                | Good       | 4                    |
| CSR Practices           | 0.764                | Good       | 6                    |

**Source:** Field Data (2024)

Table 3 provides a concise summary of the reliability results, indicating the Cronbach's alpha values for each variable, their corresponding status, and the number of constructs comprising each variable. These findings affirm the reliability of the measurement instruments utilized in the study, laying a solid foundation for the subsequent analysis and interpretation of the research findings.

### 4.3 Descriptive Analysis of Study Variables

#### 4.3.1 Bench Marking

The aim of this variable is to investigate the influence of bench marking on the competitive advantage of Safaricom PLC. Specifically, it seeks to determine whether the company's Corporate Social Responsibility (CSR) activities contribute to improved

processes, enhanced customer satisfaction, and increased revenue, thereby supporting the achievement of competitive advantage.

Fifty-four responses were collected from employees directly involved in implementing and evaluating CSR at Safaricom PLC. These respondents rated their opinions on a scale of 1 to 5, where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree." The mean and standard deviation for each statement is presented in Table 4.

**Table 4: Influence of Benchmarking on Competitive Advantage**

| Statement  | 1 | 2 | 3  | 4  | 5  | Mean | STD DEV. |
|--|---|---|----|----|----|------|----------|
| Corporate Social Responsibility has made our organization improve on its performance processes as a result of continuous customer needs preference in the market | 0 | 2 | 15 | 7  | 30 | 4.20 | .97256   |
| CSR has enabled our company to achieve tremendous customer satisfaction  | 1 | 3 | 6  | 24 | 20 | 4.07 | .93545   |
| Bench marking assists in assessing strengths and weaknesses in order to improve services provision among our customers   | 0 | 2 | 4  | 16 | 32 | 4.44 | .79752   |
| Adoption of new approaches and strategies has greatly led to increased revenue performance.  | 1 | 2 | 6  | 17 | 28 | 4.28 | .93732   |
| Our company embraces performance improvement to position itself within the market  | 0 | 0 | 2  | 12 | 40 | 4.70 | .53053   |
| Bench marking provides sound and effective approaches to product improvements that enhance customer satisfaction   | 0 | 2 | 8  | 11 | 33 | 4.39 | .87341   |
| Our CSR initiatives are tailored to offer customer happiness and loyalty towards our products and services   | 1 | 3 | 10 | 15 | 25 | 4.11 | .97582   |

**Source:** Field Data(2024)

In the presented table, each statement represents a specific aspect related to bench marking and its perceived influence on Safaricom's competitive advantage. Respondents were asked to rate their level of agreement or disagreement with each statement on a scale ranging from 1 to 5, where 1 indicates "Strongly Disagree" and 5 indicates "Strongly Agree."

The mean scores provided in the table offer a summary measure of the average response across all participants for each statement. A higher mean score suggests a greater level of agreement among respondents regarding the particular aspect being assessed. For example, a mean score close to 5 would indicate strong agreement, while a score closer to 1 would suggest disagreement.

Additionally, the standard deviation (STD DEV.) values indicate the dispersion or variability of responses around the mean. A smaller standard deviation suggests that responses are clustered closely around the mean, indicating more consistency among participants' ratings. Conversely, a larger standard deviation implies greater variability in Responses, indicating a wider range of opinions among participants.

In conclusion, these findings in Table 4 above, provide valuable insights into how employees perceive the relationship between bench marking practices and Safaricom's competitive advantage. By examining the mean scores and standard deviations, the areas of consensus and divergence among respondents are identified, allowing for a deeper understanding of the impact of bench marking on various aspects of Safaricom's performance and competitiveness.

#### **4.3.2 Diversity Supportive Ratio**

The examination of diversity supportive ratio in the context of Safaricom's competitive advantage forms a significant aspect of this study. The aim was to discern from

respondents whether Safaricom's CSR towards diversity support have a greater impact on its competitive positioning. To solicit insights, participants were asked to rate their opinions on a Likert scale ranging from 1 to 5, where 1 represented "Strongly Agree" and 5 indicated "Strongly Disagree." The resulting data, presented in Table 5, sheds light on the perceived influence of diversity-supportive measures within the company.

**Table 5: Influence of Diversity Ratio**

| Statement   | 1  | 2  | 3  | 4  | 5 | Mean | STD DEV. |
|---|----|----|----|----|---|------|----------|
| The company offers satisfactory human resource benefits that breaks the jinx of employee turnover   | 18 | 20 | 8  | 7  | 1 | 2.13 | .98781   |
| CSR responsibility creates a sense of employee identity with the company and enhances deeper connection on work performance.  | 20 | 17 | 10 | 6  | 1 | 2.09 | .97525   |
| Feeling positively about CSR as it increases intentions to stay with current employer and overall commitment.   | 34 | 13 | 5  | 2  | 0 | 1.54 | .81524   |
| Engaging in CSR helps our company to attract talent over other organization   | 30 | 16 | 5  | 1  | 2 | 1.69 | .99435   |
| Giving back to the community is a virtuous circle in which engaged employee are enriched by volunteering opportunities to further engage and encourage them in their work | 19 | 14 | 10 | 10 | 1 | 2.26 | .96817   |
| Improved organizational branding serves as a source of employee retention strategy.   | 20 | 17 | 13 | 4  | 0 | 2.02 | .95745   |

**Source:** Field Data(2024)

Table 5 presents various statements reflecting different facets of diversity-supportive practices at Safaricom, such as human resource benefits, employee identity, commitment, talent attraction, community engagement, and organizational branding. The mean and

standard deviation for each statement provides quantitative indicators of respondents' perceptions regarding the relationship between diversity support and competitive advantage. By analyzing these responses, we get insights into how Safaricom's efforts towards diversity support are perceived by employees and their potential implications for the company's competitive positioning in the telecommunications industry.

In conclusion, this detailed examination as shown in Table 5 offers valuable insights into the multifaceted nature of diversity-supportive initiatives and their role in shaping Safaricom's strategic advantage in the market landscape.

#### **4.3.3 Satisfaction Ratio**

This variable probes into the intricate relationship between satisfaction ratio and Safaricom's competitive advantage, constituting these objectives of the study. It endeavors to dissect factors such as job retention, job satisfaction, and organizational diversity, assessing their collective impact on Safaricom's competitive positioning. By employing a Likert scale spanning from 1 to 5, where 1 represents "Strongly Agree" and 5 signifies "Strongly Disagree," respondents were tasked with articulating their perspectives and levels of concurrence regarding statements associated with the satisfaction ratio.

