EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE IDENTITY OF SMALL AND MEDIUM TELECOMMUNICATION FIRMS IN KENYA

FREDERICK CHERUIYOT RUTTO, NAHASHON LANGAT
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1 Frederick Cheruiyot Rutto, 2 Nahashon Langat

1 MBA, Student, Egerton University, Nairobi, Kenya
2 Lecturer, Department of Business Administration, Egerton University, Nairobi, Kenya

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ABSTRACT

In the past, many firms with little or no corporate identity communications drive and no Corporate Social Responsibility and social advocacy voice now devote enormous resources not only to the pursuit of Corporate Social Responsibility but also towards accounting for their Corporate Social Responsibility stewardship. The general objective of the study was to establish the relationship between corporate social responsibility and corporate identity of Telecommunication sector. Specifically, the study sought to establish how corporate social responsibility on customers effect corporate identity of Telecommunication sector; to establish the effect of economic aspect of corporate social responsibility on corporate identity of Telecommunication sector; to find out effect of legal aspect of corporate social responsibility on corporate identity of Telecommunication sector. This study was carried out among the three Telecommunication firms. The study adopted a descriptive research design. This design attempted to describe the situation and problems affecting corporate social responsibility and its association with corporate identity of Telecommunication firms. The total population of the study was 280 employees of the three Telecommunication firms identified. The study adopted the stratified sampling method. Simple random sampling was used to select 280 employees who participated in the study. A structure questionnaire was developed and pre-tested. It contained both open and close ended questions. For this study, quantitative data was analyzed using SPSS. The independent variables were found to have a statistically significant association with the dependent variable at 0.05 level of confidence. The study thus accepts the alternative hypotheses stated and concluded that Economic Responsibility had a positive effect on Corporate Identity of Telecommunication sector and also legal Responsibility has a positive effect on Corporate Identity of Telecommunication sector.

Key Words: Economic Aspects, Legal, Corporate Social Responsibility, Corporate Identity
INTRODUCTION
Businesses worldwide are increasingly worried about the impact of their business activities on society. They also recognize that the world they live in presents a growing array of demands, pressures and risks that are not signaled through markets or the traditional political processes on which they have relied for a very long time (Kotler & Lee, 2005). Thus, many have implemented into their operation the so-called corporate social responsibility (CSR) that aim to balance their operations with the concerns of internal and external stakeholders such as employees, customers, suppliers and business partners, labour unions, local communities and governments (May et al., 2007). The core idea behind CSR is the promotion of business orientation that takes stakeholder interests into account (Maignan et al. 2005; Fry and Polonsky, 2004).

CSR is driven by the philosophy that businesses are part of the society and as such ought to contribute positively to social goals and aspirations (Jones, 2005). In this regard, some CSR proponents argue that businesses should be held accountable (Maignan et al. 2005) not only for their economic responsibilities to shareholders, but also for the non-economic consequences of their activities on the society and the natural environment (Robins, 2005). As a result, businesses have begun to accord high value and importance to responsible behaviour (Assadourian, 2006). There is mounting evidence indicating that firms now invest heavily and ceaselessly on CSR for instance, in year 2005 alone, over $US3.6 billion was committed voluntarily by business organisations to CSR activities (Phillips, 2006) and yet the amount of charitable and philanthropic contributions made by businesses to society continues to rise (Renz and Lawrence, 2005).

As interest in CSR grows, so has the value and importance attributed to corporate identity (Abratt & Kley, 2012). In practice, the number of firms requiring corporate identity services is rising and the amount of financial and material Resources committed to corporate identity practices is growing by the day (Melewar et al. 2006). In addition, the amount of attention paid in literature to this burgeoning discipline has grown phenomenally (Wallace et al, 2006; Suvatjis and de Chernatony, 2004) and the increased number of literatures devoted to this field provides strong evidence in this regard (Balmer, 2001).

Without any doubt, the vast Resources committed to corporate identity and CSR practices are reflective of the relevance, growth and importance of these two disciplines (Grayson and Hodges, 2004). More importantly, the surge in the number of corporate scandals such as nuclear power disaster in Russia; dismantling of oil rigs in the North Sea; escape of poisonous gas from a chemical plant in India; sudden and untimely collapse of big businesses and increased pressure from stakeholders, which have profound effects on business and corporate reputation have undoubtedly positioned corporate identity and CSR as a legitimate business practice in the contemporary world of work (Perrini, 2006). The increased drive towards corporate identity and CSR is made more evident by the rising volume of corporate identity literatures (i.e. social reports), which has continued to generate the interest among big multinational businesses (Kolk, 2005; Gond and Herrbach, 2006).

Small and Medium Enterprises in Kenya
Numerous efforts have been explored by policy makers to define the concept of SMEs in different economies. The various attempts have resulted into multi approach in understanding the concept of SMEs. The concept of SMEs varies from one country to another depending on the indicators used (Ong’olo and Awino, 2013). The first criteria,
based on the number of employees, states that SMEs are those enterprises below a certain number of workers (i.e. can range from less than 10 to less than 50 employees). The second criterion states SMEs as the degree of legal formality, and has been used to distinguish between the formal and informal sectors. Small and medium enterprises (SMEs) are considered as enterprises which are not registered and do not comply with the legal obligations concerning safety, taxes and labour laws. The third criterion states SMEs are based on the limited amounts of capital and skills per worker.

