

**CORPORATE SOCIAL RESPONSIBILITY AND PROFITABILITY IN THE
TELECOMMUNICATION SECTOR IN UGANDA**

(A CASE STUDY OF AIRTEL UGANDA)

BY

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**A RESEARCH REPORT SUBMITTED TO COLLEGE OF APPLIED
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DECLARATION

I Byogero Asha hereby solemnly and sincerely declare that this is entirely my own work and it has not been submitted before to any other University or institution of higher learning for the award of a Diploma or degree.

Signature.....*Bme*.....

Date.....*30th July 2014*.....

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APPROVAL

This research report has been submitted for examination with my approval as the candidate's university supervisor.

Signed.....

Date.....

Dr. SSENDAGI MUHAMAD

DEDICATION

This work is dedicated with love and gratitude to my lovely mum, Mrs. Mudondo Aisha and Dad, Mr. Abudallah Aziz Bogere for the support they have given me all these years. For this you will always remain dear to me and may the Almighty Allah bless you.

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I would like to extend my gratitude to the management of Kampala International University for inducting me and granting me the opportunity to study in the above university.

My utmost appreciation goes to my lovely Mum and Dad who financed me in my entire education.

I feel over debated to those who helped me in all sections for the knowledge and skills they generously shared particularly my immediate supervisor, Dr. Mabonga Eric, who diligently guided and instructed me to success. Special thanks also go to all my lecturers for guiding me during my entire education.

I would also like to thank my family members ho have always provided all that I want and in time. My sibilings Ashiraf, Idhi, Amisi, Sula, Safina, and Mwajuma for always having hope in me and cheering me up whenever I felt dejected.

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My friends Asha .K, Aisha .N, Resty, Jennifer, Zaina, Frank, Charles, Tonny, Sonnex, Rachael, Flavia, Ruth, Shamim with whom I shared these wonderful experiences, thank you for lending a hand for my stay at Kampala International University because it would not have been complete with out friends on whom to rely.

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ABSTRACT

The research was conducted about corporate social responsibility and profitability on Airtel Uganda; the purpose of the study was to examine how CSR impacts on profitability of the telecom companies.

Literature was reviewed on the concept of corporate social responsibility linking it to profitability. The researcher reviewed different literatures in order to conceptualize and operationalize the study variables.

A sample size of 20 respondents was selected using stratified sampling. Data was collected from both primary and secondary sources. Questionnaires were used to collect primary data while secondary data was collected from journals, newspapers, textbooks and annual financial reports.

The study established the type of activities companies undertake in an attempt to be seen as socially responsible such as stakeholder engagement and some drivers pushing Airtel towards CSR. Such as competitive labour markets, demands for greater disclosure among others.

The study also established managerial and policy recommendations such as; Airtel Uganda should emphasize the concept of “stakeholder”. It is claimed by Branco and Rodrigues (2007) that in managerial decision making which is related to socially responsible activities, stakeholder is the key to profit maximization. Airtel Uganda should also look for a strategy which seeks to maximize both financial return and social good such as the “Triple Bottom Line (TBL)” and “Creating Shared Value” approaches. This would enable the organization eliminate the Enron scandal.

From the study it can be concluded that CSR has a great impact on profitability levels of the organization in that, CSR is now seen as an important way to increase competitive advantage, protect and raise brand awareness and trust with customers and employees hence resulting to profitability of the organization.

ACRONYMS

CSR- Corporate Social Responsibility

CSV- Creating Shared Value

FUFA- Federation of Uganda Football Associations

GDP- Gross Domestic Production

GNP- Gross National Production

HR- Human Resource

MD- Managing Director

MSEs- Micro and Small Enterprises

SRI- Socially Responsible Investment

TBL- Triple Bottom Line

UNIDO- United Nations Industrial Development Organization

URA- Uganda Revenue Authority

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This research was carried out in a bid to establish the impact of corporate social responsibility on profitability in telecommunications sector in Uganda with Airtel Uganda as the case study.

This chapter reviewed the background of study, the problem statement, purpose of the study, research objectives, research questions, scope of the study, as well as the significance of the study.

1.1 Background of the study

Corporate Social Responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/Responsible Business) became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed (Orlitzky, Marc; Frank L. Schmidt, Sara L. Rynes 2003).

Proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts from the economic role of businesses. McWilliams and Siegel's article (2000) published in Strategic Management journal, cited by over 1000 academics, compared existing econometric studies of the relationship between social and financial performance. They concluded that the contradictory results of previous studies reporting positive, negative, and neutral financial impact were due to flawed empirical analysis. McWilliams and Siegel demonstrated that when the model is properly specified; that is, when you control for investment in Research and Development, an important determinant of financial performance, CSR has a neutral impact on financial outcomes (McWilliams, Abigail, Siegel, Donald 6 April 2000).

In his widely cited book entitled *misguided virtue: False Notions of Corporate Social Responsibility* (2001) David Henderson argued forcefully against the way in which CSR broke from traditional corporate value-setting. He questioned the “lofty” and sometimes “unrealistic expectations” in CSR (Henderson, David 2001).

Some argue that CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watch dog over powerful Multinational corporations. Political sociologists became interested in CSR in the context of theories of globalization, neo-liberalism, and late capitalism adopting a critical approach, sociologists emphasize CSR as a form of capitalist legitimacy and in particular point out that what has begun as a social movement against uninhibited corporate power has been co-opted by and transformed by corporations into a ‘business model’ and a ‘risk management’ device, often with questionable results.

CSR is titled to aid an organization’s mission as well as a guide to what the company stands for and will uphold to its consumers. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR. Public sector Organizations (the United Nations for example) adhere to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles but with no formal act of legislation. The notion is now extended beyond purely commercial corporations, e.g. to Universities.

Corporate Social Responsibility is defined as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European commission).

The World Business Council for Sustainable Development in its publication Making Good Business sense by Lord Holme and Richard Watts defines CSR as the continuing commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.

Corporate Social Responsibility defined as a corporate initiative to assess and take responsibility for the company's effect on the environment and impact on social welfare generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups (Ricardo-aea.com, Trusted Environmental Advisor to Business And Governments Globally).

Corporate social responsibility also referred to as "corporate citizenship" can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change. Companies have a lot of power in the community and in the national economy. They control a lot of assets, and may have billions in cash at their disposal for socially conscious investments and programs. Some companies may engage in "greenwashing", or feigning interest in corporate responsibility, but many large corporations are devoting real time and money to environmental sustainability programs, alternative energy/cleantech, and various social welfare initiatives to benefit employees, customers, and the community at large.

UNIDO defines Corporate Social Responsibility as a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line-Approach"), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and clients, sponsorships or philanthropy. Even though the UNIDO can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.

Promoting the uptake of CSR amongst MSEs requires approaches that fit the respective needs and capabilities of these businesses, and do not adversely affect their economic viability. UNIDO based its CSR programme on the Triple Bottom Line (TBL) Approach, which has proven to be a successful tool for MSEs in the developing countries to assist them in meeting social and environmental standards without compromising their competitiveness. The TBL approach is used as a framework for measuring and reporting corporate performance against economic, social and environmental performance. It is an attempt to align private enterprises to the goal of sustainable global development by providing them with a more comprehensive set of working objectives than just profit alone. The perspective taken is that for an organization to be sustainable, it must be financially secure, minimize (or ideally eliminate) its negative environmental impacts and act in conformity with societal expectations.

Grunberg, Posten AB, Gothenberg, Sweden and Woxen centrum (2004) defined profitability as the ratio between revenue and costs. Similarly (Reicheld and Allen, 2006) reported that from a reporting stand point, 'profit is profit'. It's the

difference between income and expenses but (Owen, 2006) defines profits as a residual value gain from business operations. However the exact methods of calculations differ between accountants and economists and can only be the same when all factors of production have been credited to their full opportunity cost. So profitability does not have a direct impact since it is a result of rather than a contributor to, the actions and processes in operations, currently (Ildiko and Tamas, 2009), uncovered that the word profitability comes from Latin meaning 'to make progress'.

Airtel in Uganda forms a part of Bharti Airtel Limited, which has been recognized as one of the leading global across Asia and Africa, headquartered at New Delhi, India. The telecom giant ranks amongst the top 4 mobile service providers worldwide in terms of subscribers. Airtel mobile services were launched in Uganda in 1995 as Celtel Uganda that transformed telephony by connecting people with the use of a mobile phone.