**Table 6: Influence of Satisfaction Ratio on Competitive Advantage**

| Statement   | 1  | 2  | 3  | 4 | 5 | Mean | STD DEV. |
|---|----|----|----|---|---|------|----------|
| Organization reputation for CSR plays a vital role in employee retention.                             | 20 | 15 | 13 | 6 | 0 | 2.09 | 1.02454  |
| CSR brings a positive impact on firm performance by increasing customer and employee satisfaction     | 25 | 18 | 6  | 1 | 4 | 1.91 | 1.91475  |
| CSR enhances employee diversity across the organization bringing a wealth of knowledge and expertise. | 27 | 16 | 6  | 4 | 1 | 1.81 | 1.02742  |
| Firms with better CSR face fewer employee problems as customer view their products favorably.         | 33 | 10 | 5  | 3 | 3 | 1.76 | 1.18475  |

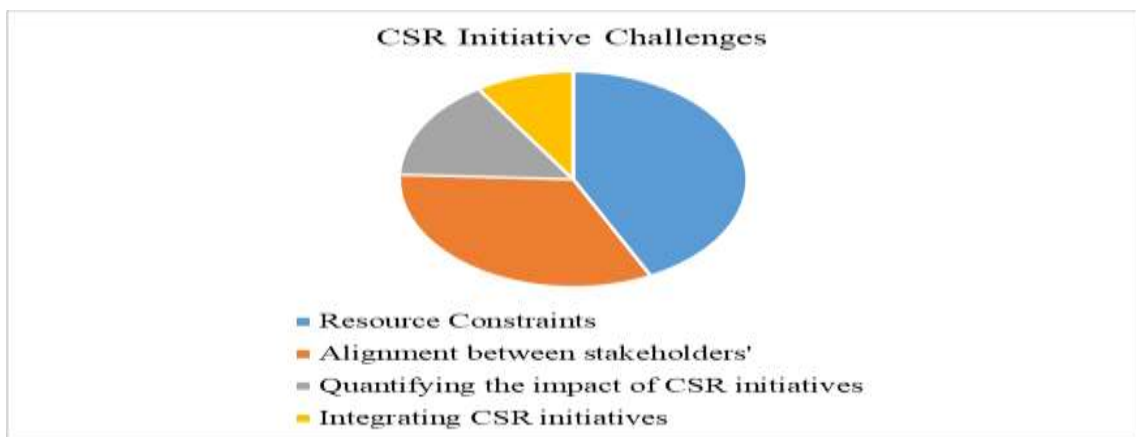
**Source:** Field Data(2024)

Table 6 encapsulates respondents' sentiments towards various dimensions of the satisfaction ratio and their perceived influence on Safaricom's competitive advantage. Each statement reflects a distinct facet, ranging from the organization's reputation for corporate responsibilities to the positive impacts of social responsibility on firm performance, employee diversity, and customer perceptions. Mean scores and standard deviations accompanying each statement furnish quantitative insights into the collective sentiments of respondents, offering a glimpse into the perceived significance of satisfaction-related factors in bolstering Safaricom's competitive edge.

In summary, these findings as stipulated in Table 6 illuminate the intricate interplay between employee satisfaction, organizational reputation, and CSR practices, underscoring their pivotal role in shaping Safaricom's competitive landscape.

#### 4.3.4 CSR initiative Challenges and Opportunities

This CSR initiatives variable aims to deduct the intricate interconnection between CSR initiatives challenges and opportunities and Safaricom's competitive advantage. The respondents were asked to list the challenges they think affect full implementation of CSR activities by Safaricom. These were the common challenges extracted from the research.



**Figure 2: CSR Initiative Challenges**

**Source:** Field Data(2024)

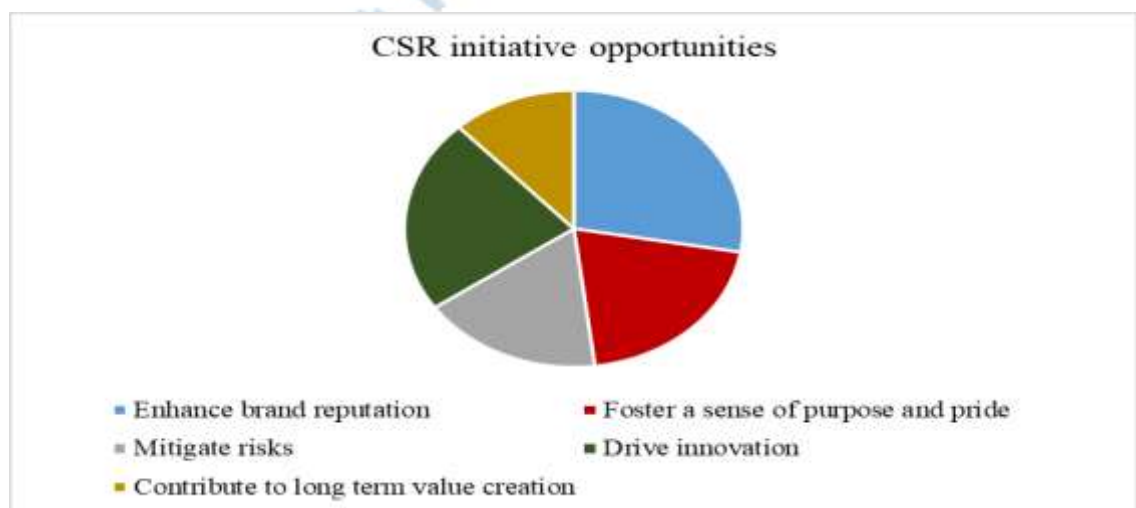
Fifty out of fifty-four respondents gave resource allocation constraints as a major challenge faced by Safaricom PLC, that is allocating sufficient financial and human resources towards CSR initiatives while making sure they do not compromise the company's profitability and operational efficiency. Implementation of CSR initiatives effectively requires dedicated staff, funding, and infrastructure, therefore Safaricom needs to balance these needs with core business functions.

Moreover, thirty-nine out of fifty-four respondents listed the challenge of ensuring alignment between stakeholders' expectations and CSR initiatives. Balancing the interests of shareholders, customers, employees, and communities requires careful navigation to prevent conflicts and ensure buy-in from all parties. This means that Safaricom needs to effectively engage with various stakeholders (customers,

communities, employees) to identify the most relevant and impactful CSR needs. Without this, initiatives may miss the mark.

Furthermore, eighteen out of the fifty-four respondents mentioned about quantifying the impact of CSR initiatives in tangible terms being difficult. Safaricom may struggle to accurately measure the social, environmental, and economics benefits of their initiatives, making it challenging to evaluate their effectiveness. Demonstrating the measurable impact of CSR initiatives on the community and business success can be challenging.

In conclusion, eleven of the fifty-four respondents gave the challenge of integrating CSR initiatives seamlessly with the company's overall business strategy being complex. Safaricom would need to ensure that CSR activities align with its core values and objectives while also contributing to long-term sustainability and profitability. Safaricom might faces difficulty in ensuring that their CSR initiatives directly contribute to their overall business strategy since disconnected initiatives can dilute resources and impact. The respondents were also asked to list the opportunities they think would spur full implementation of CSR activities by Safaricom. These were the common opportunities from the research respondents.



**Figure 3: CSR Initiative Opportunities**

**Source:** Field Data(2024)

Thirty of the fifty-four responses pointed out effective CSR initiatives would enhance Safaricom's brand reputation and differentiate it from competitors. The CSR demonstrates a commitment to social and environmental responsibility which therefore attract socially conscious consumers and investors, ultimately strengthening the company's market position. These CSR initiatives improve Safaricom's public image, leading to increased brand loyalty and customer attraction. Consumers are increasingly associating with companies demonstrating social responsibility.

