

# A Case Study of Safaricom on the Impact of Corporate Social Responsibility on Kenya's Telecommunications Sector's Competitive Advantage

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**Abstract:-** Corporate social responsibility has become a great topic of discussion in recent years, sparking a variety of studies on how it might affect companies' competitive advantage. Corporate social responsibility will have an effect on Safaricom's ability to compete by will be the primary focus of this study. The study targets approximately 250 people within Safaricom using a descriptive research approach and collects data using a Liker-type questionnaire. The survey states unequivocally that establishing corporate social responsibility initiatives is essential to building a strong business reputation. Concurrently, an independent investigation conducted on Safaricom Kenya Limited highlights the noteworthy impacts of corporate social responsibility on the company's reputation, client contentment, allegiance, and overall operational efficiency. This highlights the long-term significance of corporate social responsibility. Acknowledging the existing gap in empirical research linking corporate social responsibility to Safaricom's competitive advantage, the study delineates its primary objective: to investigate corporate social responsibility's impact, specifically focusing on bench marking, diversity supportive ratios, and satisfaction ratios. These goals include characterizing and assessing the influence of bench marking on the competitive advantage of Safaricom determining the deductive impact of evaluating the inferential influence of satisfaction ratios, analyzing the impact of diversity on the competitive advantage of Safaricom Company Limited, and methodically investigating opportunities and challenges in implementing corporate social responsibility initiatives at Safaricom for competitive advantage. The study will incorporate extensive assessments and industry benchmarks to enable comparison and evaluation of the logical relationship between Safaricom's corporate social responsibility activities and competitive advantage in the telecommunications sector. The main goal of this research is to provide insightful information that will ultimately improve the effectiveness of corporate social responsibility policies and have a favorable effect on businesses and society as a whole. The study acknowledges the possible impact of satisfaction ratios and investigates potential relationships between bench marking and diversity ratios with Safaricom's competitive advantage. The ultimate objective of the study is to maximize the efficacy of corporate social responsibility programs by providing

**useful advice and insights to industry stakeholders, legislators, and Safaricom.**

**Keyword:-** *Competitive Advantage, Corporate Social Responsibility, Customers, Safaricom.*

## I. INTRODUCTION

Globalization has brought about notable changes in the global economy and increased competition among businesses across the globe. Organizations that want to maintain their market position must deliberately maximize performance, departing from traditional business processes (Cegliński, 2016). Being one step ahead of competitors is crucial in the unpredictable business environment, which calls for strategic planning to obtain a competitive edge (Mwangangi, 2018). Globally, corporate social responsibility is acknowledged as the strategic component that gives businesses a competitive advantage, surpassing price to encompass manufacturing conditions (Madur, 2016). Putting corporate social responsibility into practice helps businesses stand out from the competition, promote diversity, and strengthen ties with the community (Burianová and Paulk, 2014; Chih 2015; Gupta 2015).

A strategic method to attaining a competitive advantage, corporate social responsibility is seen globally by stakeholders who place importance on variables other than just financial return. The public's faith in a company's commercial conduct is increased when corporate social responsibility is incorporated into policy. Perspectives on economic undertakings are influenced by the emerging idea of social consciousness, which emphasizes the relationships between enterprises and the communities in which they operate (Waweru and Omwenga, 2015). Environmental factors influence businesses' ability to compete, which affects productivity and sustainability (Omwenga, Mukulu, and Kanali, 2015).

Successful companies must be flexible, adaptable, and dedicated to providing outstanding services and goods. They also need to understand customer- and market-oriented situations. The paradigm of corporate social responsibility encompasses discretionary practices, public participation, and environmental protection (Kotler & Lee, 2015; Irabora, 2019).

Amid global commercial competition, businesses are under increasing pressure to offer customers items and services that are unique, innovative, and have compelling values. Through corporate social responsibility programs, environmental management is essential for increasing effectiveness and client confidence (Kireru, Ombui, & Omwenga, 2016). Through addressing their operating environment, businesses can improve their reputation, image, and clientele through corporate social responsibility. According to the theory behind the corporate social responsibility framework, businesses should freely go above and beyond what is required of them by law in terms of their influence on the environment and society (Chakraborty, 2015; Coombs & Holladay, 2015). Long-term economic growth is facilitated by the financial, social, and environmental advantages that corporate social responsibility as a strategic approach provides. The definition of social responsibility is a commitment that is in line with the goals and ideals of society.