In July 2007, Celtel Uganda changed its brand name to Zain Uganda that was eventually changed to Airtel Uganda in 2010 thus joining a family of over 260 million subscribers in Africa, India and Indonesia. Airtel Uganda is indeed a great success story having acquired Warid telecom in May 2013 and growing to a family of 7.2 million customers and investing heavily in network expansion and Innovative IT systems all in abid to ensure clear network coverage and excellent customer experience.

Today Airtel is Uganda`s most innovative mobile phone operator, introducing many "firsts" in the telecommunication sector. In Uganda, Airtel has been the pioneer in introducing several mobile services like: Pre-paid mobile plans, Postpaid mobile plans, International roaming, Dedicated customer care, One rate to all networks, Fax and Data, Call forwarding, Per second billing, Mobile Top up, Mobile money transfers, 3G services and Local and International text messaging services.

Airtel provides several competitive services that form a customary part of their mobile plans. Airtel has committed to becoming a preferred brand in the daily lives of Ugandans by 2015. The company has been involved in various initiatives to reach the community in ways relevant to their needs.

Airtel chose to invest its resources in Education by offering an opportunity to underprivileged children in the rural underdeveloped areas in Uganda. These children were offered quality education and consequently turning them into the leaders-of-tomorrow for their own communities. Airtel in Uganda has partnered with Earth Institute in several projects at the millennium villages in Ruhira. These projects aim at health education & harnessing solar energy in Ruhira.

As one of the strategies to penetrate the market, Airtel Uganda launched the promotion to tap into the big fan base of Arsenal supporters.

About 35 people have won Shs 5million each in the on-going Airtel and Arsenal; join the club promotion which began in November last year, according to Airtel (The Observer 22 January 2013). Five others have won fully- paid trips to watch Arsenal play live at the Emirates Stadium, London. "The ongoing Airtel and Arsenal partnership is helping change the lives of many Ugandans by rewarding them for the loyalty to Airtel", said V. G Somasekhar the Managing director, Airtel Uganda.

Bharti Airtel, a leading telecommunications services provider with operations in 20 countries across Asia and Africa, announced that it has entered into a partnership with FUFA (Federation of Uganda Football Associations) to be the official sponsor of Uganda national football team, the Uganda cranes. The sponsorship agreement which was signed on 23 October 2013 will see Airtel working hand in hand with FUFA to promote Ugandan Football for the next four years. The partnership between Airtel and FUFA also includes the sponsorship of the Uganda cranes and FUFA Big League. These two tournaments address junior talent that feeds into the national team, the

Uganda cranes. The sponsorship of the Uganda cranes strengthens and complements Airtel's Football strategy. Through this deal, Airtel gets to officially contribute to football talent at all levels: grassroots, youth, junior and senior.

Airtel in Uganda is a success story, with a client base which has grown enormously-along with its coverage-and service quality that is unmatched with in the market. The telecom giant aims to maintain its ace position within the market by providing better services and value the needs of its customers, by preserving highest quality of International business standards. There have been increased demands from employees, customers and government bodies for businesses to be more open about their activities and that they reach and maintain acceptable standards in their business practice. For employers, CSR is now seen as an important way to increase competitive advantage, protect and raise brand awareness and trust with customers and employees hence resulting to profitability of the company.

In comparison to CSR, the quality of services has greatly declined. This ranges from network failure, dropped calls, blocked calls, poor call reception, mobile money frustrations among others are the order of the day and could be having a great effect on the profitability of the company. This attracted my attention as an aspiring accountant to investigate the company and establish the extent to which corporate social responsibility has affected the profitability of the company.

1.2 Statement of the problem

Airtel Uganda has played a big role in the development of Uganda's economy. Much as management of Airtel Uganda has tried to put in place strategies to promote profitability of the company, profitability levels are declining.

The profitability levels could be caused by a number of factors such as stiff competition, low customer base, unfavourable government policy; however CSR may have played a great role. That is why the researcher was motivated to investigate the impact of CSR on profitability.

1.3 Purpose of the study

The purpose of the study will be to examine corporate social responsibility and its impact on profitability in Airtel Uganda.

1.4 Objectives of the research

1. To determine the type of activities Airtel undertakes in an attempt to be seen as socially responsible
2. To determine the effects of corporate social responsibility on profitability of Airtel
3. To establish the relationship between corporate social responsibility and profitability

1.5 Research questions

1. What are the different products and services offered by Airtel Uganda?
2. What are the types of activities Airtel undertakes in an attempt to be seen as socially responsible?
3. What are the drivers pushing Airtel towards corporate social responsibility?
4. Is there a relationship between corporate social responsibility and profitability?

1.6 Area and scope of the study

1.6.1 Subject scope

The study covered corporate social responsibility as an independent variable and profitability as a dependent variable using Airtel Uganda as a case study.

1.6.2 Geographical scope

The study was carried out at Airtel Uganda headquarters at Wampewo Avenue, Kampala and my study population was limited to the business district of Kampala.

1.6.3 Time scope

The research covered a period from April to May 2014.

1.7 Significance of the study

This research is important to various stakeholders. Companies can benefit from this research by understanding what corporate social responsibility is and how it can have a positive impact on their profitability and their companies as a whole.

Policy makers shall also get a clear view of the impact of corporate social responsibility on the profitability and survival of telecommunications sector.

Scholars can also benefit from the research as it can be used as future reference point seeing that this is now an area of great interest.

It can also pave the way for scholars to discuss and study the issue more.

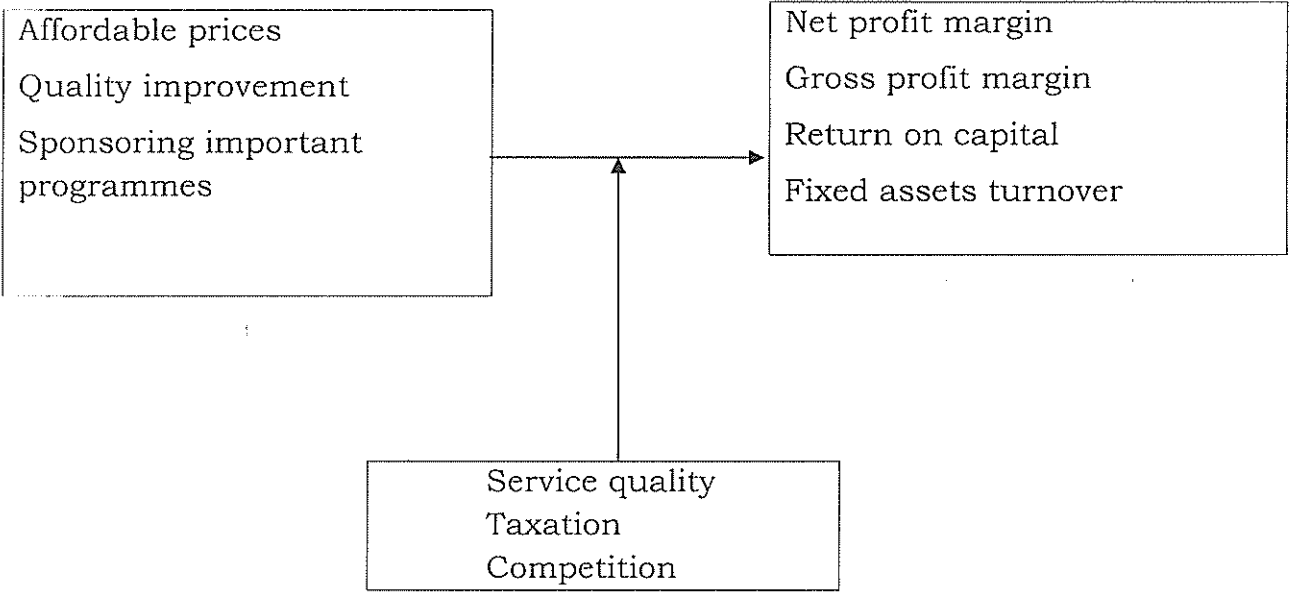
The general public and the business owners again get a better understanding of how corporate social responsibility benefits them.

The public can also benefit from the study as it adds to the body of existing knowledge and the result from this study will reflect their needs. This study is also beneficial to me as a student of Business administration because it gives me experience with the corporate social responsibility strategies such the Triple Bottom Line (TBL), Creating Shared Value (CSV) in the business world and helps me understand the profitability rule.

Conceptual frame work

Independent variable
(Corporate social responsibility)

Dependent variable (Profitability)



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Literature has been reviewed on the concept of corporate social responsibility linking it to profitability. A variety of studies linking corporate social responsibility to profitability have alerted managers to concentrate on acquisition of corporate social responsibility as their competitive advantage.

The researcher reviewed different literatures in order to conceptualize and operationalize the study variables.