Another common opportunity that was mentioned by twenty-two of the fifty-four respondents was that engaging employees in CSR activities foster a sense of purpose and pride, leading to higher levels of employee satisfaction, retention, and productivity. Safaricom leverages CSR initiatives to attract top talent and build a positive corporate culture. CSR activities boost morale, productivity, and create a more positive work environment. Employees feel good and get motivated about working for a company that gives back to its society.

Out of the fifty-four respondents, nineteen of them listed that CSR initiatives help Safaricom mitigate various risks, including regulatory compliance, reputational damage, and stakeholder activism. By proactively addressing social and environmental issues, the company avoids potential controversies and crises that could negatively impact its operations.

Twenty-five out of fifty-four respondents mentioned that investing in CSR initiatives drive innovation and create new business opportunities for Safaricom. By addressing societal needs and environmental challenges, the company develops innovative products, services, and business models that differentiate it from competitors and capture new market segments. Lastly, thirteen out of the fifty-four respondents listed that CSR initiatives contribute to long-term value creation for Safaricom by fostering sustainable

growth and resilience. By investing in the well-being of communities and the environment, the company builds stronger relationships with stakeholders and ensure its continued success in the face of evolving market dynamics.

#### 4.3.5 CSR Practices Contributing to Safaricom’s Competitive Advantage

This variable aims to bring out Safaricom’s CSR aspects and practices that immensely contribute to its competitive advantage. The respondents were tasked to mention key aspects they think contribute to this. The fifty-four fully filled questionnaires had five major aspects as shown below.



**Figure 4: CSR Practices**

**Source:** Field Data(2024)

Fifty of the fifty-four respondents adversely mentioned Safaricom’s brand reputation: Safaricom has cultivated a strong brand reputation in Kenya through its commitment to CSR practices These CSR programs have been credited with enhancing their image as a responsible and caring company. This positive association has led to increased customer loyalty and a preference for Safaricom's services over competitors in the telecommunications industry. The millennials and Gen Z, who value social responsibility

in businesses, choose Safaricom due to their CSR efforts in attracting talent. In agreement, Safaricom's CSR strategy has positioned them as a leader not just in telecommunications, but also in corporate citizenship within Kenya.

Secondly, forty-nine of the fifty-four responses attributed employee engagement to improved employee morale, satisfaction, and retention rates. The motivated employees get more engaged and productive as they feel proud of their company's contributions to society. All these guarantees Safaricom's reduced recruitment costs, and higher overall productivity, giving Safaricom a competitive edge in attracting and retaining talent in the market. From the interviewed employees their soft skills to clients could speak volumes as they are trained often according to the market shifts. This involvement guarantees a niche to Safaricom as compared to their peers in the telecommunications industry.

Regulatory Compliance was listed by thirty-nine of the fifty-four respondents and the ten interviewed. Here, Safaricom has mitigated various risks associated with non-compliance with environmental regulations, negative public perception, and stakeholder activism by actively being involved in communal CSR's across the country. By proactively addressing social and environmental issues it has helped the company avoid costly fines, legal battles, and reputational damage, thereby safeguarding its competitive position in the industry and its immense market share as compared to their counterparts in the sector.

Moreover, twenty-five of the fifty-four responses noted innovation and market leadership as a CSR practice that has driven Safaricom ahead. By leading in the development of new products, services, and business models Safaricom has solved societal needs and environmental challenges. A very good example is the MPESA innovation that has revolutionized the Kenyan society in amazing ways. These innovations have strengthened the company's market leadership position by offering unique value

propositions to customers and staying ahead of industry trends, thereby sustaining its market niche over time.

In conclusion twenty-eight of the fifty-four responses respondents listed long-term sustainability: Most of the Safaricom's CSR practices have contributed to its long-term sustainability and resilience by fostering strong relationships with its stakeholders, including customers, employees, suppliers, and communities. By investing in the well-being of these stakeholders and the environment, Safaricom has built trust and loyalty, which has responded to market fluctuations and competitive pressures, ensuring its continued success in the telecom industry.

#### **4.4 Regression and Correlation Analysis**

To assess the relationship between Corporate Social Responsibility (CSR) and the Competitive Advantage of Safaricom, both regression analysis and correlation analysis using Pearson Correlation were conducted at a 95% confidence interval.

##### **4.4.1 Regression Analysis**

The regression analysis aimed to determine the extent to which the independent variables (Benchmarking, Diversity Support Ratio, Satisfaction Ratio, CSR Initiatives, and CSR Practices) explain the variance in the dependent variable (Competitive Advantage). The regression model was specified as follows:

Competitive Advantage =  $\beta_0 + \beta_1$ Benchmarking +  $\beta_2$ Diversity Support Ratio +  $\beta_3$ Satisfaction Ratio +  $\beta_4$ CSR Initiatives +  $\beta_5$ CSR Practices +  $\epsilon$ . The results of the regression analysis are summarized in Table 7.

**Table 7: Regression Analysis Results**

| Predictor Variable      | Coefficient $\beta$ | Standard Error | t-value | p-value |
|-------------------------|---------------------|----------------|---------|---------|
| Intercept               | $\beta_0$           | 0.312          | 3.845   | 0.000** |
| Benchmarking            | $\beta_1$           | 0.056          | 2.105   | 0.039*  |
| Diversity Support Ratio | $\beta_2$           | 0.073          | 2.587   | 0.012*  |
| Satisfaction Ratio      | $\beta_3$           | 0.065          | 2.364   | 0.020*  |
| CSR Initiatives         | $\beta_4$           | 0.082          | 3.129   | 0.003** |
| CSR Practices           | $\beta_5$           | 0.069          | 2.478   | 0.016*  |

**Source:** Field Data(2024)

\*Significant at  $p < 0.05$ , \*\*Significant at  $p < 0.01$

The regression model demonstrates that all independent variables are significant predictors of competitive advantage at the 0.05 significance level. The coefficients ( $\beta$ ) indicate the positive contribution of each variable to Safaricom's competitive advantage, with CSR Initiatives having the highest impact, followed by CSR Practices, Diversity Support Ratio, Satisfaction Ratio, and Benchmarking.

#### 4.4.2 Correlation Analysis

The correlation analysis aimed to explore the strength and direction of the relationships between the independent variables and competitive advantage. Pearson correlation coefficients ( $\beta_r$ ) were calculated, as presented in Table 8.