Even though the definition varies from one country to another (depending on the economic structure), the regulatory and institutional framework for the Kenya’s SMEs has been based on the number of employees and the company’s annual turnover (MSMEs Act, 2012). For instance, the micro enterprises have been defined as those employing less than 10 workers with annual turnovers of less than KES 500,000 and capital formation of less than KES 5 million for services or less than KES 10 million for enterprises doing manufacturing. Small enterprises are defined as those that employ between 10 and 50 workers with annual turnovers between KES 500,000 and KES 5 million and capital formation between KES 5 million and KES 20 million for services or between KES 5 million and KES 50 million for enterprises doing manufacturing.

Statement of the Problem
Corporate environment is experiencing a shift from implicit to explicit corporate social responsibility (CSR), which brings on new challenges and opportunities for corporations as to how to engage in CSR and how to communicate their CSR activities (Matten & Moon, 2008). Many CSR activities have been dominated by implicit CSR, which refers to national formal and informal institutions that agreed and assigned the corporations’ societal responsibilities. The shift is leaning towards a more explicit CSR, which is characterized by added visibility and a more voluntary approach along with self-interest driven policies and corporate strategies to engage in issues that are perceived by both company and stakeholders to be part of their social responsibility.

Research carried out by Midttun et al., (2006) has shown that 88% of respondents of a survey conducted indicated that they are willing to buy from companies that are social responsible than from companies that are not and another survey indicated that 72% would prefer to purchase products and services from a company with ethical business practices and higher prices has compared with 18% would purchase from a company with questionable business practices and lower. It’s also evident that profitability is enhanced by a reputation of honesty and corporate citizenship and this gives an organization a clear competitive advantage.

Telecommunication sector in Kenya is facing with stiff competition for the customer base (Business Daily, 2015 February). The Service industry is currently the most competitive field and companies are investing heavily on CSR activities. Corporate social responsibility may help to establish clear boundaries among the different interests of many companies. Social responsibility has always been an integral part of industrial laws and policies in Kenya, but the contentious issue has always been the social responsiveness of these roles. In most cases, the community does not seem to really understand the intent regarding their social roles or they are most times misinformed about this thus leading to a cold response. Most corporate organizations have failed to live up to their social roles because of the economic situation, and casual approach to the few good policies they try to initiate. This unarguably takes its toll on their turnover which in turn affects what they give back to the society in fulfilling some of their social responsibilities. This study therefore sought to establish relationship between corporate social responsibility and corporate identity for Telecommunication firms in Kenya.
Research Objectives
The general objective of the study was to assess the effect of corporate social responsibility on corporate identity of Telecommunication firms in Kenya. The Specific objectives of the study were:

- Establish the effect of economic aspect of corporate social responsibility on corporate identity of Telecommunication sector.
- Find out effect of legal aspect of corporate social responsibility on corporate identity of Telecommunication sector.

Research Hypotheses
HA1: Economic Responsibility has a positive effect on Corporate Identity of Telecommunication sector
HA2: Legal Responsibility has a positive effect on Corporate Identity of Telecommunication sector

LITERATURE REVIEW
Theoretical Background
Relational Theory
Relational theory has a root from the complex firm-environment relationships. As the term implies, interrelations between the two are the focus of the analysis of CSR. As indicated in relational theory is further divided into four sub-groups of theories: business and society; stakeholder approach; corporate citizenship; and social contract. Business and society is proposed to mean ‘business in society’ in which CSR emerges as a matter of interaction between the two entities. One of the measures of CSR is the development of economic values in a society. Another is a person’s obligation to consider the effects of his decision and action on the whole social system. Stated in the form of a general relationship, social responsibilities of businessmen need to reflect the amount of social power they have.

Stakeholder approach has been developed as one of the strategies in improving the management of the firm. It is also said as a way to understand reality in order to manage the socially responsible behavior of a firm. The stakeholder approach further considers a firm as an interconnected web of different interests where self creation and community creation happen interdependently; and individuals behave altruistically. Based on Garriga and Mele’s (2004) analysis, stakeholder approach is both within the integrative and ethical theories, where the former emphasizes the integration of social demands and the latter focuses on the right thing to achieve a good society. These are supported by the work of Mitchel, Agle and Wood (1997) where balances among the interests of the stakeholders are the emphases; and the work of Freeman and Phillips (2002) that considers fiduciary duties towards stakeholders of the firms, respectively.

Corporate citizenship of the relational theory strongly depends on the type of community to which it is referred. It is a path that a corporation may take to behave responsibly. Fundamentally, it is about the relationship that a corporation develops with its stakeholders, and therefore, the former has to continuously search for engagement and commitment with the latter. Corporate citizenship based on Garriga and Mele’s (2004) analysis is an approach used under the integrative and political theories and this is supported by Swanson (1995) and Wood and Lodgson (2002), respectively.