The main issues to be discussed are as follows:

Products and services provided by Airtel Uganda.

Type of activities Airtel undertakes in attempt to be seen as socially responsible.

Drivers pushing Airtel towards corporate social responsibility

Meaning of profitability and measures of profitability

The relationship between corporate social responsibility and profitability

2.1 Services that Airtel Uganda provides

V.G Somasekhar, the managing director (MD) said “as a service organization it is incumbent upon us to ensure that all our customers are offered the highest quality of services as the second telecommunication service provider in Uganda, and goes a head to note that a customer is the reason we exist.

Airtel ensures all the staff is presentable, easily identifiable, informed of the latest technology, well trained in order to satisfactorily handle all queries for all the services they provide. As a mobile operator Airtel introduced affordable

the services they provide. As a mobile operator Airtel introduced affordable communication products and services that have transformed millions of Ugandans and businesses.

2.1.1 Mobile and fixed line services

Airtel offers fixed wireless and mobile telecommunication services. Mobile services became a popular choice to most Airtel customers because of the convenience in getting the line and obvious advantage of owning a telephone, a privileged previously referred to the “rich”.

One of Airtel’s most passionately pursued goals is making telecommunications accessible to the wider population. There is a prepaid option where customers get an Airtel line at just Ug Shs 3000; pay upfront for their credit, as well as the availability of affordable handset on the market has greatly aided this objective.

Contracts arrangements are also made available to mainly business and corporate market where bills are paid in arrears. Other value added services such as roaming, voicemail, email to SMS, fax to mail sharing of airtime through Airtel M2U, call conferencing and SMS are offered.

2.1.2 Internet service provision

Airtel was launched in Uganda in June 2010 and is Uganda’s most innovative mobile phone operator, which has introduced many “firsts” in the telecommunications sector. “The Airtel fiber optic line” allows Airtel to provide a wide array of telecommunication service, including voice and text but more importantly broadband, high speed data and multimedia services. Broadband services are essential to allow corporate, businesses and individuals to take advantage of the information age. Thus Airtel has become a total

telecommunication solution provider for mobile and fixed line market in Uganda.

Airtel Broadband offers a fixed internet with high speed data connections of 3.75G enabling you to browse the internet, send and receive Email, download heavy data files and stream in efficient and cost effective way.

Airtel Uganda operates services on a number of technologies as a service provider: GSM, CDMA, GPRS, EDGE, WiMAX, Fiber optic and HSDPA.

2.1.3 Airtel Money

This is an electronic wallet service that enables you to send and receive money any where in Uganda using your phone. This form of electronic fund transfer has been termed as virtual banking and has played a great role in bridging the Gap to the unbanked.

Airtel money provides a fast, secure, affordable and convenient way to send money to any one on their mobile phone any where in Uganda.

Airtel money has registered more than 2 million subscribers in two year of operation and accounts for more than USD 90 million a month.

2.2 Meaning of CSR

Corporate Social Responsibility is defined as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European commission).

The World Business Council for Sustainable Development in its publication Making Good Business sense by Lord Holme and Richard Watts defines CSR as the continuing commitment of business to contribute to sustainable economic

development, working with employees, their families, the local community and society at large to improve their quality of life.

Corporate Social Responsibility defined as a corporate initiative to assess and take responsibility for the company's effect on the environment and impact on social welfare generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups (Ricardo-aea.com, Trusted Environmental Advisor to Business And Governments Globally).

Corporate social responsibility also referred to as "corporate citizenship" can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change. Companies have a lot of power in the community and in the national economy. They control a lot of assets, and may have billions in cash at their disposal for socially conscious investments and programs. Some companies may engage in "greenwashing", or feigning interest in corporate responsibility, but many large corporations are devoting real time and money to environmental sustainability programs, alternative energy/cleantech, and various social welfare initiatives to benefit employees, customers, and the community at large.

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2.3 Type of activities Airtel undertakes in CSR

CSR aims to ensure that companies conduct their business in a way that is ethical. This means taking account of their social, economic and environmental impact, and consideration of human rights (The University of Edinburgh). It can involve a change of activities such as:

2.3.1 Corporate Philanthropy

Donating to charities is a simple and reputation enhancing way for a company to put a numerical value on its CSR 'commitment'.

McDonald's network of Ronald McDonald Houses to 'improve the health and wellbeing of children', and BP's sponsorship of the National Portrait Award are two high profile examples. Because it is easy and very PR friendly, corporate giving is more easily dismissed as a PR exercise than other forms of CSR.

In an effort to respond to this criticism, companies are shifting to making larger donations to a smaller number of charity 'partners' and combining giving with other activities.

2.3.2 Cause-related marketing

Cause-related marketing, such as Tesco's highly successful 'computers for schools' promotion, is a partnership between a company and a charity, where the charity's logo is used in a marketing campaign or brand promotion. Companies choose charities which will attract target consumers. The charity gains money and profile, and the company benefits by associating itself with a good cause as well as increasing product sales.

2.3.3 Sponsoring awards

The Reebok Human Rights Awards, Nestl's Social Commitment Prize and Alcan Prize for Sustainability are high profile examples of corporate sponsored award schemes. Through award schemes, companies position themselves as experts on an issue and leaders of CSR simply by making a large donation.

2.3.4 Codes of conduct

Corporate codes of conduct are explicit statements of a company's 'values' and standards of corporate behavior. Codes vary in content and quality from company to company, and cover some or all of the following issues: the treatment of workers, consumer reliability, supply chain management, community impact, environmental impact, human rights commitments, health

and safety, transparency and dealings with suppliers, and other issues. Some codes are monitored by external verifiers. In many cases these are large accounting firms such as Ernst and Young or Pricewaterhouse Coopers. This has led to the criticism that monitors will place the aims of the company, and not the environment or society, at the forefront when carrying out their assessment. Junya Yimprasert of the Thai Labour campaign accuses these monitoring consultancies of 'turning workers' lives into business opportunities'.

2.3.5 Social and environmental reporting

Linked to codes of conduct, reporting on social and environmental performance, as pioneered by Shell, is a main stay of a company's CSR efforts. 77 of the world's 100 largest companies now produce CSR reports. Reports purport to improve corporate accountability to stakeholders, but their value is increasingly being questioned for a number of reasons: there are no common benchmarks with which to compare the performance of different companies; the content is down to the discretion of the company, leading to allegations of spin. There are problems with verification; and the expectation that a wide variety of stakeholders would make use of the reports is proving incorrect. The readership of reports is largely restricted to the socially responsible investment community.

2.3.6 Stakeholder engagement

Stakeholders are the individuals or groups affected by the activities of the company, for example: The company's employees, shareholders, customers, communities living in the vicinity of the company sites, and staff in the supply chain. In some stakeholder dialogues, an empty chair is left, representing stakeholders that can not speak for themselves (for example; the environment or future generations). However, decisions on which groups of people count as stakeholders and the mechanisms through which they are engaged are entirely at the discretion of the company.

2.3.7 Community investment

Many companies develop community projects in the vicinity of their sites, to offset negative impacts or 'give back' to community and local workforce. Community investment covers a whole range of initiatives including: running health programmes, sponsoring schools, play grounds or community centers, employee volunteering schemes, or signing a memorandum of understanding with communities affected by a company's impacts. However, this creates concerns around companies taking on public functions and public spaces becoming private.

2.3.8 Eco- efficiency

Eco-efficiency was the phrase coined by the Business council for Sustainable Development in advance of the Rio Earth Summit to describe the need for companies to improve their ecological as well as economic performance. Minimizing the company's environmental impact, particularly around highly visible aspects of its operations or in areas where it makes financial savings, is a particularly popular tactic amongst companies whose products are inherently destructive to the environment. For example, an oil company installing solar panels on the roofs of its petrol stations and reducing the carbon emissions of its operations whilst remaining committed to a continued increase in oil and gas production.

2.3.9 Socially Responsible Investment (SRI)

A current trend sees large multinationals buying up smaller companies that have been set up with ethics as a primary guiding motivation, for example Unilever's purchase of Ben and Jerry's or BP's buyouts of solar companies. In these cases the multinational is able to buy up the smaller company's reputation once the risks have been

2.4 Drivers pushing Airtel towards CSR

CSR promotes a vision of business accountability to a wide range of stakeholders, besides shareholders and investors. Key areas of concern are environmental protection and the wellbeing of employees, the community and civil society in general, both now and in the future.

The concept of CSR is underpinned by the idea that corporations can no longer act as isolated economic entities operating in detachment from broader society. Traditional views about competitiveness, survival and profitability are being swept away.