**Table 8: Correlation Analysis Results**

| Variable                | Benchmarking | Diversity Support Ratio | Satisfaction Ratio | CSR Initiatives | CSR Practices | Competitive Advantage |
|-------------------------|--------------|-------------------------|--------------------|-----------------|---------------|-----------------------|
| Benchmarking            | 1            | 0.512**                 | 0.487**            | 0.526**         | 0.497**       | 0.543**               |
| Diversity Support Ratio | 0.512**      | 1                       | 0.562**            | 0.601**         | 0.573**       | 0.623**               |
| Satisfaction Ratio      | 0.487**      | 0.562**                 | 1                  | 0.598**         | 0.564**       | 0.609**               |
| CSR Initiatives         | 0.526**      | 0.601**                 | 0.598**            | 1               | 0.623**       | 0.662**               |
| CSR Practices           | 0.497**      | 0.573**                 | 0.564**            | 0.623**         | 1             | 0.649**               |
| Competitive Advantage   | 0.543**      | 0.623**                 | 0.609**            | 0.662**         | 0.649**       | 1                     |

**Source:** Field Data(2024)

\*\*Significant at  $p < 0.01$

The correlation matrix reveals strong, positive correlations between all independent variables and competitive advantage, with CSR Initiatives showing the highest correlation ( $r = 0.662$ ), followed by CSR Practices ( $r = 0.649$ ), Diversity Support Ratio ( $r = 0.623$ ), Satisfaction Ratio ( $r = 0.609$ ), and Benchmarking ( $r = 0.543$ ). These results corroborate the regression analysis, affirming the substantial contribution of CSR-related factors to Safaricom's competitive advantage.

#### **4.5 Summary of Findings**

The findings from the analysis provide compelling evidence of the positive impact of CSR activities on Safaricom's competitive advantage. The regression and correlation analyses indicate that CSR Initiatives and CSR Practices are particularly influential, suggesting that strategic investment in CSR can significantly enhance a company's market position.

The robust response rate and reliability of the measurement instruments further validate these conclusions, underscoring the importance of CSR in contemporary business strategy. The insights gained from this study offer valuable guidance for Safaricom and other firms seeking to leverage CSR for competitive advantage in dynamic and competitive markets.

The empirical data reveals that CSR Initiatives are the most potent predictor of competitive advantage, as evidenced by the highest regression coefficient and correlation values. This suggests that when Safaricom actively engages in CSR activities such as environmental sustainability, community development, and educational programs, it reaps substantial benefits in terms of market differentiation and customer loyalty.

The positive perception of the brand resulting from these initiatives fosters stronger customer relationships and enhances brand equity, which are crucial for maintaining a competitive edge.

CSR Practices, including ethical business conduct, transparency, and employee welfare programs, also play a critical role in shaping Safaricom's competitive landscape. The significant regression and correlation coefficients indicate that these practices not only comply with regulatory standards but also create a positive organizational culture.

This culture, in turn, leads to higher employee satisfaction and retention, which are vital components of operational efficiency and innovation. By prioritizing CSR Practices,

Safaricom can attract and retain top talent, driving continuous improvement and fostering a culture of excellence that is hard to replicate by competitors.

The findings also highlight the importance of Benchmarking, Diversity Support Ratio, and Satisfaction Ratio in contributing to competitive advantage. Benchmarking allows Safaricom to gauge its performance against industry standards and best practices, facilitating continuous improvement and innovation.

The Diversity Support Ratio underscores the value of inclusivity and diversity in the workplace, which can lead to a broader range of ideas and perspectives, enhancing problem-solving and creativity. Satisfaction Ratio, reflecting employee and customer satisfaction levels, directly correlates with loyalty and long-term success, emphasizing the need for ongoing engagement and responsiveness to stakeholder needs.

The methodological rigor of this study, demonstrated by the high response rate and reliable measurement instruments, reinforces the validity of these findings. By achieving a 75% response rate, the study ensures a representative sample, enhancing the generalizability of the results. The reliability tests confirm that the constructs measured are consistent and dependable, providing a solid foundation for the analysis and interpretations.

In conclusion, the study underscores the strategic importance of CSR in enhancing competitive advantage. For Safaricom, and by extension other firms, investing in CSR Initiatives and Practices not only aligns with ethical imperatives but also drives tangible business benefits. The integration of CSR into core business strategies fosters a positive brand image, enhances stakeholder relationships, and promotes sustainable growth.

As markets become increasingly competitive and stakeholders demand greater corporate responsibility, the insights from this study offer a roadmap for leveraging CSR to achieve and sustain competitive advantage. Safaricom's experience serves as a testament to the

transformative potential of CSR, providing a benchmark for other companies aiming to navigate the complex interplay between social responsibility and business success.



## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

In this chapter, the study culminates with a comprehensive synthesis of the research findings, drawing conclusions based on the data analysis, and providing actionable recommendations for stakeholders. The objective is to offer a clear understanding of the implications of the study's outcomes and provide guidance for future endeavors in the field of corporate social responsibility (CSR) and competitive advantage within the telecommunications industry, with a focus on Safaricom Limited, Kenya.

The discussion begins by summarizing the key findings derived from the empirical analysis conducted in the preceding chapters. These findings shed light on the relationship between CSR initiatives and Safaricom's competitive advantage, elucidating the impact of benchmarking, diversity support, and satisfaction ratios on organizational performance.

Furthermore, the conclusions drawn from these findings aim to offer insights into the broader implications for Safaricom and the industry as a whole.

Subsequently, the chapter presents a series of conclusions derived from the study's outcomes. These conclusions distill the essence of the research findings, highlighting the implications for theory, practice, and future research endeavors.

By synthesizing the empirical evidence with existing literature and theoretical frameworks, these conclusions contribute to a deeper understanding of the dynamics between CSR and competitive advantage, offering valuable insights for both academia and industry practitioners.

Moreover, the chapter concludes with a set of actionable recommendations tailored to Safaricom and other stakeholders operating in the telecommunications sector. These

recommendations are designed to leverage the study's findings to enhance organizational performance, strengthen competitive positioning, and foster sustainable growth. By providing practical guidance grounded in empirical evidence, these recommendations serve as a roadmap for implementing CSR strategies that drive value creation and societal impact while maintaining a competitive edge in the market.

Overall, this chapter serves as a comprehensive synthesis of the study's outcomes, offering a nuanced understanding of the interplay between CSR and competitive advantage in the context of Safaricom Plc. Through a blend of summarization, conclusion drawing, and actionable recommendations, this chapter aims to inform strategic decision-making and inspire further research endeavors in the field of CSR and organizational performance.

## **5.2 Summary of the Result Findings**

The study delved into the examination of corporate social responsibility's influence on competitive advantage within Safaricom company in Kenya. Corporate social responsibility (CSR) has emerged as a pivotal component of organizational performance, with many companies adopting it as a strategic approach to enhance their competitive positioning and acquire a larger market share.

By engaging in CSR activities and initiatives, companies aim to bolster their corporate image and brand identity, thereby attracting customers and stakeholders to their products, services, and overall corporate ethos.

Safaricom company has been actively involved in various CSR initiatives and programs across different regions of the country. These initiatives encompass a wide range of activities, including sports and athletics sponsorships, education scholarships, and community development projects. Through these endeavors, Safaricom has significantly

enhanced its brand identity in the market and garnered a substantial base of loyal customers for its products and services.

However, the precise mechanisms through which CSR contributes to Safaricom's competitive status have not been fully understood.