Finally, the social contract theory of the relational group refers to the fundamental issue of justifying the morality of economic activities in order to have a theoretical basis for analyzing social relations between corporation and society. Hence, CSR is derived from the moral legitimacy the corporation achieves in the society and understanding about CSR is contained in the justification of social actions that legitimize the behavior of the corporation. Garriga and Mele’s (2004) analysis puts the social contract theory under the group of ethical theories, the approaches of which include universal rights (UN Global Compact, 1999) and sustainable
development (Korhonen, 2003). Both approaches of CSR are based on human rights, labor rights and respect for the environment.

Conclusions about the three groups of CSR theories are as follows: Utilitarian is simplified in its views by the individuals and mechanical from the corporation perspective, managerial is very organizational oriented and measurable; and relational is values-based as well as interdependent between the corporation and society. The allocation of responsibility according to the order of the theories is economic system, the corporation and the type of the relationship. This conclusion is further strengthened by another not-so-distant conceptualization about CSR in that the theories are grouped into instrumental, political, integrative and value based. Instrumental theory is focusing on achieving economic objectives through social activities; political focusing on a responsible use of business power in the political arena; integrative concentrating on drawing together management issues, public responsibility, stakeholder management and corporate social performance; and ethical theory is emphasizing strategies to achieve a good society.

**Corporate Social Responsibility**

Grayson and Hodges (2007) argued that CSR is difficult for small and medium-sized enterprises. It needs to be clarified that a socially responsible approach to business is not difficult for SMEs with an interest in long-term profitability and sustainability. However, reporting such approaches can be for SMEs more problematic than for large players. This is because it can be costly to capture and provide the relevant information to demonstrate a company’s responsible approach towards its society and environment, especially if that company is not already capturing such information for its management purposes. SMEs are less able to apply dedicated internal Resources to the reporting of any responsible approaches they may take than large organizations. Usually SMEs’ owner-managers are already participating in responsible approaches, although they may not describe them as being part of CSR (Phillips, 2006).

**Corporate Social Responsibility; Specific to MSE**

It is said that SMEs often think locally and act locally and also seek to develop and foster their own approaches to CSR. The question of whether the particular sector or industry in which an organization operates has implications for companies’ CSR approaches goes to the heart of the need to maintain choice in socially responsible approaches. This is because different industry sectors face unique sustainability issues. For example, while the extractive industry is more likely to have a far greater impact on the environment than the financial services sector, the latter does have an environmental impact and must consider the sustainability issues it faces in that regard. Looking at what the extractive industry is doing on this front will not necessarily assist the financial services sector to devise CSR approaches suitable to it (Sheehy, 2006).

The nature of CSR in SMEs can be significantly different from CSR in large companies. For example, many multinational companies report against variety of international reporting initiatives that were developed specifically for large organizations with a global footprint. A large organization operating in multiple jurisdictions is concerned with the organization’s impact, both direct and indirect, on the economic Resources of its stakeholders and on economic systems at the local, national, and global levels, including such matters as employee wages, financial arrangements with customers and suppliers, and taxes.

Environmental impacts include the organization’s products and services; energy, material and water use; greenhouse gas and other emissions; waste generation; impacts on biodiversity; use of hazardous materials; recycling, pollution, waste
reduction and other environmental programmes; and the cost of non-compliance with environmental regulation. Social indicators concern an organisation’s impacts on the social systems within which it operates, which can include labour practices (for example, diversity, employee health and safety), human rights (for example, child labour, compliance issues), and broader social issues affecting consumers, communities, and other stakeholders (for example bribery and corruption, community relations). It has to be stressed that it is a challenge for SMEs to adapt and narrow the broad CSR concept used by large and multinational companies and incorporated in the global reporting initiatives so that it has relevance for the CSR agenda of those SMEs with either a less significant global operation or none at all.

The relationships between SMEs and their key stakeholders notably employees and customers are qualitatively different from those of large businesses, characterized by a high level of informality. Customer relationships are often based on personal knowledge of the customer’s needs, while employee relationships are more family-like, with greater cordiality and social integration. Such relationships, by virtue of their intimate nature, are seen as inherently more responsible as the more impersonal relationships associated with big businesses. Therefore, SMEs may consider themselves to be “responsible businesses”, even though it may not be formally recognized (Southwell, 2004). This opinion was reinforced by the research project (2002), which showed that 96 percent of SMEs felt they have responsible business practices.

According to Balmer (2001), uniqueness of SMEs in their approach to CSR agenda and difference of their approach from large companies can also be demonstrated on their inherent strengths and weaknesses. Strengths of SMEs that should facilitate CSR implementation and reinforce their CSR can be found in the lean organization structure that brings lower costs on management of the company, lower level of internal bureaucracy, and in this way more can be spend on CSR activities. Flexibility that can improve action time in individual CSR activities (SME can quickly act in urgent situations – e.g. can provide help to citizens after natural disasters).