Nevertheless, many companies continue to overlook CSR in the supply chain- for example by importing and retailing timber that has been illegally harvested. While governments can impose embargoes and penalties on offending companies, the organizations themselves can make a commitment to sustainability by being more discerning in their choice of suppliers. The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concentrate action, many obstacles need to be overcome.

A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and pushup the standards of other organizations at the same time.

2.4.1 The shrinking role of government

In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

2.4.2 Demands for greater disclosure

There is a growing demand for corporate disclosure from stakeholders including customers, suppliers, employees, communities, investors, and activist organizations.

2.4.3 Increased customer interest

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

2.4.4 Growing investor pressure

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than \$ 2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks. (More on socially responsible investment can be found in the 'Banking and Investment' section of the site).

2.4.5 Competitive labour markets

Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

2.4.6 Supplier relations

As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation.

2.5 Meaning of profitability

Increasing profitability is one of the most important tasks for business managers in this competitive economy today. Profitability is the major measure of performance. Ildiko and Tamas (2009) assert that profitability is the primary goal of all business ventures, without profitability the business will not survive in the long run. They went further and uncovered that the word profitability comes from Greek meaning 'to make progresses.

While (Grunberg, et al 2004) defined profitability as the ratio between revenue and cost, so profitability and productivity can be very similar if the output and input are translated into physical units, similarly early researchers like (Stoner, 1996) defined profitability as the excess of income over expenditure and he continues to say that profitability has been the most widely used measure of financial performance. Where as (Reichheld and Allen, 2006) said from a reporting stand point, "profit is profit". It is the difference between income and expenses. These different definitions with the focus on profitability, demonstrate that profitability is very essential in business dealings. Many theories have been put forward identifying and discussing different types of profits by mostly the economists.

(Grahame R, 2008) claimed that there are 'good' and 'bad' profits and this affect the corporate reputations and trust of big companies amongst members of the general public.

Bad profits are those that the general public thinks are made at the expense of exploiting employees or customers and good profits are those that are without this perception in the minds of the general public. And from this we can conclude that bad profits can adversely affect the boycotting the products of such companies. This study concurs with (Reichheld and Allen, 2006) who argued that reported profits don't say anything about how they were earned by good deeds or foul. However, the employees who toiled to earn the profit and the customers who gave it to the company know about its origin.

Good profit is seen as a reward for creating value for customers who are willing to pay for it whereas bad profits are seen as the result of the unfair or unjust dealings with customers or the exploitation of the environment. These theories justify the need why Airtel Uganda should look on for better ways while earning its profits, it must bear in mind the needs for both its customers and employees are fulfilled as it is looking for better profit performance.

2.5.1 Measures of profitability

Measures of profitability are numerous each relating the profit generated by the utility to its sales, equity or assets.

(Antonella Carn & Antonella Cugini, 1999) claimed that, to calculate the profitability of a service, a comparison has to be made of the price and the cost absorbed by the client, which depends on the use intensity of individual performances. The importance of these ratios lies in their ability to reflect the efficiency of liquidity, asset management and debt management of utilities on their operating revenues (Gritman, 1997).

Similarly the early findings by (Umit S. 1994) states that the common means of monitoring business performance in today's industry is based on management accounting practices. However, by 1952 virtually all management accounting practices used today had been developed.

This is a traditional performance measure and hence profitability can be reliably measured using these different measures earlier developed.

The measure of profitability can be seen in economic reports as various ratios, like the Net asset turnover, Sales turnover and others. (Grunberg, 2004) promotes that the basic profitability ratio is Revenue/ Cost. So profitability can be measured by using ratios like, the Gross profit margin which tells us the profits the business makes out its cost of sales in percentages, and if the percentage is high then the business is performing well because it has gotten high sales revenue out of their cost of sales so the difference is the profit.

Other ratios could be the Net profit margin, which tells us the profit the business organization is left with after leasing all the expenses incurred in percentages. It shows how well the firm has managed its expenses and remained with a reasonable profit. If the percentage is high then the firm is doing well in terms of managing its expenses and the profitability is high.

2.6 Relationship between CSR and profitability

Nowadays, many large multinational corporations which occupy increasing shares in the market and high statues in the society are usually powerful in having both positive and negative effects on the public to a great extent.

As a consequence, today, the concept of CSR draws much more public attention. Social responsibility goes beyond profit making and social obligation. CSR is a business intention focusing on minimizing the harmful effects and maximizing the benefit for the society (Mohr, Webb and Harris, 2001, P.47).

According to the Triple Bottom Line concept of Elkington (1997), a company should be responsible for its social, environmental as well as financial performances, which is also known as the “People, Planet and Profit” approach. People relates to fair and beneficial business, planet refers to sustainable environmental practices and profit is the economic value created by the

organization after deducting the cost of all inputs, including the cost of the capital tied up. It therefore differs from traditional accounting definitions of profit. A triple bottom line company does not produce harmful or destructive products such as weapons, toxic chemicals or batteries containing dangerous heavy metals for example.

The TBL encourages a company to take both the contributions and impacts they make to the social and environmental into account when measuring their corporate performance (Mellahi, Frynes, Finlay, 2005, P.109). To follow this concept, some corporations have started to look for a strategy which seeks to maximize both financial return and social good. However, some others state that corporate social responsibility contract the economic performance of one company. Thus, the relationship between corporate social responsibility and goal of profit maximization of one company will be critically appraised, and analyses will be given to the issue on whether there is a divergence or a positive interaction between them.

We believe that CSR is a different- if overlapping- concept from Creating Shared Value (CSV). Corporate social responsibility is widely perceived as a cost center, not a profit center. In contrast, shared value creation is about new business opportunities that create new markets, improve profitability and strengthen competitive positioning. CSR is about responsibility; CSV is about creating value. The fact is we see management behavior regarding the social impact of business changing dramatically at many leading global companies. Whether called a “new form of CSR” or “Shared Value” it is fundamentally different than the CSR activities of 5 or 10 years ago. Hence CSV is the evolution of CSR aiming at creating value in terms of profitability.

Before looking at the different views towards the relationship between CSR and profit maximization, it is necessary to emphasize the concept of “stakeholder” (Branco and Rodriques, 2007).

The scale and nature of the benefits of CSR for an organization can vary depending on the nature of the enterprise, and are difficult to quantify, though there is a large body of literature exhorting business to adopt measures beyond financial ones (for example; Deming's Fourteen points balanced scorecards).

Orlitzky, Schmidt, and Rynes found a correlation between social/environmental performance and financial performance. However, businesses may not be looking at short-run financial returns when developing their CSR strategy.

In conclusion corporate social responsibility can have an effect on the profitability of a company.

2.7 Conclusion

There have been increased demands from employees, customers and government bodies for businesses to be more open about their activities and that they reach and maintain acceptable standards in their business practice.

For employers, CSR is now seen as an important way to increase competitive advantage, protect and raise brand awareness and trust with customers and employees hence resulting to profitability of the company.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents methods that were used in data collection, the type of data, population and sample size, sampling procedure and design, measurements of variables, techniques used in data Analysis and the presentation of the findings.

3.1 Research design

The researcher used case study, correlational and analytical research designs where the analysis of data was based on the relationship between corporate social responsibility and profitability of Airtel Uganda. The researcher opted to use case study because it did not require a lot of time and funds since it was only one case study.

3.2 Study population

The study population was mainly employees at Airtel headquarters at Wampewo Avenue, Kampala. The sampling frame was provided by Airtel Uganda from where the respondents were selected.

3.3 Sample size

The sample size consisted of 20 respondents.

3.3.1 Sampling technique

The researcher used convenience sampling technique. This technique was used because not every subscriber chosen by any other sampling technique would have been willing to provide the relevant information.

3.4 Methods of Data Collection

Questionnaires were used to collect primary data and they contained closed questions to which the entrepreneurs and the clients answered by ticking in the appropriate response in the box provided from the preset alternatives.

Questionnaires were used because they provide clear responses to questions asked and facilitate clear conclusions and the fact that the researcher has limited time to carry out the study.

3.5 Data Analysis

After the collection of the secondary data, it was read through, organized, word processed and edited to come up with the various meaningful conclusions. And the primary data that was collected by the use of the questionnaires and the data were analyzed quantitatively by the use of computer programs like Microsoft excels to come up with the percentages and frequencies and graphs in order to draw proper conclusions. It was then presented in form of frequency distribution tables.

3.6 Limitations of the study

The researcher faced a major limitation of unwilling respondents, where some of the respondents were not willing to provide the researcher with the required information, because some of the questions in the questionnaire were left unanswered and others wanted to know your research objectives before filling in the questionnaire.