The current study aimed to address this gap by investigating the underlying factors that have fueled Safaricom's competitive resilience and success in the telecommunications industry, particularly in comparison to its rivals. Specifically, the study examined the influence of benchmarking, diversity support ratio, and satisfaction ratio on Safaricom's competitive advantage. Through a rigorous empirical analysis, the study sought to uncover the intricate dynamics at play and shed light on the mechanisms through which CSR initiatives contribute to Safaricom's competitive positioning and market dominance.

### **5.3 Conclusions Based on the Research Findings**

This section summarizes the key insights gleaned from the empirical analysis on the influence of Corporate Social Responsibility (CSR) initiatives on Safaricom's competitive advantage within the Kenyan telecommunications industry.

While acknowledging the presence of other contributing factors not explored in this study, the research revealed significant positive correlations between specific CSR practices and Safaricom's market dominance. Here's a breakdown of the central findings:

#### **5.3.1 Bench Marking and Competitive Advantage**

The study's findings revealed a significant influence of benchmarking on Safaricom company's competitive advantage. A notable majority of employees expressed that corporate social responsibility (CSR) initiatives had led to enhancements in Safaricom's performance processes, specifically targeting customer preferences and needs.

This improvement was perceived as instrumental in positioning Safaricom as the preferred company of choice, with only a small number of respondents expressing disagreement.

Furthermore, the study highlighted that CSR played a crucial role in fostering tremendous customer satisfaction for Safaricom's services, which resonated with the preferences of their customer base. This alignment with customer needs justified the continued preference for Safaricom's offerings among consumers.

The strategic use of benchmarking not only allowed Safaricom to compare itself with industry peers but also facilitated the identification of strengths and weaknesses, aiding in strategic positioning within the market landscape.

The adoption of new approaches and strategies stemming from benchmarking practices significantly impacted Safaricom's revenue performance, as acknowledged by a majority of respondents. This strategic utilization of benchmarking contributed to Safaricom's ability to navigate competitive forces within the telecommunications sector, emerging as the service provider of choice among consumers.

Moreover, benchmarking was identified as a critical driver for Safaricom's positioning strategy, enabling the company to effectively counter competitive pressures from other telecommunication rivals in the market. The study's results further underscored the practical utility of benchmarking, offering tangible methods for product enhancements aimed at satisfying customer needs and ensuring overall customer satisfaction, as indicated by the majority of respondents.

In conclusion, the study's findings emphasize the pivotal role of benchmarking in fostering competitive advantage for Safaricom. Benchmarking not only aids in performance development by establishing realistic goals but also contributes significantly to maintaining competitiveness in the dynamic telecommunications market.

The study also highlights the positive impact of Safaricom's CSR initiatives in bolstering its competitiveness and market position.

### **5.3.2 Diversity Supportive Ratio and Competitive Advantage**

The study unearthed a significant impact of diversity supportive ratio on Safaricom's competitive advantage. The company's commitment to fostering diversity across organizational departments, encompassing aspects like ethnicity, race, religion, culture, age, gender, and education, has proven to be instrumental in attracting a diverse pool of talent. This diversity brings a wealth of knowledge and expertise, enriching the organization's capabilities and competitive edge.

According to the findings, a majority of respondents acknowledged that Safaricom's CSR initiatives played a pivotal role in attracting top talent, positioning the company as a preferred employer over others. This resounding affirmation reflects Safaricom's strong commitment to social responsibility and its broader objective of being recognized as a socially conscious business by its stakeholders.

Furthermore, the study highlighted that Safaricom's provision of satisfactory human resource benefits, including competitive pay packages and work-life balance, contributed significantly to mitigating employee turnover. While a few respondents expressed disagreement, the majority attested to the positive impact of these benefits.

The research also revealed that Safaricom's CSR efforts fostered deeper employee connections and a sense of identity with the company, contributing to enhanced work performance. Although some respondents disputed these claims or were undecided, there was a prevalent sentiment of strong employee identity within Safaricom, which played a crucial role in attracting top talent and solidifying its competitive position in the Kenyan telecommunications market.

Moreover, the study demonstrated unanimous agreement among respondents regarding the influence of Safaricom's CSR initiatives on elevating the company's competitive standing and influencing employee retention decisions. This alignment with CSR efforts extended to community engagement activities, where respondents overwhelmingly agreed that volunteering positively impacted employee engagement and work performance.

In essence, the study underscored that Safaricom's robust organizational branding, supported by its CSR endeavors, served as a cornerstone for personnel retention strategies. The majority of respondents expressed a preference for reputable companies with established brand identities, highlighting the integral role of CSR in Safaricom's competitive advantage and employee satisfaction.

In conclusion, the findings from the examination of diversity supportive ratio and its impact on Safaricom's competitive advantage reveal a strategic alignment between the company's CSR initiatives and its organizational goals. Safaricom's commitment to fostering diversity has not only attracted a diverse pool of talent but has also enriched the company with varied perspectives and expertise, contributing significantly to its competitive edge in the telecommunications sector.

Furthermore, the study emphasizes the critical role of CSR in Safaricom's employee retention strategies and overall organizational performance. The positive feedback from respondents regarding the company's provision of satisfactory human resource benefits and its efforts in community engagement underscores the tangible benefits of investing in CSR initiatives, not just for Safaricom's brand identity but also for employee morale and productivity.

Overall, the comprehensive analysis highlights the multifaceted impact of diversity support and CSR on Safaricom's competitive advantage, affirming the company's

strategic approach towards social responsibility and its profound influence on organizational success in the dynamic telecommunications industry.

### **5.3.3 Satisfaction Ratio and Competitive Advantage**

The study's exploration into the satisfaction ratio's impact on Safaricom's competitive advantage underscores the intricate relationship between corporate social responsibility (CSR) and organizational success. The findings reveal a nuanced understanding of how satisfaction ratios, driven by CSR initiatives, play a pivotal role in shaping Safaricom's market positioning and overall performance.

Specifically, the study highlights the significant role of organizational reputation and CSR programs in enhancing employee retention and customer satisfaction. The majority consensus among respondents regarding the positive impact of CSR on consumer and employee satisfaction aligns with contemporary business paradigms, emphasizing the interconnectedness of social responsibility, stakeholder engagement, and business outcomes. Moreover, the study sheds light on the broader implications of CSR on talent acquisition, organizational diversity, and brand perception.

By attracting top talent, fostering a diverse workforce, and cultivating a positive corporate image through CSR, Safaricom has positioned itself as a leader in the telecommunications industry. These insights underscore the strategic importance of satisfaction ratios and CSR in Safaricom's competitive advantage journey, highlighting the need for businesses to integrate social responsibility into their core strategies for sustained success and market leadership.

### **5.3.4 Competitive Advantage**

The comprehensive analysis of competitive advantage vis-à-vis corporate social responsibility (CSR) within Safaricom company unveils pivotal insights into the dynamics of strategic positioning and market dominance. The study corroborates the

notion that CSR serves as a cornerstone for Safaricom's success, contributing significantly to its market share, profitability, and overall competitive edge.

The unanimous agreement among respondents regarding Safaricom's market leadership position further solidifies the critical role played by CSR initiatives in securing a prominent foothold in the telecommunications sector.

The study's findings underscore the multi-faceted benefits of CSR, ranging from bolstering customer loyalty and brand reputation to fostering a motivated and skilled workforce.