SMEs generate great number of innovations of lower rank, which can significantly improve their CSR either directly or indirectly. Personal and informal relationship of owner-managers or managers with employees and customers can both foster CSR in the company and assure credibility of CSR activities in the eyes of customers and employees. Usually SMEs represent local capital and local proprietary relations and results of undertaking often stay in respective community or region. Entrepreneurs are less anonymous to their community and quite frequently have personal, sometimes emotional, relationship to the community they live in and operate (Sheehy, 2006). These factors can positively influence implementation of CSR in the company and attitude of community towards the respective company.

Despite many strong points, there are also weaknesses that can hamper SMEs’ efforts in implementing of CSR into their operation. This included; Lack of financial Resources that can be invested in CSR; Due to the financial constraints SMEs cannot employ top professionals who in turn could bring to the company unique and valuable know-how, e.g. also in the field of CSR; SMEs are often excessively burdened with state bureaucracy and frequent changes in legislation and do not have spare time and Resources for engagement in CSR; SMEs have worse access to information and consultancy services than large companies, which can play important role when implementing CSR in the company for the first time without previous experience Detomasi (2008).
Corporate Identity

When constituting CI, the most important goal is to form positive attitude towards the company among present and potential consumers. CI is comprised of creating a positive corporate personality, marketing communications and channels as well as constant feedback from the target audience. Worcester (2009) emphasizes the importance of creating and managing CI. These authors agree that CSR has positive impact on CI. Lizarraga (2010), Pina et al. (2006), van Heerden, Puth (1995) state that positive CI provides company with individual features that lead to brand recognition, improve consumer and employee loyalty as well as corporate reputation. Christensen, Askegaard (2001), Flavian, Guinaliu, Torres (2005), Chattananon, Lawley (2007) state that CI is the understanding about the company by any stakeholder. CI is determined by the elements provided by controllable and uncontrollable sources of information. Worcester (2009) notes that CI consists of product identity, brand identity and brand consumer identity. Yeo, Youssef (2010) state that CI is a source of competitive advantage: due to the fact that CI can only be formed over a long time, it becomes difficult to imitate. Besides CI creates consumer trust and deters competitors from entering the market. Pina et al. (2006) emphasize that positive CI can raise sales, customer loyalty, attract new investors and employees. LeBlanc, Nguyen (1995) note that CI is dynamic and it can change because of particular events, shifts in consumer’s environment or his personality. Rindell, Edvardsson, Strandvik (2010) state that CI can be divided into identity-in-use and identity heritage. Identity heritage is based on consumer past experience and created by consumer himself. Identity-in-use is the result of company’s identity forming activities. CI must be reviewed constantly and updated according to public opinion, beliefs and values (Herstein, Mitki, Jaffe, 2008). Wei (2002) states that company which is able to change, is seen as innovative, open and becomes exceptional in its markets. Rindell, Edvardsson, Strandvik (2010), Flavian, Guinaliu, Torres (2005), LeBlanc, Nguyen (1995) state that the longer the interaction between company and consumer, the stronger consumer’s CI.

Leblanc, Nguyen (1995) defines five elements which constitute CI: corporate image, individuality, physical environment, service offering and contact personnel. Corporate identity contains company’s name, logo, exceptional features, pricing, the quality and quantity of advertising. Malmelin, Hakala (2009), Chattananon, Lawley (2007), Wei (2002), van Riel, Balmer (1997), Stuart (1997), LeBlanc, Nguyen (1995), van Heerden, Puth (1995) and other authors emphasize the importance of defining CI and corporate image. Wei (2002) states that corporate image is the impression stakeholders have towards the company, while corporate identity is the set of facts defining company, its aims and culture. Physical environment is comprised of environment aesthetics, lighting, condition of furniture, buildings and other company’s property. LeBlanc, Nguyen (1995) state that esthetic environment increases consumer satisfaction and raises CI. Chattananon, Lawley (2007), Stuart (1997), LeBlanc, Nguyen (1995) emphasize that room decorations, lighting and other features can be used to communicate CI to the consumers. Contact personnel are exceptionally important in forming consumer attitude towards company and its products, forming CI. Personnel should be friendly, courteous, caring, competent and of attractive appearance (LeBlanc, Nguyen, 1995). Contact personnel can have negative impact on CI if they dissatisfy customers by bad mood, poor attitude (van Heerden, Puth, 1995). Service offering contains variety of services, service availability and service processes.

Corporate individuality consists of corporate philosophy, values and culture, strategic management, mission and objectives. Abratt, Mofokeng (2001) state that corporate
individuality forms corporate identity, which forms CI. Spitzeck (2009) emphasizes that corporate individuality is formed by CSR elements such as protection of human rights, reducing pollution, etc. According to van Riel, Balmer (1997) corporate individuality contains quality, integrity, value for money, technical innovation, social responsibility, service, reliability and imagination. Perfect corporate individuality is formed if all the aspects are kept at same development level.

Yeo, (2010), Abratt, (2001), TengFatt et al. (2000) emphasize that CI is influenced by information provided by the company itself and other groups. CI is studied from two perspectives: company’s and consumer’s. The approach of company is directed towards improvement of marketing activities while consumer’s approach is based on his interpretation of CI and brand equity state that a crucial feedback exists: stakeholders are influenced by company’s identity forming actions and they form CI in their environment. To sum up, CI is a complex concept, which covers corporate identity, individuality and marketing communications. CI is influenced by planned and accidental activities of the company. CSR is part of company’s individuality. Individuality forms CI meaning CSR has influence on CI.