The study was so time consuming since the researcher had to even forgo his social life to concentrate on this research.

Some good journals were inaccessible since it necessitated the researcher to first pay for the subscription before accessing them.

This was the first research report the researcher has ever produced, and as such the study was complicated and tiresome as it required a lot of efforts, time and perseverance.

The research was so demanding in terms of costs like internet.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETION OF FINDINGS

4.0 Introduction

This chapter presents, interprets and discusses the findings in line with the study objectives. The first section presents the findings on the sample characteristics; the second section presents the findings on how Airtel Uganda undertakes CSR. While the third section represents the findings on what other factors influence the profitability of Airtel Uganda. The forth section reflects the findings on the effect of CSR on profitability of Airtel Uganda.

4.1 Findings on sample characteristics

This section contains results on the characteristics of the study sample. These results are summarized in charts and tables as follows.

3.1.0 Results on respondents Gender

Table 1: Distribution of respondents by gender

Gender	Frequency	Percentage
Male	12	60%
Female	8	40%
Total	20	100%

Source: Primary Data.

From the table 1, 60% of the respondents were male while 40% were female. This shows that to a greater extent, much of the company's activities are performed by males but however a good proportion of females have been employed to work in the customer care department because they are perceived to be good customer care consultants than men and the fact that they are more polite than males hence ensuring quality service delivery.

3.1.1 Results on distribution of respondents by Age

Table 2: Distribution of respondents by Age

Age Yrs	Frequency	Percentage
18–25	8	40%
26–35	10	50%
36–45	1	5%
46–55	1	5%
Over 55	0	0%
Total	20	100%

Source: Primary Data.

The table 2 shows that 50% of the respondents were aged between 26-35 years, 40% of the respondents were aged between 18-25 years while 5% were aged between 36-45 years old and 5% were 46-55 years old. The results show that Airtel Uganda`s workforce mainly consists of employees in the range of 26-35 years of age, this age bracket consists of the young employees who are flexible, faster learners and more innovative and are able to solve customer needs easily and ensure efficient service quality delivery.

4.1.2 Results on respondents Working Experience

Table 3: Distribution of respondents by time spent in organization

Time on the org. yrs	Frequency	Percentage
<1 years	1	5%
1-2 years	6	30%
3-5 years	9	45%
Over 5years	4	20%
Total	20	100%

Source: Primary Data

From the table 3, 45% of the respondents had spent between 3-5 years at the company, 30% had spent between 1-2 years at the company and 20% of the respondents had spent over 5years experience. These results portray that the majority of the respondents had enough experience working at Airtel Uganda hence they had enough knowledge of company's attitude towards CSR activities and the most likely impact on profitability of the company.

4.1.3 Results on respondents employee position

Table 4: Distribution of respondents' employee position

Employee position	Frequency	Percentage
Customer care	4	20%
Marketing department	6	30%
Finance & Accounting	3	15%
Technical department	6	30%
Others	1	5%
Total	20	100%

Source: Primary Data

From the table 4, 30% of the respondents were under the Marketing department and 30% from the Technical department, 20% of the respondents were from customer care and 15% were from Finance and Accounting while 5% were from other departments.

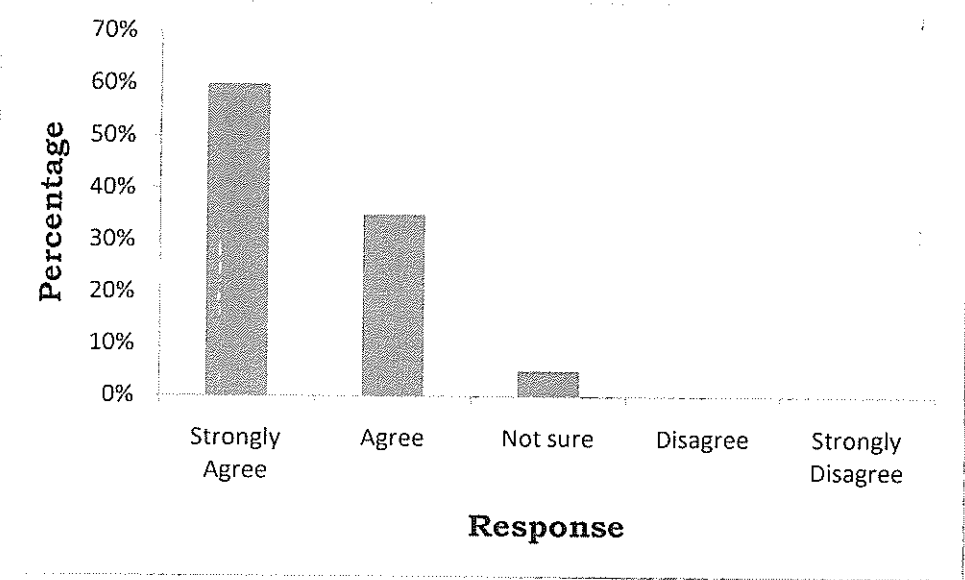
From the above, the researcher makes a deduction that as service organization, Airtel Uganda has employed more of its workforce in the Marketing and Customer care departments because these two play a great role in studying the market defining customer needs and delivery of services.

4.2 Findings on Airtel Uganda’s Corporate social responsibility

This section contains the results on how Airtel Uganda has involved in activities in an attempt to be seen as socially responsible. These results are summarized in the charts and tables as follows.

4.2.0 Results on whether Airtel Uganda emphasizes corporate social responsibility

Figure 5: Responses to whether Airtel Uganda emphasizes CSR



Source: Primary Data

From the figure 5, 60% of the respondents strongly agreed that Airtel Uganda emphasizes CSR and 35% also agreed to that, its only 5% of the respondents who are not sure about this. This implies that Airtel Uganda has created awareness of the organization’s corporate social responsibility strategies.

4.2.1 Results on whether Airtel Uganda has greatly observed corporate philanthropy

Table 6: Responses to whether Airtel Uganda has greatly observed in corporate philanthropy

Response	Frequency	Percentage
Strongly Agree	16	80%
Agree	3	15%
Not sure	1	5%
Disagree	0	0%
Strongly Disagree	0	0%
Total	20	100%

Source: Primary Data

From the table 6, 80% of the respondents strongly agreed that Airtel Uganda greatly involves in corporate philanthropy and 15% also agreed to that, it is only 5% of the respondents who are not sure about this. This implies that Airtel Uganda has greatly donated to charities as a way of conducting its corporate social responsibility.

4.2.2 Results on whether Airtel Uganda has greatly observed company Codes of conduct

Table 7: Responses to whether Airtel Uganda has greatly observed Codes of conduct

Response	Frequency	Percentage
Strongly Agree	12	60%
Agree	6	30%
Not sure	2	10%
Disagree	0	0%
Strongly Disagree	0	0%
Total	20	100%

Source: Primary Data

From the table 7, 60% of the respondents strongly agreed that Airtel Uganda observes company Codes of conduct and 30% also agreed to that, its only 10% of the respondents who are not sure about it. This implies that Airtel Uganda treats its workers well, ensures health and safety of workers, ensures consumer reliability, contributes to society and encourages transparency and dealings with suppliers among others, in an attempt to be seen as socially responsible.

4.2.3 Results on whether Airtel Uganda has greatly observed Social and environmental reporting

Table 8: Responses to whether Airtel Uganda has greatly observed Social and environmental reporting

Response	Frequency	Percentage
Strongly Agree	15	75%
Agree	4	20%
Not sure	1	5%
Disagree	0	0%
Strongly Disagree	0	0%
Total	20	100%

Source: Primary Data

From the table 8, 75% of the respondents strongly agreed that Airtel Uganda observes social and environmental reporting and 20% also agreed to that, its only 5% of the respondents who are not sure about this. Thus Airtel Uganda reports on social and environmental performance.

4.2.4 Results on whether Airtel Uganda has greatly observed stakeholder engagement

Table 9: Responses to whether Airtel Uganda has greatly observed stakeholder engagement

Response	Frequency	Percentage
Strongly Agree	16	80%
Agree	3	15%
Not sure	1	5%
Disagree	0	0%
Strongly Disagree	0	0%
Total	20	100%

Source: Primary Data

From the table 9, 80% of the respondents strongly agreed that Airtel Uganda observes stakeholder engagement and 15% also agreed to that, it is only 5% of the respondents who are not sure about this. This implies that Airtel Uganda interacts with all its stakeholders.