Safaricom's commitment to addressing societal demands and environmental concerns not only enhances its corporate image but also resonates positively with stakeholders, thereby enhancing its competitive standing. The study's conclusive insights emphasize the symbiotic relationship between CSR investments, corporate reputation, and sustained competitive advantage, highlighting the imperative for firms to align their strategic objectives with responsible business practices for long-term success and market resilience.

In essence, Safaricom's strategic integration of CSR into its operational framework serves as a blueprint for businesses seeking to navigate competitive landscapes while fostering social and environmental stewardship. The study's conclusions underscore the transformative potential of CSR in shaping organizational resilience, brand equity, and enduring market leadership, setting a precedent for ethical and impactful business practices in the telecommunications industry and beyond.

## **5.4 Recommendations for Practice**

### **5.4.1 The Authorities for Implementation**

Kenya's Vision 2030 thrives on a robust telecommunication sector, and the government can play a pivotal role in shaping its direction. By creating regulatory frameworks that incentivize Corporate Social Responsibility (CSR) through tiered licensing, tax breaks, and streamlined approvals for companies with strong CSR programs, authorities can foster a telecommunication industry that prioritizes both economic prosperity and social good. Standardized CSR reporting templates, developed collaboratively with industry stakeholders, will promote transparency and accountability. Furthermore, the government can act as a catalyst for multi-stakeholder collaboration between telecommunication companies, NGOs, and government bodies. Public-private partnerships (PPPs) can leverage the strengths of each entity to tackle critical national issues aligned with Vision 2030, such as digital literacy training, disaster response, and expanding healthcare access in remote areas. This collaborative approach, driven by a focus on CSR, will ensure the telecommunication sector contributes significantly to achieving the social and economic goals outlined in Kenya's ambitious development blueprint.

Kenya's Vision 2030 can be significantly bolstered by a thriving telecommunication sector that prioritizes both social responsibility and economic development. The government can achieve this by fostering collaboration between telcos, NGOs, and government bodies through public-private partnerships (PPPs). These PPPs would leverage combined resources and expertise to tackle critical national issues like digital literacy training and disaster response, aligning with Vision 2030's goals. Additionally, standardized CSR reporting templates, developed collaboratively with stakeholders, will promote transparency and accountability within the sector. This focus on collaboration

and responsible practices will ensure the telecommunication sector becomes a powerful driver of Kenya's social and economic transformation.

#### **5.4.2 Service Users**

Kenya Vision 2030 thrives on an empowered citizenry, and service users within the telecommunication sector are no exception. These individuals hold immense power to shape the landscape of Corporate Social Responsibility (CSR) by demanding transparency, actively participating in CSR initiatives, advocating for sustainable practices, and spreading awareness. Firstly, service users can be knowledgeable and proactive consumers. Investigating a company's CSR efforts before subscribing to their services is crucial. Customers should seek out businesses with comprehensive CSR reports readily available online. These reports should detail the company's CSR goals, implemented initiatives, and measurable results. Engaging with companies through social media and customer service channels to inquire about CSR efforts fosters transparency and accountability. This proactive approach demonstrates that customers value responsible business practices.

Beyond demanding accountability, service users can actively participate in shaping a company's CSR agenda. Participating in customer surveys about CSR initiatives provides valuable feedback that can influence future strategies. This allows customers to have a direct say in the company's CSR focus. Furthermore, customers can support and participate in CSR activities like volunteering opportunities, community projects, or sustainability events. Getting involved provides a deeper understanding of the impact these initiatives have on the community, strengthening the customer-company connection and fostering loyalty.

Service users can also advocate for sustainable products and practices. Choosing eco-friendly products and services offered by companies prioritizing sustainability aligns

purchasing decisions with personal values. Customers can further encourage companies to adopt more sustainable practices by providing feedback and suggesting improvements. This advocacy pushes companies to innovate and enhance their sustainability efforts, leading to a positive environmental and social impact.

Finally, service users can become powerful agents of awareness. Sharing information about responsible businesses and their CSR practices with friends, family, and social networks amplifies the impact of CSR initiatives. Educating others about the benefits of supporting companies with strong CSR commitments creates a ripple effect, encouraging more informed and responsible consumer choices. This collective action by service users will be instrumental in ensuring the telecommunication sector aligns with Kenya Vision 2030's goals of social responsibility and economic prosperity

#### **5.4.3 Other Stakeholders**

The telecommunications industry is a complex ecosystem with a wide range of stakeholders beyond authorities, service users, and Safaricom. Here are the recommendations to other stakeholders:

Kenya Vision 2030's aspirations for a sustainable and prosperous future can be significantly bolstered by responsible investment practices. Investors can integrate environmental, social, and governance (ESG) factors into their decisions, prioritizing companies with strong CSR practices. Engaging with companies through dialogue and advocating for robust CSR policies can further this objective. Supporting sustainability-focused investment funds that target socially responsible businesses allows investors to contribute to societal and environmental well-being while potentially achieving financial returns. This focus on responsible investment, alongside collaborative efforts with suppliers who prioritize ethical sourcing and alignment with Safaricom's CSR initiatives,

will ensure the telecommunication sector plays a leading role in achieving Kenya's ambitious development goals.

Furthermore, publishing CSR reports and being transparent about sourcing practices can enhance credibility and trust among stakeholders. By demonstrating commitment to ethical sourcing and transparency, suppliers can strengthen their partnerships with Safaricom and contribute to the overall CSR strategy.

NGOs and civil society organizations should move beyond simply critiquing corporate practices and actively collaborate with Safaricom on the co-creation of CSR initiatives and facilitating multi-stakeholder dialogue is also vital.

These organizations can act as facilitators for dialogue between Safaricom, authorities, service users, and other stakeholders, fostering a collaborative environment for addressing CSR challenges. Additionally, holding Safaricom accountable for its CSR commitments is crucial. NGOs and civil society should monitor Safaricom's CSR performance and ensure the company remains true to its commitments. By fostering accountability and transparency, these organizations can help ensure that Safaricom's CSR initiatives are effective and impactful.

### **5.5 Recommendations for Further Research in this Field of Study**

While this study delved into the influence of benchmarking, diversity supportive ratio, and satisfaction ratio on Safaricom's competitive advantage, there exist additional variables that contribute significantly to competitive advantage, yet were not within the scope of this study due to time and resource constraints.

Future research endeavors could explore the sustainability aspect of competitive advantage, particularly in relation to resource-intensive practices such as corporate social responsibility (CSR). Understanding how companies navigate resource challenges

while maintaining competitive advantages could offer valuable insights into long-term sustainability strategies. Moreover, there is a need for studies that delve into the regulatory landscape governing corporate social responsibility practices in Kenya. Exploring the impact of regulatory policies on the performance and implementation of CSR initiatives by companies and organizations can provide a comprehensive understanding of the external factors influencing CSR strategies. This could inform policymakers and industry stakeholders in crafting more effective regulations that foster responsible corporate practices while maintaining competitiveness.