Corporate Social Responsibility and Corporate Identity
Ailawadi et al. (2011), state that company which cares about well being of society, environmental protection is seen favorably in comparison with a company which does not. Lizarraga (2010) notes that an increasing number of companies strive to express their CSR in order to improve their CI. CI influences corporate reputation. CI is due to one’s sudden associations of a company, whereas reputation is deep, settled over a period of time belief in a company’s abilities to act in one or another way (Smailiene, Jucevičius, 2009). CSR has positive impact on corporate economic performance, revenue growth, CI and reputation improvement and customer loyalty as well as relationship with all stakeholders (Navickas, Kontautiene, 2011).

In addition to forming attractive corporate reputation, CSR gives consumer a chance to feel he is making a right decision by choosing particular product (Green, Peloza, 2011). Positive identity empowers the company to attract new customers and increase stakeholders’ trust in the company (Flavian, Guñaliu, Torres, 2005). Lindgreen, Swaen (2010), Chattananon, Lawley (2007), Ward, Lewandowska (2006) emphasize that identity of a socially responsible company creates and strengthens competitive advantages, improves brand reliability, enforces CI, raises customer loyalty, creates emotional bond between the company and consumers. Yeo, Youssef (2010) note that CI comprises factual (output, financial results) and emotional (CSR, corporate personality) factors meaning CSR influences CI.

The results of global research by Edelman (2010) show that importance of CSR is increasing in consumer decision making process. It is extremely important to emphasize that CSR is becoming more and more important in emerging markets. TengFatt et al. (2000) note that consumer expectations and requirements have increased: consumers expect a company to be a citizen and a part of local community. 86% of consumers believe that CSR is as important as other business’ everyday operations, 2/3 of consumers think that companies should support various societal and causal initiatives (Edelman, 2010). Socially responsible manner to conduct business should be the new business standard (Chattananon, 2003). Ailawadi et al. (2011), noted that socially responsible companies earn positive identity in the society due to the fact that they gain more mass media attention, form positive employee attitude towards the company. CSR influences CI but the lack of empirical research leaves the strength of causality unidentified.
Social responsibility is never forced on any corporate identity or by policy or other means; it is a voluntary effort on the part of the company to take various steps to satisfy the expectation of the different interest groups. These interest groups could be owners, investors, employees, consumers, government, society or community. Basically, the rationales for these responsibilities are discussed subsequently under these points:

Public Identity: Social responsiveness earns goodwill and reputation for the business. The earnings of business also depend upon the perception of the public about its activities. People prefer to buy products of a company that engages itself in various social welfare programmes. Again, good public identity also attracts honest and competent employees to work with such employers.

Government Regulation: To avoid the wrath of government regulations, businessmen usually discharge their duties voluntarily. For example, if any business firm pollutes the environment it will naturally come under strict government regulation, which may ultimately force the firm to close down its business. Instead, it is only logical for the business firm to engage it in maintaining a pollution free environment. Survival and Growth: Every business is a composite part of the society. So, for its survival and growth, support from the society is very much essential. Business utilizes the available Resources like power, water, land, roads, etc. of the society. So it is the responsibility of every business to spend a fraction of its earnings for the welfare of the society.

Employee Satisfaction: Aside from getting good salary and working in a healthy atmosphere, employees also expect other facilities like proper accommodation, transportation, education and training. The employers try to fulfill all the expectation of the employees because employee satisfaction is directly related to productivity and it is also required for the long-term prosperity of the organization. For example, if business spends money on training of the employees, it will have more efficient people to work and thus, earn more profit in so doing.

Consumer Awareness: In this day and age, consumers have become very conscious about their rights. They protest against the slightest supply of inferior and harmful products by forming different groups. This has made it obligatory for the business to protect the interest of the consumers by providing quality products at the most competitive price (Slocum & Hellriegel, 1996).

Conceptual Framework

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<th>Corporate Identity</th>
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<td>- Profitability</td>
<td>- Image</td>
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<td>- Sale turnover</td>
<td>- Reputation</td>
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<td>- Market share</td>
<td>- Individuality</td>
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<td>- customer base/loyalty</td>
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<th>Legal</th>
<th>Demographics (Age, Gender etc)</th>
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<td>- Statutory requirement</td>
<td>- Education and Income Levels</td>
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<td>- Regulation framework</td>
<td>- Information</td>
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<td>- Fair competition</td>
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RESEARCH METHODOLOGY

The study adopted a descriptive research design. Gravetter and Forzano (2011) explain that descriptive research design involves the measurement of a variable or a set of variables as they naturally exist. This study targeted the following sets of groups outlined in the table below. The researcher drew sample from the whole population. The study adopted the
stratified sampling method because it gave every member of the cluster equal chances of being selected. Simple random sampling was used to select 203 respondents who participated in the study from each cluster. To carry out this study a structure questionnaire was developed. It contained both open and close ended questions. Questionnaires were distributed to the respondent and about 7 to 14 days were given to respondent to complete questionnaire before collection.