4.2.5 Results on whether Airtel Uganda has greatly observed Community investment

Table 10: Responses to whether Airtel Uganda has greatly observed Community investment

Response	Frequency	Percentage
Strongly Agree	16	80%
Agree	4	20%
Not sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
Total	20	100%

Source: Primary Data

From the table 10, 80% of the respondents strongly agreed that Airtel Uganda has developed community projects in the vicinity of their sites, to offset negative impacts or 'give back' to community and local workforce and 20% also agreed to that. Community investment covers a whole range of initiatives including: running health programmes, sponsoring schools, playgrounds or community centers, employee volunteering schemes or signing a memorandum of understanding with communities affected by a company's impacts.

4.2.6 Results on whether Airtel has greatly observed eco-efficiency

Table 11: Responses to whether Airtel Uganda has greatly observed
Eco-efficiency

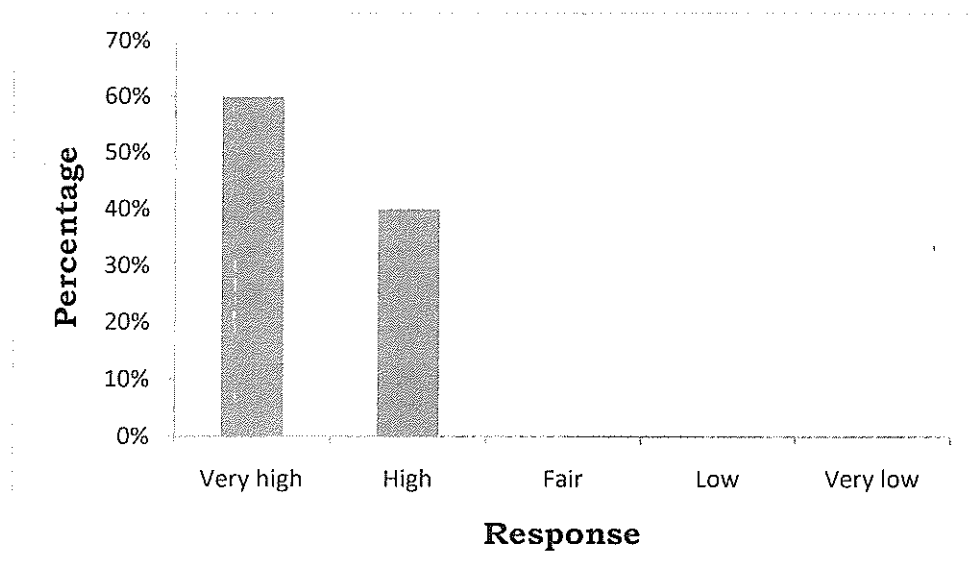
Response	Frequency	Percentage
Strongly Agree	10	50%
Agree	6	30%
Not sure	4	20%
Disagree	0	0%
Strongly Disagree	0	0%
Total	20	100%

Source: Primary Data

From the table 11, 50% of the respondents strongly agreed that Airtel Uganda observes eco-efficiency and 30% also agreed to that, its only 20% of the respondents who are not sure about this. This implies that Airtel Uganda has improved on its ecological and economic performance.

4.2.7 Results on comparison of Airtel Uganda's CSR with other companies

Figure12: Responses to the comparison of Airtel Uganda's CSR with other companies



Source: Primary Data

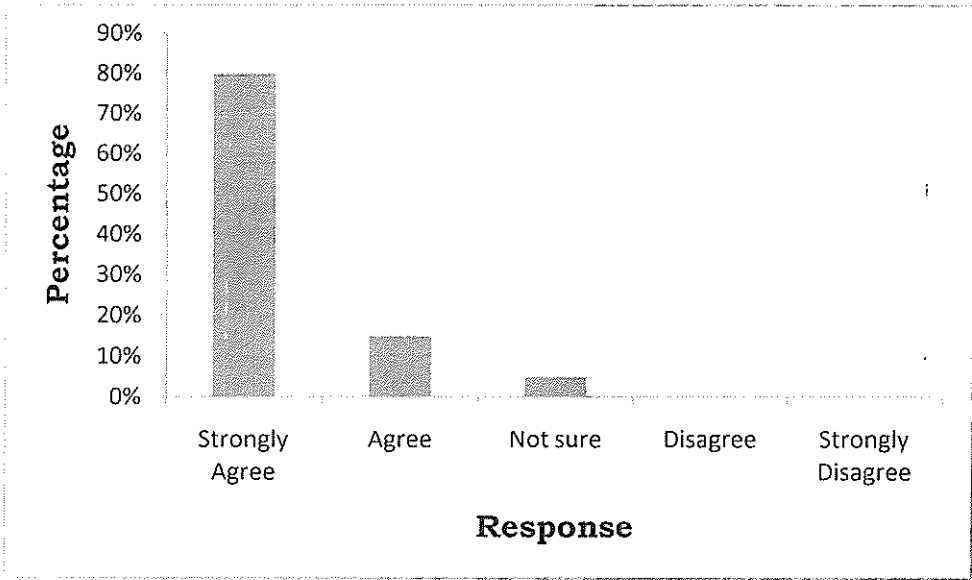
From the figure 12, 60% of the respondents strongly agreed that Airtel Uganda's CSR is better than other companies and 40% also agreed to that.

4.3 Findings on what could influence the Profitability of Airtel Uganda

This section contains results on what other factors influence the profitability of Airtel Uganda

4.3.0 Results on whether network failure has greatly affected revenues of Airtel Uganda

Figure 13: Responses to whether network failure has greatly affected revenues of Airtel Uganda

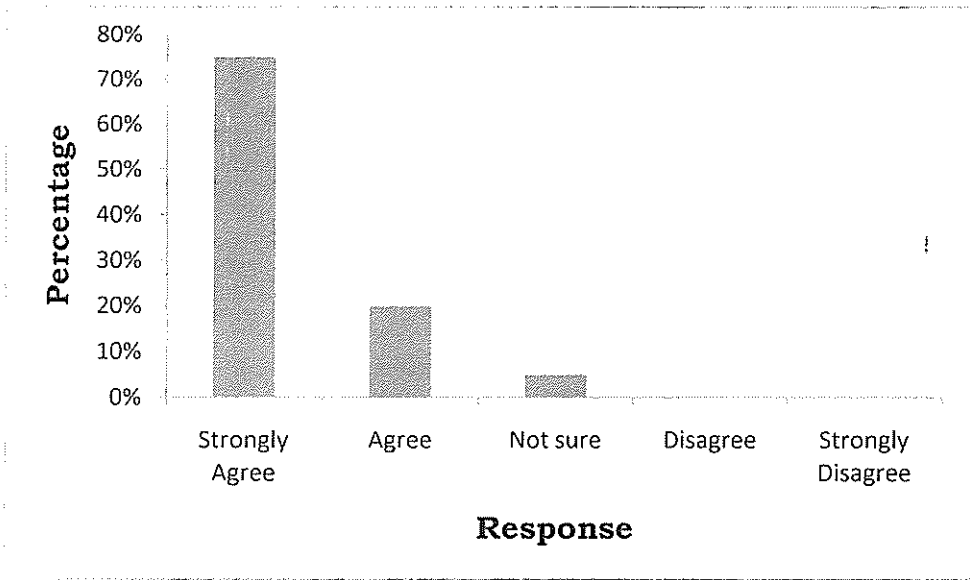


Source: Primary Data

From the figure 13, 80% of the respondents strongly agreed that network failure has greatly affected the revenues of Airtel Uganda and 15% also agreed to that, it is only 5% of the respondents who are not sure about this.

4.3.1 Results on whether competition has greatly affected revenues of Airtel Uganda

Figure 14: Responses to whether competition has greatly affected revenues

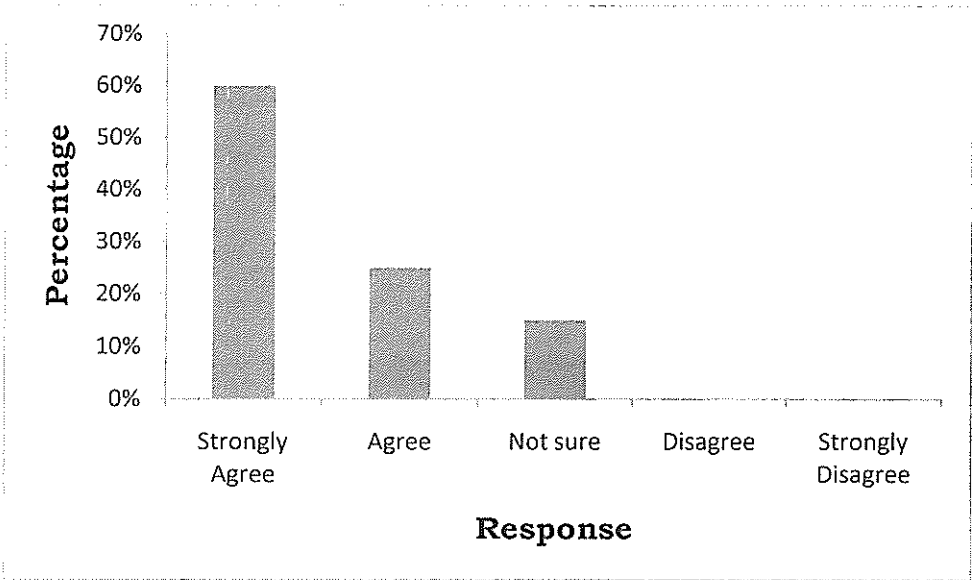


Source: Primary Data

From the figure 14, 75% of the respondents strongly agreed that competition has greatly affected the revenues of Airtel Uganda and 20% also agreed to that, its only 5% of respondents who are not sure about this.