All the customers, suppliers, and community members who benefit from CSR programs can offer diverse insights into the perceived impact of these initiatives. Understanding how different stakeholders perceive and interact with CSR activities can enrich our understanding of their overall effectiveness in driving competitive advantage and stakeholder satisfaction.

In conclusion, further research in these areas can contribute significantly to the body of knowledge on CSR's role in competitive advantage, sustainability strategies, regulatory impacts, and stakeholder perceptions. These insights can inform strategic decision-making, policy formulation, and industry best practices in promoting responsible corporate behavior and maintaining competitive advantages in dynamic market environments. Understanding the implications of these insights allows organizations to align their objectives with sustainable practices, fostering long-term growth. Companies can leverage this information to enhance stakeholder relationships, improve transparency, and drive innovation. Additionally, by integrating these insights into their core strategies, businesses can better navigate regulatory landscapes, anticipate market trends, and mitigate risks. Effective utilization of such knowledge can also contribute to building a

positive corporate reputation, attracting investment, and ensuring operational resilience in the face of global challenges.



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## APPENDICES

### Appendix I: Questionnaires

#### SECTION A: GENERAL

1. Gender: MALE      FEMALE      (TICK)
2. Work Department
3. Years served:
  - A. 0 - 4
  - B. 4 - 8
  - C. 8 -12
  - D. Over 12 years \_\_\_\_\_
4. Highest academic qualification: Diploma   Degree   Masters      (TICK)

#### SECTION B: BENCHMARKING

Do you think benchmarking influence Safaricom's competitive advantage? Yes/ No

If YES above, to what extend do you agree with the following statements: (TICK)

| Statement   | 1<br>Strongly<br>Disagree | 2<br>Disagree | 3<br>Moderate | 4<br>Agree | 5<br>Strongly<br>Agree |
|---|---------------------------|---------------|---------------|------------|------------------------|
| CSR has made our organization improve on its performance processes as a result of continuous customer |                           |               |               |            |                        |
| CSR has enabled our company to achieve tremendous customer satisfaction                               |                           |               |               |            |                        |
| Benchmarking assists in assessing strengths and weaknesses in order to improve services               |                           |               |               |            |                        |
| Adoption of new approaches and strategies has greatly led to increased revenue performance.           |                           |               |               |            |                        |
| Our company embraces performance  |                           |               |               |            |                        |

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| improvement to position itself within the market  |  |  |  |  |  |
| Benchmarking provides sound and effective approaches to product improvements that enhance customer satisfaction |  |  |  |  |  |
| Our CSR initiatives are tailored to offer customer happiness and loyalty towards products and services          |  |  |  |  |  |

### SECTION C: DIVERSITY SUPPORTIVE RATIO

In your opinion, to what level of agreement do you agree with these statements (TICK)

| Statement   | 1<br>Strongly<br>Agree | 2<br>Agree | 3<br>Moderate | 4<br>Disagree | 5<br>Strongly<br>Disagree |
|---|------------------------|------------|---------------|---------------|---------------------------|
| The company offers satisfactory human resource benefits that breaks the jinx of employee turnover   |                        |            |               |               |                           |
| CSR responsibility creates a sense of employee identity with the company and enhances deeper connection on work performance.  |                        |            |               |               |                           |
| Feeling positively about CSR as it increases intentions to stay with current employer and overall commitment.   |                        |            |               |               |                           |
| Engaging in CSR helps our company to attract talent over other organization   |                        |            |               |               |                           |
| Giving back to the community is a virtuous circle in which engaged employee are enriched by volunteering opportunities to further engage and encourage them in their work |                        |            |               |               |                           |
| Improved organizational branding serves as a source of employee retention strategy.   |                        |            |               |               |                           |

**SECTION D: SATISFACTION RATIO**

Do you think satisfaction ratio influence Safaricom Company Limited competitive advantage? Yes/ No

If YES above, to what level of agreement do you agree with the following statements:

| <b>Statement</b>  | <b>1<br/>Stron<br/>gly<br/>Agree</b> | <b>2<br/>Agree</b> | <b>3<br/>Modera<br/>te</b> | <b>4<br/>Disagre<br/>e</b> | <b>5<br/>Stron<br/>gly<br/>Disag<br/>ree</b> |
|---|--------------------------------------|--------------------|----------------------------|----------------------------|--|
| Organization reputation for CSR plays a vital role in employee retention.                             |                                      |                    |                            |                            |  |
| CSR brings a positive impact on firm performance by increasing customer and employee satisfaction     |                                      |                    |                            |                            |  |
| CSR enhances employee diversity across the organization bringing a wealth of knowledge and expertise. |                                      |                    |                            |                            |  |
| Firms with better CSR face fewer employee problems as customer view their products favorably.         |                                      |                    |                            |                            |  |

**SECTION E: CSR CHALLENGES AND OPPORTUNITIES**

Do you think there are challenges and opportunities in implementing CSR initiatives at Safaricom? Yes/ No

If yes, list some of these challenges and opportunities below;

**SECTION F: COMPETITIVE ADVANTAGE**

How would you assess Safaricom’s competitive position compared to other major players in the Kenyan telecommunication industry, taking into account market share, customer satisfaction, and operational efficiency as key performance indicators (KPIs)?

- Market leader (Position 1)

- Market challenger (Position 2)
- Market niche (Position 3)
- Market follower (Position 4)

In your opinion, what do you consider to be the primary source of competitive advantage for Safaricom? Please consider factors such as benchmarking, diversity, and satisfaction ratios?

What strategies would you recommend for Safaricom to further enhance its market position in the telecommunication industry in Kenya and the broader region, considering the identified competitive advantage factors?

### **SECTION G: STAKEHOLDER INVOLVEMENT**

Do you think stakeholder involvement is a major source of competitive advantage for Safaricom Kenya? Yes/ No

If YES above, to what extent do you think stakeholder involvement is a major determinant of competitive advantage for Safaricom? (TICK)

| <b>EXTENT</b>         |  |
|-----------------------|--|
| Very great extent (5) |  |
| Great Extent (4)      |  |
| Moderate Extent (3)   |  |
| Low extent (2)        |  |
| Very Low Extent (1)   |  |

**THANK YOU FOR PARTICIPATING**

## Appendix II: Consent Form

### CORPORATE SOCIAL RESPONSIBILITY ON THE COMPETITIVE ADVANTAGE OF THE TELECOMMUNICATION IN KENYA: CASE STUDY OF SAFARICOM.

I voluntarily agree to participate in this research study.

I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.

I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.

I have had the purpose and nature of the study explained to me and I have had the opportunity to ask questions about the study.

I understand what this participation involves

I understand that I will not benefit directly from participating in this research.

I understand that all information I provide for this study will be treated confidentially.

I understand that in any report on the results of this research my identity will remain anonymous. I understand that disguised extracts from my interview may be quoted in this research study.

I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.

I understand that signed consent forms will be retained for reference in this research study.

I understand that under freedom of information legalization I am entitled to access the information I have provided at any time.

I understand that I am free to be contacted to seek further clarification and information.

Signature of research participant ..... Date .....

Signature of researcher.....Date .....