The researcher sought expert judgment on the content validity of the instruments from the supervisors. This was done by holding discussions, as well as making relevant comments and suggestions which were then synchronized.

Reliability is the ability of a research instrument to consistently measure characteristics of interest over time. It is the degree to which a research instrument yields consistent results or data after repeated trials, (Mugenda and Mugenda, 1999). To test the reliability of the research instruments, test re-test technique was used. Questionnaires were administered at two intervals to two tea companies. Cronbach’s alpha coefficient was used to carry out computation for each constructs. The Cronbach’s alpha reliability coefficient normally ranges between 0 and 1. The closer Cronbach’s alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. Based upon the formula \( r_k = \frac{r_k}{1 + (k - 1) r} \) where k is the number of items considered and r is the mean of the inter-item correlations the size of alpha is determined by both the number of items in the scale and the mean inter-item correlations. This study used items whose alpha coefficient value of 0.7 and above as the cutoff point. This is an acceptable alpha according to George and Mallery (2003) rule of thumb. Reliability of the instruments was checked by running a pretest on the instruments to determine whether the instruments elicited the type of data anticipated. The triangulation approach ensured accuracy and maximum reliability of collected information as well as protection against any bias. The data were cleaned, coded, categorized per each of the research variables and then analyzed using descriptive analysis such as percentage mean and STD deviation and variance. Findings were presented using descriptive statistical tools like graphs, tables and other measures of central tendency while qualitative data was analyzed to establish patterns, trends and relationships from the information gathered (Mugenda and Mugenda, 2003).

**RESULTS**

The study achieved a response rate of 83.1% with 171 respondents reached, out of the 203 targeted. Based on level of service, it was established that a majority of respondent companies, 84.4% had been in operation for over 10 years while only 15.6% had worked for between 1 and 3 years. Respondent institutions could thus be termed as adequately experienced in CSR related issues and as such responses were hereby informed by a wealth of experience. It was established that a majority of respondent customers, 53.3% had engaged their respective service providers for between 4 to 9 years, closely followed by 46.7% having engaged their respective service providers for 1 to 3 years. A diversity in experienced is also expressed in the finding, with a majority of customers having had engagements with their service providers for over 4 years. As such response as per the customers could also be said to be informed by rich experience. The study also sought to find out the number of employees respective respondent corporations had. Majority of respondent corporations (88.3%) had over 100 employees, as compared to only 11.7% with between 10 and 49 employees. As such, based on the respective number of employees in corporations reached, a majority of respondent institutions can be termed as medium sized. Since small forms were also reached, the study could thus be termed as representative of different company sizes. The study further sought to find out the ownership
structure by respective corporations reached. This would give an indication of any trend in CSR activities with regards to ownership structure. Majority of respondent corporations (96.1%) were limited companies while only 3.9% are sole proprietorships. In this regard, whereas a majority of corporations were limited liability companies, the study also sampled different perspectives from sole proprietor respondents hence diversity in opinions. The study further sought to find out whether respondent corporations were certified according to some standards including ISO 9000, ISO 14000, EMAS and Standard “Responsible Company”. This was meant to indicate the respective corporations’ alignment to international standards of operations and any pertinent trends thereof with respective to CSR operations. Majority of respondent corporations were certified on some international standards of operations, implying that operations and therefore CSR activities thereof are aligned to international standards. The study probed to find out which order of standardization respective corporations conformed to. Figure 4.6 below presents the findings. Majority of respondent corporations (47.1%) subscribed to ISO 9000 certification followed by 43.2% subscribing to ISO 9001/2008. As such, it could be deduced that different respondent corporations conform to different ISO certification standards, a majority of whom, ISO 9000 and ISO 9001/2008. CSR activities by different companies can therefore be said to be prescribed by international standards of operations.

The study sought to establish whether respondent companies had defined strategy in writing or at least mission and vision for the future. This would help determine the formality of strategic plans thereof. To this end, respondents were required to indicate the extent to which the same was done. Majority of respondents, 40.2%, affirmed that to a great extent, their respective companies’ strategic plans were formally written down to a great extent, followed by 22.4% of respondents

affirming to a moderate extent while 27.5% indicated their respective companies’ strategic plans were formally written down to a very great extent. It can be deduced therefore that in most corporations reached, strategic plans thereof are to a great extent formal.

Respondents were further asked to indicate their respective market shares. Majority of respondents (90.2%) had over 10% market shares. This is an indication that the study reached significant respondents with respect to the market share controlled thereof. Findings could be relied upon and inferences drawn from respective companies’ experiences.

Respondent customers were asked to rank their respective relationships with the service providers, as whether very strong, strong, satisfactory or weak. Majority of respondents (66.7%) considered their relationships with respective service providers as strong, distantly followed by 26.7% considering the same as satisfactory. It followed then that for most customers, their relationships with respective service providers are strong to satisfactory.

Respondent customers were further asked to indicate the main criterion for choosing a service provider. Majority of respondent customers (53.3%) considered reliability and after sales when choosing a service provider, followed by 26.7% considering cost while only 13.3% considered CSR and ethical issues. It could thus be deduced that a key consideration among majority of respondent customers was ratability and after sales followed by cost. Customers could therefore be said to be more responsive to corporations they considered reliable.

Respondents were also asked to indicate the extent to which CSR Involvement would affect their choice of service provider. It was discovered that CSR involvement would affect a majority of respondents’ (40.0%) choice of service provider to a moderate extent, distantly followed by 26.7% affirming to a little extent, then 20.0% to a great
extent. It can be deduced from the foregoing that CSR involvement was moderately significant factor with respect to its influence on customer choice of service provider.

Economic Aspect

Table 1: Economic Aspect

<table>
<thead>
<tr>
<th></th>
<th>Not at all</th>
<th>Little Extent</th>
<th>Moderate Extent</th>
<th>Great Extent</th>
<th>Very Great</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>CSR activities affect economic performance</td>
<td>0.0</td>
<td>2.9</td>
<td>55.9</td>
<td>28.4</td>
<td>12.8</td>
</tr>
<tr>
<td>Rate the company’s practice of CSR has on the customer’s retention</td>
<td>0.0</td>
<td>2.9</td>
<td>46.1</td>
<td>40.2</td>
<td>10.8</td>
</tr>
<tr>
<td>New customers’ portfolio</td>
<td>0.0</td>
<td>4.8</td>
<td>44.1</td>
<td>41.3</td>
<td>9.8</td>
</tr>
<tr>
<td>Increased orders and sales from the customers</td>
<td>2.2</td>
<td>5.2</td>
<td>34.3</td>
<td>47.1</td>
<td>11.2</td>
</tr>
<tr>
<td>High response to the company’s product</td>
<td>0.0</td>
<td>2.5</td>
<td>46.8</td>
<td>22.1</td>
<td>29.3</td>
</tr>
</tbody>
</table>

Customers

|                                | %          | %             | %               | %           | %          |
| CSR activities affect my purchase decision | 13.3       | 13.3          | 66.7            | 6.7         |            |
| How do you rate the company’s practice of CSR has on the customer’s stakeholders’ trust in the company. Lindgreen, Swaen (2010), Chattananon, Lawley (2007), Ward, Lewandowska (2006) emphasize that identity of a socially responsible company creates and strengthens competitive advantages, improves brand reliability, enforces CI, raises customer loyalty, creates emotional bond between the company and consumers.

Legal Aspect

The study sought to establish the effect of legal aspect of corporate social responsibility on corporate identity of telecommunication sector. This section presents findings to pertinent questions asked in this regard.

Table 2: Legal Aspect
Managers

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not at all</th>
<th>Little Extent</th>
<th>Moderate Extent</th>
<th>Great Extent</th>
<th>Very Great Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>My company engages in legal requirements of a responsible</td>
<td>6.9</td>
<td>4.9</td>
<td>26.5</td>
<td>51.9</td>
<td>9.8</td>
</tr>
<tr>
<td>corporate citizen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ease of doing business</td>
<td>2.9</td>
<td>6.9</td>
<td>26.4</td>
<td>48.1</td>
<td>22.6</td>
</tr>
<tr>
<td>Engaging in CSR partnership</td>
<td>2.8</td>
<td>6.5</td>
<td>38.3</td>
<td>28.5</td>
<td>23.5</td>
</tr>
<tr>
<td>Fair competition practices/Government engagement</td>
<td>2.2</td>
<td>6.5</td>
<td>28.5</td>
<td>34.3</td>
<td>28.5</td>
</tr>
<tr>
<td>Retention &amp; attracting new &amp; potential Customers</td>
<td>2.9</td>
<td>2.9</td>
<td>37.3</td>
<td>32.4</td>
<td>24.5</td>
</tr>
</tbody>
</table>

participation on CSR activities has increased the regulatory framework in both Corporate and individuals levels.

Customers

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not at all</th>
<th>Little Extent</th>
<th>Moderate Extent</th>
<th>Great Extent</th>
<th>Very Great Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>My service provider engages in legal requirements of a responsible</td>
<td>13.3</td>
<td>66.7</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporate citizen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I think service provider engages in fair competition</td>
<td>6.7</td>
<td>13.3</td>
<td>40</td>
<td>40</td>
<td></td>
</tr>
</tbody>
</table>

It follows then from the finding that CSR practice among a majority of respondent firms was associated with greatly to moderately significant influence on legal performance thereof. More specifically, it could be deduced that that practicing the legal aspects of CSR, a majority of firms experienced ease of doing business; and fair competition practices/government engagement; and that participation on CSR activities had increased the regulatory framework in both Corporate and individuals levels. Further, it is found that a majority of customers perceived their respective service providers’ CSR practice fair competition to a moderate to great extent.

The finding was in agreement with (Green2011) who offers that in addition to forming attractive corporate reputation, CSR gives consumer a chance to feel he is making a right decision by choosing particular product. Positive identity empowered the company to attract new customers and increase stakeholders’ trust in the company (Flavian, Guinaliu, Torres, 2005). The finding also agreed with Ailawadi et al. (2011) who state that company which cares about wellbeing of society, environmental protection is seen favorably in comparison with a company which does not. Lizarraga (2010) notes that an increasing number of companies strive to express their CSR in order to improve their CI.