4.3.2 Results on whether vandalizing Airtel Uganda’s assets has reduced its profitability

Figure 15: Responses to whether vandalizing Airtel’s assets has reduced its profitability

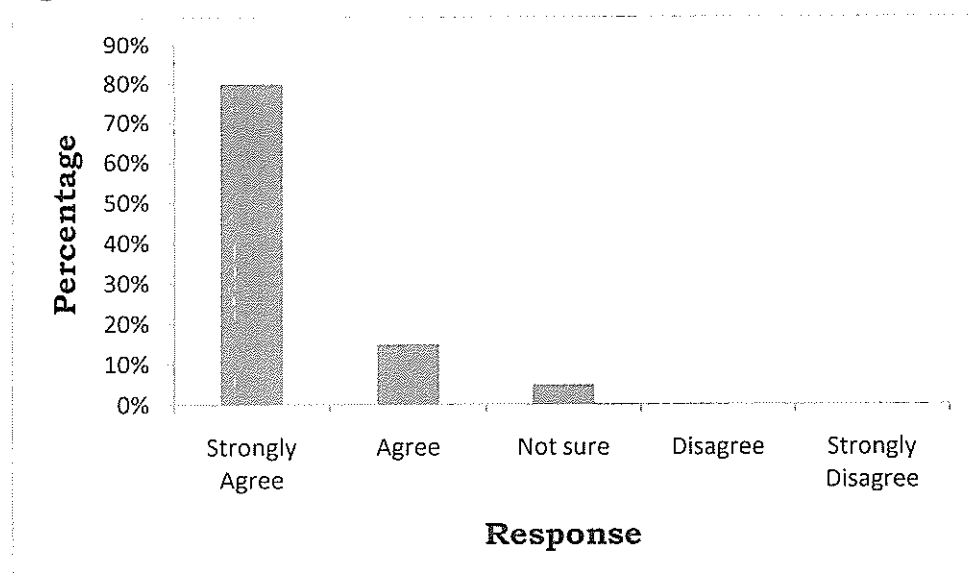


Source: Primary Data

From the figure 15, 60% of the respondents strongly agreed that vandalizing Airtel’s assets has reduced its profitability and 25% also agreed to that, its only 15% of the respondents who are not sure.

4.3.3 Results on whether Airtel still has unrealized profit potential

Figure 16: Responses to whether Airtel still has unrealized profit potential

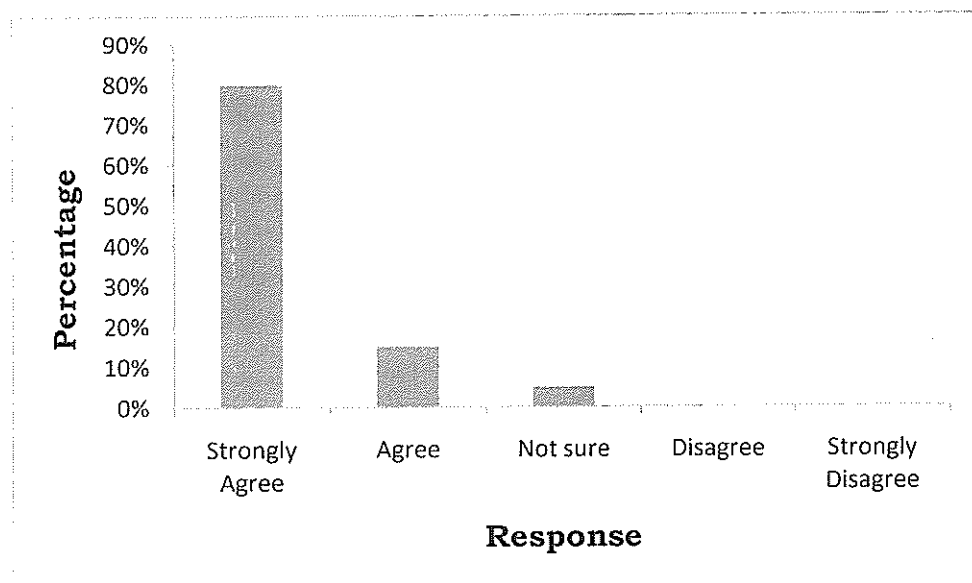


Source: Primary Data

From the figure 16, 80% of the respondents strongly agreed that Airtel Uganda still has unrealized profit potential and 15% also agreed to that, its only 5% of the respondents who are not sure about this.

4.3.4 Results on whether market share has positively contributed to the revenues of Airtel Uganda

Figure 17: Responses to whether market share has positively contributed to revenues of Airtel Uganda



Source: Primary Data

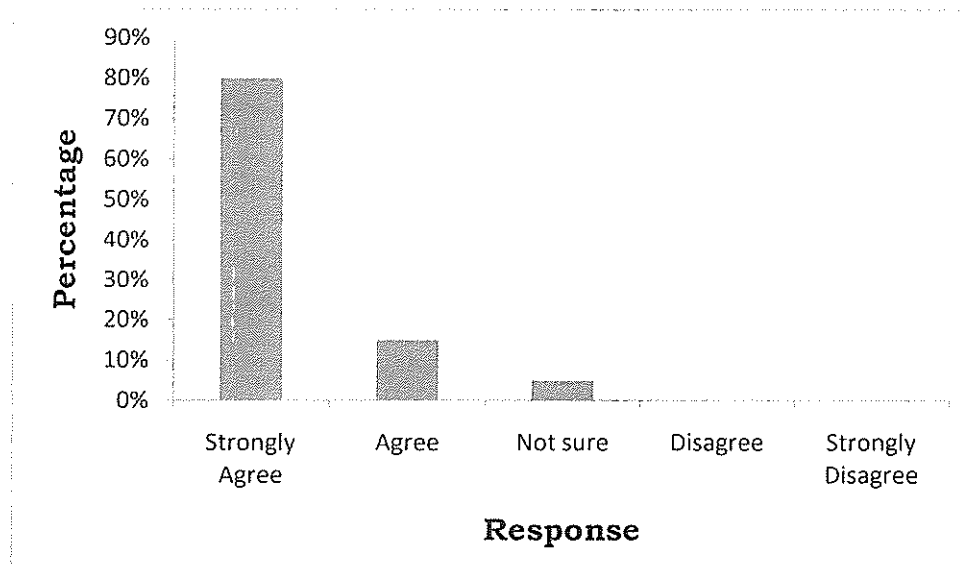
From the figure 17, 80% of the respondents strongly agreed that market share positively contributes to the revenues of Airtel Uganda and 15% also agreed to that, its only 5% of the respondents who are not sure about this.