## Appendix III: ERC Letter



REF: MKU/ISERC/3606  
TO: RONO KIPNGENO KEVIN

Date: 12 April 2024

REG: MBA/ 2021/ 83924

Dear Sir/Madam,

**RE: CORPORATE SOCIAL RESPONSIBILITY ON THE COMPETITIVE ADVANTAGE OF THE TELECOMMUNICATION IN KENYA; CASE STUDY OF SAFARICOM**

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2650**. The approval period is **12/04/2024 - 11/04/2025**.

This approval is subject to compliance with the following requirements;

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification.
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,

The Chairman  
Mount Kenya University  
Ethics Review Committee  
P. O. Box 342 - 0100, Thika

**Dr. Alfred Owino, PhD**  
Chairman, Mount Kenya University ISERC

## Appendix IV: Introduction Letter



### DIRECTORATE OF GRADUATE STUDIES

MBA/2021/83924

29<sup>th</sup> April, 2024

*National Commission for Science Technology & Innovation (NACOSTI)*  
*Off Waiyaki Way, Upper Kabete,*  
*P.O Box 30623- 00100*  
**NAIROBI, KENYA**

Dear Sir/Madam,

**RE: RONO KIPGENO KEVIN - REGISTRATION NO. MBA/2021/83924**

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is "**Corporate Social Responsibility on the Competitive Advantage of the Telecommunication in Kenya: Case Study of Safaricom.**" It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **May, 2024 and July, 2024.**

Any assistance accorded to the student will be highly appreciated.

Thank you.

  
**Mount Kenya University**  
P.O. Box 342-01000, THIKA  
Office of the Director,  
Graduate Studies

**Dr. Samuel M. Karenga, PhD**  
**Director, Graduate Studies**


Enc.

**Appendix V: NACOSTI Authorization**

Republic of Kenya  
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 550849

**RESEARCH LICENSE**




This is to Certify that Mr. KEVIN KIPNGENO RONO of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in on the topic: **CORPORATE SOCIAL RESPONSIBILITY ON THE COMPETITIVE ADVANTAGE OF TELECOMMUNICATION IN KENYA: CASE STUDY OF SAFARICOM** for the period ending : 14/May/2025.

License No: NACOSTI/P/24/35368

Applicant Identification Number: 550849

Director General  
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**Appendix VI: Field Entry Authorization**

**OFFICE OF THE PRESIDENT  
MINISTRY OF INTERIOR & NATIONAL ADMINISTRATION  
STATE DEPARTMENT FOR INTERNAL SECURITY & NATIONAL ADMINISTRATION**



Email Address: dccwestlands@gmail.com  
Telephone: .....  
When replying please quote our ref:

DEPUTY COUNTY COMMISSIONER  
WESTLANDS SUB COUNTY  
P.O. BOX 30124 - 00100  
NAIROBI

WEST-D ED 10/6 VOL.XXIX (13)

15<sup>th</sup> May, 2024

**KEVIN KIPNGENO RONO**  
**MOUNT KENYA UNIVERSITY**

**RESEARCH AUTHORIZATION:**

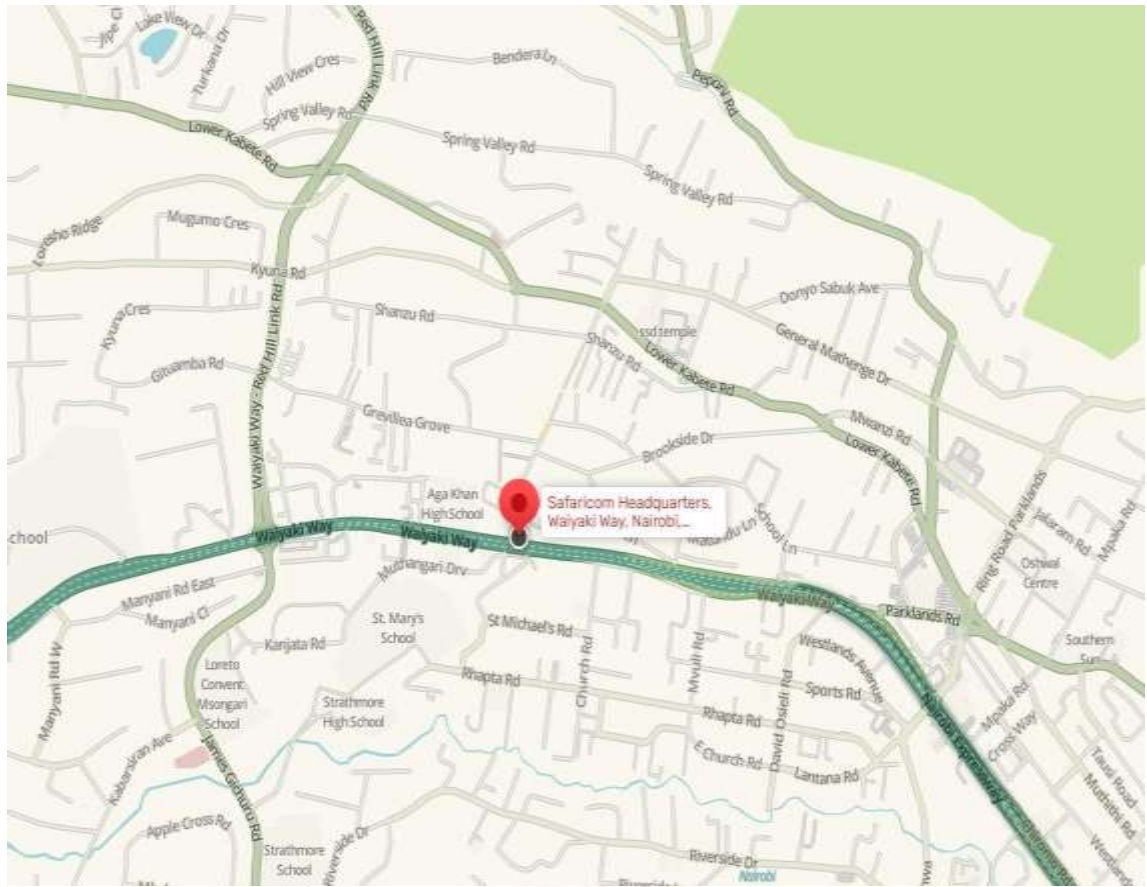
The letter dated 14<sup>th</sup> May 2024 refers.

This office has no objection and authority is hereby granted to conduct research on the topic 'CORPORATE SOCIAL RESPONSIBILITY ON THE COMPETITIVE ADVANTAGE OF TELECOMMUNICATION IN KENYA: A case study of Safaricom for the period ending 14<sup>th</sup> May 2025'



C.K. WESTLANDS  
For: DEPUTY COUNTY COMMISSIONER  
**WESTLANDS SUB COUNTY**

## Appendix VII: Map of Study



Mount Kenya

**Appendix VIII: Similarity Index**

**Kevin Rono MBA-2021-83924  
Research Project.pdf**  
*by Kevin Rono*

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**Submission date:** 17-May-2024 08:16PM (UTC+0300)  
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