Businesses throughout the world are looking for new ways to address several factors at once while taking into account a variety of stakeholders, such as the neighborhood and society (Mwangangi, 2018). Businesses must adapt to the changing business environment by addressing new issues with an emphasis on stakeholder assessment, corporate ethics, and leadership. Stakeholders jointly perform important roles. These stakeholders include executives, managers, shareholders, employees, consumers, the local community, and society at large (Mwangangi, 2018). This comprehensive approach highlights the many advantages of corporate social responsibility for long-term success by acknowledging the links between firms and larger societal contexts.

It is vital to understand how consumer views of companies' strategic corporate social responsibility affect business outcomes under different conditions. According to Mohtsham Saeed, M., & Arshad, F. (2014), there is a persistent interest in corporate social responsibility among academics and professionals as a research topic of corporate social responsibility actions. A key component of business organizations that aim to create and maintain a positive public image in order to gain a competitive edge and improve society is corporate social responsibility. In Hohnen (2015).

Many organizations are very interested in corporate social responsibility. Several of these businesses employ this strategy to maintain their working environment and provide their clients with enjoyable services, all in an effort to foster a favorable opinion of their goods in the eyes of their clients. Businesses continue to be leaders in corporate social responsibility efforts by putting in place financial scholarship programs, improving the welfare of their workforce, endorsing nonprofits, supporting community development, and taking part in environmental conservation activities like clean-up campaigns. Firms should actively address major social-economic, environmental, and associated concerns in order to meet public expectations and maintain and improve their reputation as socially responsible organizations, according to Porter and Kramer.

A great deal of academic research has been done on corporate social responsibility. In order to better understand how corporate social responsibility impacts organizational effectiveness, Abubakar, Belwal, and Mohammed (2022) focused on applying green behavior practices. Their research showed a positive relationship between performance outcomes and corporate social responsibility. The main goal of a study by Mwangangi (2018) was to investigate how corporate social responsibility affected the way manufacturing businesses in Kenya were run. The study specifically looked into how a firm's affect-ability toward several partners affects it. Opilo, Mulili, and Kimani (2018) examined the connection between Safaricom employees' competitive advantage and their corporate social responsibility. The study looked at a number of corporate social responsibility initiatives, including customer subscriptions, brand perception, and financial results. The goal of a study by Arnold, M. F. (2017) was to investigate the relationship between the corporate social responsibility initiatives of Kenyan commercial banks and their attempts to obtain a competitive advantage. This study examined the impact of employee wellness, outdoor activities, educational efforts, and venture enhancement programs on Equity Bank's financial performance. According to Amini (2017), Kenyan commercial banks used a corporate strategy to draw in and keep workers. The results of the study also showed that most workers were content and at ease in their jobs when they worked for companies that valued and upheld social responsibility.

Despite extensive research, there is a dearth of empirical evidence showing a clear link between Safaricom's economic advantage and its commitment to corporate social responsibility. In particular, not many studies have looked into the consequences of bench marking. The effect on Safaricom's competitive advantage of diversity supporting ratios and satisfaction levels. Since documented proof has less weight now, the researcher's main goal is to determine how corporate social responsibility affects Safaricom's competitive advantage. Furthermore, the research assesses if Safaricom believes that its corporate social responsibility efforts have produced any positive results.

## II. MATERIALS AND METHODS

The study employed a case study approach with a descriptive, cross-sectional design to examine corporate social responsibility practices at Safaricom Ltd from a senior management perspective. This design allowed for a thorough examination of attitudes, perceptions, and opinions without manipulating variables, ensuring the integrity of the findings. The target population included 250 senior staff members at Safaricom, comprising heads of departments, senior managers, and managers. A stratified random sampling technique was employed to select a representative sample of 100 respondents, constituting 40% of the target population.

Data were collected using a combination of primary and secondary sources. Primary data were gathered through questionnaires distributed to Safaricom employees. A pilot test was conducted with three functional managers from the customer operations division to evaluate the questionnaire's

relevance, clarity, and comprehensiveness. Data analysis involved coding and entering the data into an Excel worksheet before using SPSS for statistical analysis. Quantitative data were analyzed using descriptive and inferential statistics, such as mean and regression analysis, to determine relationships between corporate social responsibility practices and competitive advantage.

### III. RESULTS

The targeted respondents were given a total of 72 questionnaires by the researcher. A total of 54 completed questionnaires were gathered from this sample size, which is an impressive 75% response rate. Nevertheless, the respondents did not return 18 surveys, or 25% of the total. The response rate that was observed is considered sufficient and appropriate for analysis, as it is within the suggested threshold. Using Cronbach's alpha reliability tests, the dependability of the dependent variable (competitive advantage) and the five independent variables (bench marking, satisfaction ratio, diversity support ratio, corporate social responsibility initiatives, and corporate social responsibility practices) were evaluated. The results offer insightful information about the internal consistency of the measuring scales used in the investigation.

The goal of bench marking is to ascertain whether a company's corporate social responsibility initiatives help the attainment of competitive advantage by improving processes, raising customer satisfaction, and increasing revenue. The purpose of the diversity supporting ratio survey was to find out from respondents if Safaricom's commitment to diversity support through its corporate social responsibility had a bigger influence on its competitive standing.

The satisfaction ratio aims to analyze elements including organizational diversity, job satisfaction, and job retention in order to determine how they all work together to affect Safaricom's corporate social responsibility efforts and competitive positioning. These were the typical problems that were identified by the study. It can be challenging to quantify the tangible impact of corporate social responsibility initiatives due to resource allocation constraints, to ensure that stakeholder expectations and corporate social responsibility initiatives are aligned, and to integrate corporate social responsibility initiatives seamlessly with the company's overall business strategy.

Additionally, the respondents were asked to list the opportunities that they believed would encourage Safaricom to fully implement its corporate social responsibility initiatives. They believed that this initiatives would help Safaricom mitigate a variety of risks, such as regulatory compliance, stakeholder activism, and reputation damage. They also believed that the initiatives would improve the company's brand reputation and set it apart from competitors. Finally, they believed that the activities would give employees a sense of purpose and pride, which would increase employee satisfaction, retention, and productivity. A company's market position can be considerably improved by strategically investing in corporate social responsibility, as suggested by

the regression and correlation analyses that show corporate social responsibility projects and practices to be particularly influential.

### IV. DISCUSSION

The study emphasizes how significantly corporate social responsibility affects Safaricom's ability to compete confirming the strategic value of Corporate Social Responsibility beyond ethical considerations. Rigorous regression and correlation analyses revealed that Corporate Social Responsibility Initiatives, such as environmental sustainability and community development, are key predictors of competitive advantage, significantly enhancing brand perception, customer relationships, and brand equity. Corporate Social Responsibility Practices, including ethical business conduct and employee welfare, foster a positive organizational culture, leading to higher employee satisfaction and retention, which boost operational efficiency and innovation. In order to generate competitive advantage, the study also highlights the significance of Bench marking, Diversity Support Ratio, and Satisfaction Ratio. Bench marking helps Safaricom measure performance against industry standards, promoting continuous improvement. The Diversity Support Ratio highlights the value of enhancing creativity and problem-solving, while the Satisfaction Ratio correlates with loyalty and long-term success, underscoring the need for ongoing stakeholder engagement. The study's methodological rigor, with a 75% response rate and reliable measurement instruments, ensures the validity and generalization of these findings. Overall, the study confirms that integrating Corporate Social Responsibility into core business strategies is crucial for sustaining competitive advantage, offering valuable insights for Safaricom and similar firms. Sustainable growth, improved stakeholder connections, and a great brand image resulting from CSR initiatives demonstrate their trans-formative potential, providing a strategic road map for companies aiming to leverage Corporate Social Responsibility for long-term success in an increasingly competitive and socially conscious market.

### V. CONCLUSION

The in depth analysis of competitive advantage in relation to corporate social responsibility within Safaricom gives crucial insights into strategic positioning and market share domination. The study brings out that corporate social responsibility is foundational to Safaricom and has been able to increase its market share, profitability, and competitive advantage. The respondents' general agreement regarding Safaricom's dominance of the market underscores the pivotal role of corporate social responsibility initiatives in securing a leading position in the telecommunication industry. The findings highlight the multi-faceted benefits of corporate social responsibility, such as enhancing customer loyalty, brand reputation, and workforce motivation. Safaricom's dedication to societal and environmental concerns not only boosts its corporate image but also positively impacts stakeholder perceptions, thereby strengthening its competitive standing. The research highlights the mutually beneficial

connection among corporate social responsibility endeavors, corporate image, and enduring competitive edge. It recommends that strategic goals and conscientious business practices be harmonized to achieve enduring prosperity. For companies trying to navigate competitive environments while promoting social and environmental stewardship, Safaricom's strategic integration into its operations serves as a paradigm. The conclusions highlight how corporate social responsibility can improve an organization's resilience, brand equity, and long-term market leadership while also establishing a standard for moral business conduct in the telecommunication sector and beyond. Subsequent investigations may delve into supplementary factors and the durability of a competitive edge in resource-intensive methodologies.

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