Corporate Identity

Respondents were asked to rate the extent to which the following reasons make the company to adopt CSR practices.

Table 3: Corporate Identity

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not at all</th>
<th>Little Extent</th>
<th>Moderate Extent</th>
<th>Great Extent</th>
<th>Very Great Extent</th>
</tr>
</thead>
</table>
It was deduced from the foregoing finding that a majority of respondent companies engaged in their respective CSR activities for a variety of reasons, key among which included effects thereof on corporate identity; to enhance their respective brand/company image perception by their customers; as an ethical motivation of top management; to increase of the efficiency; to realize greater employee satisfaction; to benefit in relationship with financial institutions and lenders; as well as public good and relations. It is also hereby concluded that CSR activities affect corporate identity only to a moderate extent.

The finding was in tandem with Yeo, Youssef (2010) who state that CI is a source of competitive advantage: due to the fact that CI can only be formed over a long time, it becomes difficult to imitate. Besides CI creates consumer trust and deters competitors from entering the market. Pina et al. (2006) emphasize that positive CI can raise sales, customer loyalty, attract new investors and employees. The study further agrees with Worcester (2009) who emphasizes the importance of creating and managing CI. These authors agreed that CSR had positive impact on CI. Lizarraga (2010), Pina et al. (2006), van Heerden, Puth (1995) state that positive CI provides company with individual features that lead to brand recognition, improve consumer and employee loyalty as well as corporate reputation.

**Summary of Findings**

The study sought to establish the effect of economic aspect of corporate social responsibility on corporate identity of telecommunication sector. A majority of respondent managers affirmed that to a moderate extent, CSR activities affect economic performance (55.9%); rate the company’s practice of CSR has on the customer’s retention (46.1%); report new customers’ portfolio (44.1%); and high response to the company’s product (46.8%). To a great extent however, a majority reported increased orders and sales from the customers (47.1%). A majority of respondent customers further affirmed that to a moderate extent, CSR activities affect their purchase decision (66.7%); and rated the company’s practice of CSR has on the customers moderate (66.7%).

The study sought to establish the effect of legal aspect of corporate social responsibility on
Corporate identity of telecommunication sector. Majority of respondent managers affirmed that to a great extent, their respective companies engaged in legal requirements of a responsible corporate citizen (55.9%); experienced ease of doing business by practicing legal aspects of CSR (48.1%); experience fair competition practices/government engagement (34.3%); and that participation on CSR activities had increased the regulatory framework in both Corporate and individuals levels (52.4%). A majority of respondent customers further affirmed that to a moderate extent, their respective service provider engaged in legal requirements of a responsible corporate citizen (66.7%); and thought service provider engaged in fair competition to a moderate to large extent (40.0%).

Conclusion
CSR practice among a majority of respondent firms is associated with moderately to greatly significant influences on economic performance thereof. It is specifically notable that among the key economic benefits include customer’s retention, report new customers’; portfolio, high response to the company’s product; and increased orders and sales from the customers for practicing companies. It also notable that CSR activities affect customers’ purchase decision to a moderate extent.

It follows then from the finding that CSR practice among a majority of respondent firms is associated with greatly to moderately significant influences on legal performance thereof. More specifically, it can be deduced that that practicing the legal aspects of CSR, a majority of firms experience ease of doing business; and fair competition practices/government engagement; and that participation on CSR activities has increased the regulatory framework in both Corporate and individuals levels. Further, it is found that a majority of customers perceive their respective service providers’ CSR practice fair competition to a moderate to great extent.

Recommendations
Corporate social responsibility is one of the most important factors that influence the image. To create a positive image among potential customers, corporations ought to ensure among others, perfect product quality, reliable service, reasonable price, continuous innovation process, and a systematic work in favor of business stakeholders. Effective communication of CSR activities should provide an understanding and recognition of the value of the company, which in the final phase has an impact on corporate identity and subsequently on the corporate image.

The study has also demonstrated that CSR not only enhances a corporation’s reputation for prospective employees by increasing organizational attractiveness and firm familiarity, but also influences incumbent employees. Our model moves beyond a view on CSR as an “external” marketing and communication function and the study findings suggest that it can be a powerful marketing tool for corporations’ “internal customers”, that is, their employees. Indeed, by enhancing corporate image and organizational prestige in the eyes of external audiences, CSR also affect employees’ identification with their corporation. CSR can directly reinforce employees’ self-definition and subsequently their identification. It can also create positive dynamics of social exchanges.

Suggestions for future studies
The present study has assessed the effect of corporate social responsibility on corporate identity of Telecommunication firms in Kenya. The study findings have revealed the need for further studies in other areas and dimensions not tackled in the study. The study particularly identifies the effect of various CSR aspects on financial performance among large corporations in the country a possible are for further studies.
REFERENCES


European Commission (July 2001) with the Green Paper -“Promoting a European framework for Corporate Social Responsibility”