4.4 Findings on the effect of CSR on the profitability of Airtel Uganda

This section contains the results of CSR on the profitability of Airtel Uganda

4.4.0 Results on whether improving on social performance has increased the profitability of Airtel Uganda.

Figure 18: Responses to whether improving on CSR has increased the profitability of Airtel Uganda

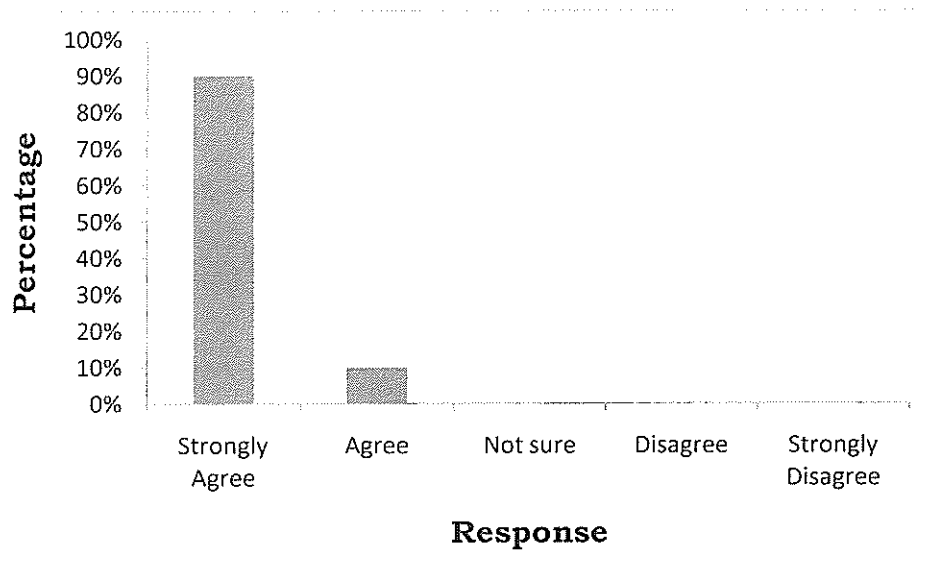


Source: Primary Data

From the figure 18, 80% of the respondents strongly agreed that improving on corporate social responsibility has increased the profitability of Airtel Uganda and 15% also agreed to that, its only 5% of the respondents who are not sure about this. This implies that CSR is seen as an important way to increase competitive advantage, protect and raise brand awareness and trust with customers and employees hence resulting to profitability of the company.

4.4.1 Results on whether Airtel Uganda spends much money in trying to improve on its social performance

Figure 19: Responses to whether Airtel Uganda spends much money in trying to improve on its social performance



Source: Primary Data

From the figure 19, 90% of the respondents strongly agreed that Airtel Uganda spends much money in trying to improve on its social performance and 10% also agreed to that.

4.5 Relationship between CSR and profitability

Table 20: Relationship between CSR and profitability

		CSR	Profitability
CSR	Pearson product moment correlation coefficient sig. (1-tailed) $t\alpha, n-2, 20-2= 18$	0.05 18	1.734*** 18
Profitability	Pearson product moment correlation coefficient sig. (1-tailed) $t\alpha, n-2, 20-2= 18$	1.734 18	0.05 18

*** Correlation is significant at the 0.05 level of significance (1 tailed)

When SPSS was used to analyze the collected data from the respondents, the results showed that Pearson product moment correlation coefficient $r= 1.734$ as in the table 20, revealed that there is significant relationship between corporate social responsibility and profitability.

4.6 Summary

The findings show that Airtel Uganda has observed social performance through corporate philanthropy, cause-related marketing, codes of conduct, social and environmental reporting, stakeholder engagement, community investment and eco-efficiency. Corporate social responsibility was established to be a key determinant of profitability of Airtel Uganda. This is the fact because Airtel's subscribers are more than 45% of the entire subscribers in the telecom sector.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusions and recommendations of the findings, in relation to the project objectives of the study. And the conclusions are based on the findings of the study and then the recommendations.

5.1 Summary of the findings

In regards to producing products and services, Airtel Uganda provides services and products that include, mobile phone services, fixed and wireless internet connections, fixed and wireless landlines, western Union Airtel money, Airtel money transfers among others. The study revealed that all these products and services were not developed at the same time but they have been developed as a result of continuous innovations at the company to help customers of Airtel Uganda to carry out a wide range of services and transactions using their mobile phone accessories.

In an attempt to be seen as socially responsible, Airtel Uganda has greatly observed the following activities such as corporate philanthropy, cause-related marketing, codes of conduct, social and environmental reporting, stakeholder engagement, community investment and eco-efficiency as a way of increasing its competitive advantage, brand awareness and trust with customers and employees.

CSR has been affected by a number of factors such as taxation, service quality and competition which has affected the competitive advantage, brand awareness and trust with customers and employees.

However, the study revealed that CSR is now seen as an important way to increase market share, brand awareness and trust among customers and employees hence resulting to profitability.

Finally in respect to the relationship, the study revealed that Airtel Uganda spends much more money in trying to carry out corporate performance. The study also revealed that before looking at the different views towards the relationship between CSR and profit maximization, it is necessary to emphasize the concept of “stakeholder”. However, the bigger market share has also contributed towards increased profitability of Airtel Uganda. It was also discovered that network failure has also had a negative effect on the company profitability hence the company has been able to fully utilize her profit potential.

5.2 Conclusions

The study revealed that Airtel Uganda provides; mobile telephone services, fixed and wireless internet connections, fixed and wireless landlines, western Union Airtel money, Airtel money transfers among others.

The study also established the type of activities companies undertake in an attempt to be seen as socially responsible which included; corporate philanthropy, cause-related marketing, sponsoring awards, codes of conduct, social and environmental reporting, stakeholder engagement, community investment and eco-efficiency , and some drivers pushing business towards CSR which included; the shrinking role of government, demands for greater disclosure, increased customer interest, growing investor pressure, competitive labour markets, supplier relations among others.

From the study it can be concluded that CSR has a great impact on profitability levels of the organization in that, CSR is now seen as an important way to increase competitive advantage, protect and raise brand awareness and

trust with customers and employees hence resulting to profitability of the organization.

5.3 Managerial and Policy Recommendations

In light of the above conclusions the following recommendations were deduced and they are not intended to be all the management could make.

CSR has a positive effect on profitability but however, before looking at the different views towards the relationship between CSR and profit maximization, management should emphasize the concept of “stakeholder”. It is claimed by Branco and Rodrigues (2007) that in managerial decision making which is related to socially responsible activities, stakeholder is the key to profit maximization.

Airtel Uganda should also look for a strategy which seeks to maximize both financial return and social good such as the “Triple Bottom Line (TBL)” and “Creating Shared Value” approaches. This will enable the organization eliminate the Enron scandal, a giant energy corporation in the US. Enron published social and environmental reports on all the good work it was doing. The trouble is, at the same time it was lying about its profits. When the truth emerged, it led to the company’s collapse in 2001 while top executives were jailed for conspiracy and fraud.

However management should not look at short-run financial returns when developing their CSR strategy.

5.4 Areas of further research

Service quality and profitability

Taxation and profitability

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APPENDIX

RESEARCH QUESTIONNAIRE

(To be filled by staff of Airtel Uganda)

Dear Sir/Madam,

I am BYOGERO ASHA, an undergraduate student pursuing a bachelor's degree of Business Administration of Kampala International University. I am carrying out a study about "Corporate social responsibility and profitability of Airtel Uganda".

This survey is being undertaken to study and analyze the nature of social performance as a key determinant of profitability in the telecom companies. Because you are one of Airtel's employees, you have wide knowledge of the company's corporate performance. Hence your opinions will be of a great importance in the findings of this research. Please spare some few minutes of your precious time and answer the questions that follow to facilitate the study.

This study is totally for academic purposes.

Please answer the questions by making a tick in the appropriate box provided.

SECTION A: Sample characteristics

1. Gender of respondents

a) Male ☐

b) Female ☐

2. Age

a) 18- 25 years ☐

b) 26- 35 years ☐

c) 36- 45 years ☐

d) 46- 55 years ☐

e) Over 55 years ☐

3. Working Experience

- a) < 1 year b) 1- 2 years
- c) 3- 5 years d) Over 5 years

4. Employee position

- a) Customer care b) Marketing department
- c) Finance & Accounting d) Technical department
- e) Others

SECTION B: Corporate social responsibility

1. Airtel Uganda emphasizes corporate social responsibility

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

2. Airtel Uganda has greatly observed corporate philanthropy

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

3. Airtel Uganda has greatly observed company codes of conduct

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

3. Airtel Uganda has greatly observed social and environmental reporting

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

4. Airtel Uganda has greatly observed stakeholder engagement

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

5. Airtel Uganda has greatly observed community investment

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

6. Airtel Uganda has greatly observed eco-efficiency

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

7. Compare your corporate social responsibility with other companies

Very high	High	Fair	Low	Very Low

SECTION C: Profitability of Airtel Uganda

1. Network failure has greatly affected the revenues of Airtel Uganda

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

2. Competition has greatly affected the revenues of Airtel Uganda

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

3. Vandalizing of Airtel Uganda's assets has reduced the profitability

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

4. Airtel Uganda still has unrealized potential for even better profit performance

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

5. Market share has positively contributed to the revenues of Airtel Uganda

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

SECTION D: Corporate social responsibility and Profitability

1. Improving on social performance has increased the profitability of Airtel Uganda

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree

2. Airtel Uganda spends much more money in trying to improve on its social performance

Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree