CORPORATE SOCIAL RESPONSIBILITY AND FIRMS' FINANCIAL PERFORMANCE: THE CASE OF TANFOAM LTD AND ZANTEL IN ARUSHA

By

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A Dissertation Submitted in Partial/ Fulfillment of the Requirements for the Award of the Degree of Master of Science in Accounting and Finance (MSc A&F) of Mzumbe University

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CERTIFICATION

We, undersigned, certify that we have read and hereby recommends for acceptance by the Mzumbe University the dissertation titled **Corporate Social Responsibility and Firms' Financial Performance: The Case of Tanfoam and Zantel in Arusha** in partial/fulfilment of the requirements for the award of degree of Master of Science in Accounting and Finance of Mzumbe University.

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DEDICATION

This work is dedicated to my parents (Mr & Mrs. Solomon Baraza).

LIST OF ABRREVIATIONS

CABE	Christian Association of Business Executives
SR	Social Responsibility
CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
CFP	Corporate Financial Performance
Ltd	Limited
URT	United Republic of Tanzania
PR	Public Relations
NGO	Non Governmental Organizations
ROA	Return on Assets
MNCs	Multinational Corporations
SPSS	Statistical Package for Social Sciencies

ABSTRACT

The field of Corporate Social Responsibility (CSR) has grown exponentially over years. There are different views of the role of the firm in society and disagreement as to whether wealth maximization should be the sole goal of a corporation. This study focused on the corporate social responsibility (CSR) and firms' financial performance. The aim of this study was to analyze the outcome of corporate social responsibilities on financial performance of the firms. Specifically, the study aimed to find out the reasons for the companies to engage in corporate social responsibility, to explore types of corporate social responsibilities which are more practiced by the firms and lastly to examine relationship between corporate social responsibilities and firms' financial performance.

The study adopted a case study research design where Zantel and Tanfoam Ltd located at Arusha were selected as units of analysis. Primary data were collected through questionnaire and documentary source such as journals, books and various organization reports for secondary information. A total of 42 respondents were used. With the help of computer software programme called Statistical Package for Social Sciences (SPSS) version 16.0, data collected were analyzed both quantitatively and qualitatively using percentages, mean weight and frequencies followed by interpretation, comparison and explanation from cross tabulation, charts and figures

The outcome of the study indicated that the motives to engage in CSR included preserving reputation, employee motivation and give profit back to society. Philanthropic was the main type of CSR mostly practiced. The relationship between CSR and financial performance indicated that companies practicing CSR increased financial performance. Eventually, the study recommends that companies may promote sales, expand the branches in the region which will result into increased amount of profit hence uplift the amount of percentage to be allocated to CSR. Also the researcher suggests that a longitudinal study may be adopted in providing deeper insight into the relationship between CSR and financial performance.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter attempts to introduce the study on Corporate Social Responsibility (CSR) and firms’ financial performance. The chapter has the subsequent sections; description of the background to the study, statement of the research problem, research objectives, research questions, and significance of the study.

1.1 Background of the Study

The idea that corporations have social responsibility to the society is as old as commerce. This expectation has its roots in western culture with a documented history of at least 2,000 years. In late 1880s in the introduction of the industrialization, it was broadly discussed whether companies should take their social responsibility. However; the conception of this idea in terms of corporate social responsibility (CSR) is a recent occurrence in corporate business culture (Holmes, 1976).

The concept summarized within CSR is not at all new to most societies in developed countries, as most developed countries do have a longstanding tradition in which businesses are expected to meet certain social obligations (Blowfield and Frynas, 2005). For example, long-established businessmen in India believed they held their business in 'trust' for the larger society, and therefore managed their business with a view to contributing to the betterment of their communities (Arora and Purnanik, 2004).

Emergence of CSR practices in developing countries is a relatively new phenomenon (Utting, 2002). In African and South American countries, CSR practices were influenced by historical factors and cultural relationships, for example, CSR practices appear to be relatively more developed in Brazil and South Africa compared to most countries in sub-Saharan Africa. In Brazil, the strong Catholic tradition deeply entrenched in the national psyche provided a potent basis for the Christian Association of Business Executives

(CABE) to stimulate CSR concerns. CABE was the first to introduce social consciousness to Brazil and has significantly influenced CSR practices in the country (Cappellin and Giuliani, 2004).

In the case of South Africa, the historical legacy of apartheid saw the birth of a well developed civil society that later became active drivers of CSR practices in the quest for social justice in the post-apartheid era. In contrast, in sub-Sahara African countries like Nigeria, where there are no strong links between business and religion, and where the institutions in opposition to colonial authorities have since been absolved in to mainstream politics, the civil society is often weak and unable to drive CSR without external support. This weak civil society partly explains the relatively poor state of CSR practices in such countries (Biggs and Ward, 2002).

In Tanzania, Corporate Social Responsibility is still at nascent stage. However, Tanzania like other developing countries requires frequent practice of CSR by companies. It was recognized that sustainable development will not be achieved through government actions alone; thus, there is strong sense that CSR should include targeted support for the government to enable it to fulfil its development planning role.

While a conventional thinking had always been that practicing CSR by companies lead to an additional cost to firms, which may thus erode their profitability and overall competitiveness, profitability remain to be the most important aspect affecting a firm’s growth and survival. It seems unlikely that a company could spend shareholders’ funds without providing some kind of return. The business must use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud (Ambec and Lenoie, 2008).

Researchers consider increasing financial performance as the key motivator for firms to practice CSR. The argument was that companies which practice CSR will experience increased profits, and those that do not will suffer adverse effects on financial performance. Because of the uncertainty concerning the relationship between CSR and financial performance, it is important that these variables be examined. This will provide some evidence as toward the impact of CSR on financial performance of companies (Moskowitz, 1972). This study therefore intended to examine the influence of Corporate Social Responsibilty on Firm's Financial Performance, a case of Zantel and Tanfoam in Arusha, Tanzania.

1.2 Statement of the Problem

There is a strong sense that CSR should include targeted support for the government to enable it to fulfil its development planning role. More generally, large companies operating within the country and in different parts of the world often find that they are expected to provide public goods such as healthcare, education or infrastructure, therefore going back to community usually to enhance reduction of poverty and facilitate development of the entire communities.

CSR recognizes that corporate growth and profitability are important; it also requires a firm to pursue societal goals, specifically those relating to sustainable development, environmental protection, social justice and equity (Wilson, 2003). CSR has several benefit for the company such as improved financial performance and profitability, reduced operating cost, long term sustainability for the company and its employees, increased staff commitment and involvement, enhanced capacity to innovate, good relations to government and communities, better risk and crisis management, improved reputation and brand value; and the development of closer links with customer and greater awareness of customer needs (Comfort, 2006).

Moreover, adopting the CSR principles also involves costs. These costs might involve the purchase of new environmentally friendly equipment, the change of management structures, or the implementation of stricter quality controls. Since being socially responsible involves costs, it should generate benefits as well in order to be a sustainable business practice. A corporation could not continue a policy that constantly generates negative cash flows. According to Comfort (2006), the shareholders invest their money in a corporation, expecting the highest possible risk adjusted return. For that reason, being socially responsible should have bottom-line benefits in order to be in a good financial performance. It should be possible to keep all other factors constant and determine a company's financial performance and volatility of cash flows of the firm after practicing CSR, hence creating a base to establish the connection between Corporate Social Performance (CSP) and Corporate Financial Performance (CFP).

The relationship between corporate social responsibility and financial performance of firms in developing economies represents the most questioned area in CSR. One important observation from the literature on social performance and financial performance is that majority of the studies are from developed economies and there is lack of evidence about emerging markets like Tanzania. Baron (2001) stated that although extensive research on CSR shaping a firm's performance has been put through in developed countries, there is a paucity of such studies in developing countries.

While a lot of studies points in favour of a mild positive relationship between CSR and financial performance; this connection has not been fully established in Tanzania. This is because little studies have been directed towards exploring this relationship in Tanzania generally and Arusha in particular. For example, the study by Sarah (2011) paid particular attention on the impact of CSR on the living standard of persons around mining areas in Tanzania. Her study did not explore the influence of CSR on financial performance of companies that engage in CSR, leaving out the need to explore this knowledge. Therefore, this research aimed to examine the link between corporate social responsibilities and financial performance of the firms based on Zantel and Tanfoam at Arusha.

1.3 Research Objectives

1.3.1 General Objective

The main objective of this study is to analyze the influence of corporate social responsibilities on financial performance of firms.

1.3.2 Specific Objectives

i. To ascertain reasons for the companies to engage in corporate social responsibilities
ii. To explore types of corporate social responsibilities which are more practiced by the firms
iii. To examine relationship between corporate social responsibilities and firm's financial performance.

1.3.3 Research Questions

i. What are the motives behind Zantel and Tanfoam Ltd to engage in corporate social responsibilities?
ii. What are the types of corporate social responsibilities practiced by the firms
iii. What is the relationship between financial performance and corporate social responsibilities?

1.4 Significance of the Study

The relationship between CSR and financial performance is important to researchers, institutions and managers. A relationship between these variables could have a significant impact on how managers approach CSR, and whether their firm is likely to participate or not. A negative relationship might provide a warning to managers to think carefully when deciding on whether to undertake CSR (Cochran and Wood, 1984). Since the study has been conducted in Tanzania, findings of the study contribute significantly to the body knowledge of CSR within the country and enhance understanding the impact of CSR to the performance of firms. Furthermore the study helps policy makers on formulating policies related to CSR and social benefits to the beneficiaries in development process. The study also contributes to the fulfilment of the requirements for the award of a Master of Science in Accounting and Finance of Mzumbe University.

1.5 Organization of the Report

This dissertation is organized into five chapters. The first chapter provides introduction and background to the problem. The second chapter gives an overview of the literature. The third chapter highlights the research methods used during data collection. The forth chapter provides the presentation and discussion of the findings and the last chapter gives conclusion and recommendations from the study.

1.6 Scope and Delimitation

The researcher chose two companies for convenience of data collection. It was carried out at Tanfoam and Zantel in Arusha. The focus was on the impact of corporate social responsibility on financial performance

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter present review of previous studies regarding corporate social responsibility and financial performance. The chapter is divided into five parts namely; introduction, theoretical literature review whereby it begins with the description of concepts and theories, empirical analysis, conceptual frame work and knowledge gap.

2.1 Theoretical Literature Review

2.1.1 Definition of the Key Concepts and Terms

i) Social Responsibility: Social responsibility can be viewed as a part of the social contract in that it is the responsibility of each entity whether it is state, government, corporation, or individual that are contributing to society at large, or on a small scale. Or social responsibility is an ethical or ideological theory that an entity whether it is state, government, corporation, or individual has a responsibility to society at large. This responsibility can be ‘negative’, meaning there is exemption from blame or liability, or it can be ‘positive’, meaning there is a responsibility to act beneficently (proactive stances). Businesses can use ethical decision making to secure their business by making decisions that allow for government agencies to minimize their involvement with the corporation (Votaw, 1972)

ii. Corporate Social Responsibility: Corporate Social Responsibility is something, but not always the same thing to everybody. To some it is responsibility or liability; to others, it means socially responsible be in ethical sense; to others, it means socially responsible behaviour in a society, some people see it as a social conscience; others simply take it as a legitimacy that is being proper or valid; still some others consider it as a duty that requires businessmen to behave at a higher standard; while many take it simply as a charitable contribution to society (Votaw, 1972).

Although there are numerous definitions of CSR, the fundamental basis is that while corporate growth and profitability are important, the company respond to demands that go beyond their technical, economic, and legal needs to achieve societal goals, especially those relating sustainable development that meets the needs of the present without compromising the future generations to meet their own needs.

iii) Financial Performance: The classical view of performance is maximizing the wealth by agents to the owners who are shareholders. It is based on market efficiency that ensures the best allocation of resources and rejects any idea of corporate responsibility other than making profit for its shareholders. It is a concept of performance based on the design of shareholders which is often linked to the share value of company stock. The performance measures are based on data from financial statements. In fact, the accounting measures provide most of the time positive correlations between CSR and financial performance (Cochran and Wood, 1984).

iv) A company: A company means a firm formed or registered under the company Act. It is an association or collection of individuals/persons and or other companies, who each provide some form of capital. This group has a common purpose or focus and an aim of gaining profits. This collection, group or association of persons can be made to exist in law and then a company is itself considered a "legal person". The name company arose because, at least originally, it represented or was owned by more than one real or legal person (URT Company Act 2002).

On the other hand, private company means a company which by its articles restricts the right to transfer its shares; and limits the number of its members to fifty, not including persons who are in the employment of the company and persons who, having been formerly in the employment of the company, were while in that employment, and have continued after the determination of that employment to be, members of the company, and prohibits any invitation to the public to subscribe for any shares or debentures of the company (URT Company Act 2002).

v) A Firm: a firm is an organization engaged in the trade of goods, services, or both to consumers. Businesses are predominant in capitalist economies, where most of them are privately owned and administered to earn profit to increase the wealth of their owners. A firm may also be not-for- profit or state owned. A firm owned by multiple individuals may be referred to as company, although that term also has a more precise meaning (Steven, 2003).

2.1.2 Theoretical Framework

2.1.2.1 An overview of Corporate Social Responsibility

The concept of corporate social responsibility (CSR) originated from that of social responsibility (SR). Since then literature about the relationship between business and society has increasingly greatly. Bowen (1953) defined the social responsibility of the businessman as the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.

Social responsibility implies to a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms (Frederick 1960). Precisely, CSR can be viewed as being beyond economic and legal obligations, so that corporations must take an interest in politics, in the welfare of the community, in education, in the 'happiness' of its employees, and in the whole social world about it, like a proper citizen should do (McGuire,1963). Further identified examples of CSR involves; employment of minority groups, reduction in pollution, greater participation in programmes to improve the community, improved medical care, improved industrial health and safety and other programmes designed to improve the quality of life.

It seems that the earlier definition of CSR did not include economic responsibility, and the reason for this is that many people considered the economic dimension as something that firms do for themselves, and the legal, ethical and philanthropic parts as something they do for others (Carroll, 1979).

Carroll (1979), further argues that economic viability is also what firms do for the society (for instance to create wealth for the society by way of taxation and to create employment) so their economic responsibility should be included in the definition of CSR. Then he explained the pyramid of CSR economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility. Moreover philanthropic responsibility is being a good corporate citizen, contributing resources to the society, and improving quality of life; ethical responsibility is being ethical, having the obligation to do what is right, just, and fair; legal responsibility is to obey the law, to play by the rules of the game; economic responsibility is being profitable, which is the foundation which all others build upon.

While early writers on Corporate Social Responsibilities were preoccupied with clarifying what the social responsibility of business should be as exemplified by Bowen (1953) or argued for the need of the business to accept social responsibility, others focused on conceptual specificity; i.e., how CSR can be defined. One researcher jumpstarted this process by asserting that the notion of social responsibility presupposes that corporations do not only have economic and legal obligations but also have certain responsibilities to society that extend beyond these obligations (McGuire, 1963).

Moreover CSR definition was superior over most other definitions that were being suggested at that time. It was therefore not surprising that other researcher subsequently reiterated elements of the definition when it has been asserted that CSR refers to the firm's consideration of, and response to issues beyond the narrow economic, technical and legal requirements of the firm. It has been hinted at the possibility of having both normative and instrumental motivations for the adoption of CSR policies (McGuire, 1963).

An expert in business history joined the debate by asserting that the adoption of CSR by business is an attempt to recognize the intimacy between corporation and society, and to realize that the top managers must keep such relationships in mind as the corporation and other related groups pursue their respective goals. CSR should be a voluntary initiative and that business should expect to engage CSR concerns that might not yield immediate economic returns for the firm. Therefore extended the boundaries of the debate by explicitly addressing the form CSR should take, and like. Moreover CSR practices would involve some cost, but this should not prevent CSR adoption (Walton, 1967).

CSR is a voluntary initiative and goes beyond meeting legal obligations. Moreover, taking social responsibility mean that the corporation is a free agent of some sort, and to any extent to which they meet socially imposed obligations by law; the corporation is not being socially responsible. Rather, the corporation is being socially responsible when it voluntarily engages in business expenditure or activity that brings marginal returns that are less than the returns from some alternative expenditure. The expenditure must be corporate expenditure and not the case of individual generosity (Manne and Wallich, 1992).

It is evidenced that, normative motivation is the basis on which any corporate action should be judged to be socially responsible and they were less impressed by corporate philanthropy that dominated the first phase in the evolution of business social responsibility (Manne and Wallich, op.cit). Therefore, they set the division between CSR advocates like themselves that believe true CSR must be borne out of a normative concern as opposed to those CSR advocates who believe that adopting CSR for instrumental concerns in no way makes the action less socially responsible. Other holds this latter position, as defined social responsibility as businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic and technical interest. According to Davis (1960), this later conception of CSR contributed to the emergence of the 'business case era.

Another argument is that, CSR by virtue of its voluntary nature avoids the pitfalls that plagued previous attempts of social control of business and yet was not too radical. CSR was a form of self-control, with altruistic incentives, and moral imperative in the quest for corporate social nirvana (Jones, 1980). He defined CSR as the idea that business has an obligation to constituent groups in society other than stockholders and outside those prescribed by law or union contract. Two facets of this definition are critical. First, the obligation must be voluntarily adopted, and second the obligation goes beyond traditional duty to stockholders to include other society groups such as employees, customers and neighbouring communities. Jones (1980) also argued that CSR was really more of a process than an outcome and should be viewed as such. The contribution hinted at the stakeholder concept, and attempted to shift emphasis in CSR thinking from just outcome to include process (Carroll, 2002).

Further justification introduced a problem-solving approach to the conceptualization of CSR (Fitch, 1976). He defined further CSR as the serious attempt by corporations to help solve social problems caused wholly or partially by them. According to him, the corporation must first make a distinction between social and non-social problems and then identify which social problem it wishes to address after which it goes about tackling the problem. Fitch's conception of CSR was particularly useful in the sense that it forces the corporation to prioritize and limits the scope of the responsibility to which the corporation should be responsible for, i.e. a social problem created wholly or partially by them. In other words, for negative injunction duties were a priority for the corporation (Fitch, 1976). However, it can be argued that Fitch's CSR conception is not necessarily novel rather, it was a mere reformulation of an idea already (Eells and Walton, 1961).

Many recent definitions draw attention to the financial benefits obtained through CSR. For example**,** CSR refers to management of stakeholder concern for responsible and irresponsible acts related to environmental, ethical and social phenomena in a way that creates corporate benefit while other definition show the concept as a business approach that views respect for ethics, people, communities and the environment as an integral strategy that improves the competitive position of a firm (Mittal, 2008).

In summary, despite the absence of a universally accepted definition of CSR, there is no doubt that it concerns the way a company governs the relationships with its various stakeholders.

2.1.2.2 Motivations for Corporate Social Responsibility

In recent years more and more companies have been declaring themselves socially responsible, opting into CSR schemes, labelling themselves with the term CSR and publishing CSR reports alongside their annual reports (Curran, 2005). Such reports may not represent an accurate reflection of reality. Managers may over-report on CSR to enhance a firm's reputation and avail of the various advantages believed to result from socially responsible behavior such as improved customer and employee loyalty (Basu and Palazzo, 2008).

Likewise organizations often use carefully chosen verbal communications, including the firm's mission statement promoting ideas of CSR but then fail to follow through with corresponding actions. Many companies communicate CSR but fail to practice it. Further studies have found a rather paradoxical gap between what companies say they value and what they actually demonstrate by their actions (Welcomer, 2003).

Advertising CSR has increased dramatically in recent years. It was found in both research studies that CSR activities are higher in industries with higher advertising to sales ratio. Thus, CSR may be performed to enhance a firm's reputation rather than this being an advantage gained from CSR. Similarly, additional argument is that that few firms engage in CSR activities for purely altruistic reasons (Liston-Heyes and Ceton, 2007).

Moreover, CSR being motivated by shareholder interest is referred to as strategic CSR (Baron, 2001). He further argues that a firm motivated only by profits may, 'adopt a practice labeled CSR because it increases the demand for its products'. This strategic CSR is simply a profit maximization strategy motivated by self interest and not by a conception of CSR. (Baron, op. cit)

Many firms are turning away from traditional charity donations to a market-driven strategic management bottom-line approach to philanthropy. George Weissmna, chairman of Philips Morris explains that ‘our business activities must make social sense and our social activities must make business sense’. The underlying strategy of this new-style philanthropy is for companies to obtain a tangible return for their contributions either through enhanced corporate image, improved staff morale or enhanced customer loyalty.

In addition, much of what is labelled corporate philanthropy does seek to generate and exploit an association with the cause. The traditional concept of philanthropy is found on altruism and involves the firm making a contribution without an expected benefit. The firm thus, donates funds to a worthy cause because it wishes to be a good corporate citizen. However, association with a non-profit cause has steadily evolved from a short term sales promotion technique to a viable marketing strategy. This strategy links corporate identity with non-profits, causes and significant social issues through cooperative marketing and fund-raising programs (Collins, 1994).

CSR creates economic benefits through increased revenue and cost reduction (Smith, 2007). By investing in social responsibility, companies receive benefits that outweigh the costs. They develop new innovative products and services in order to keep up with the constant competition, but this is what differentiates them in an environment where crowed market places dominate.

CSR reflects a positive reputation and strong management ability, thus investors and shareholders are more easily motivated to finance and support the company. Nevertheless, a company’s income does not depend only on sales and financiers. Bearing in mind the importance of CSR, governments grant and finance businesses that operate in a socially responsible way or are willing to undertake projects in favour of the community.

Additionally, by adopting CSR, companies reduce the financial risk they run as a result of more stable relations with the government and the financial communities. Companies can also boost their profits by reducing costs. By conserving or using alternative resources of energy, reducing wastes, emissions and recycling, companies not only help the environment but also help their own profitability. In other words by adopting socially responsible programs, they retain the possibility to manage their spending correctly and reduce the operating costs, leading to increased efficiency (Smith, 2007)

2.1.2.3 Types of Corporate Social Responsibility

There are four types of corporate social responsibilities: economic, legal, ethical, and discretionary (philanthropic) (Carroll, 1979).

i. **Economic CSR**. This kind of CSR entail for example providing a return on investment to owners and shareholders; creating jobs and fair pay for workers; discovering new resources; promoting technological advancement, innovation, and the creation of new products and services. Business from this perspective is the basic economic unit in society and all its other roles are predicated on this fundamental assumption (Carroll, 1979).

ii. **The legal responsibility** is the second part of the type and entails expectations of legal compliance and playing by the ‘‘rules of the game.’’ From this perspective, society expects business to fulfill its economic mission within the framework of legal requirements. But while regulations may successfully coerce firms to respond to an issue, it is difficult to ensure that they are applied equitably (Pratima, 2002). Moreover, regulations are reactive in nature, leaving little opportunity for firms to be proactive. Laws therefore circumscribe the limits of tolerable behaviour, but they neither define ethics nor do they ‘‘legislate morality’’ (Solomon, 1994).

iii. **Ethical Responsibility.** In essence, ethical responsibility overcomes the limitation of law by creating an ethics ethos that companies can live by (Solomon, 1994). It portrays business as being moral, and doing what is right, just, and fair. Therefore, ethical responsibility encompasses activities that are not necessarily codified into law, but nevertheless are expected of business by societal members such as respecting people, avoiding social harm, and preventing social injury. Such responsibility is mainly rooted in religious convictions, humane principles, and human rights commitments (Lantos, 2001). However, one limitation to this type of responsibility is its blurry definition and the consequent difficulty for business to concretely deal with it (Carroll, 1979).

iv. **Philanthropic CSR**: As the final type of responsibility, firms have the widest scope of discretionary judgment and choice, in terms of deciding on specific activities or philanthropic contributions that are aimed at giving back to society. The roots of this type of responsibility lie in the belief that business and society are intertwined in an organic way (Frederick, 1994). Examples of such activities might include philanthropic contributions, conducting in-house training programs for drug abusers, or attempts at increasing literacy rates. This type of responsibility is the most controversial of all since its limits are broad and its implications could conflict with the economic and profit making orientation of business firms (Carroll, 1979).

2.1.2.4 Benefits and Cost for Companies which Behave Socially Responsible

There are several studies that suggest that firms practicing good ethics and good corporate governance are rewarded by financial market, while firms practicing poor ethics and poor governance are punished (Neal and Cochran, 2008). Cochran and Neal have been reviewed a range of recent public studies in financial fields. There is a big relationship between corporate social responsibility and financial performance. Orlitzky, Schmidt and Rynes (2003) 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; the benefits will be obtained mainly in the long term scenario.

Companies behaving socially responsible (SR) address some benefits. They have no only their profit benefit (shareholder benefit) but also corporate wealth maximization for the shareholders and the other groups of stakeholders. This is a sustainable strategy that generates cost management in the creation. Moreover, the lack of corporate social responsibility (CSR) commitment generates higher cost management than the incorporation.

Moreover, in the market, Corporate Social Responsible behaviour has positive consequences in terms of reputation and good will, thus behaving responsible is an important asset for the corporation. Also these market positive consequences/rewards are reflected in employees and customer fidelity. Corporate rewards/positives consequences can be seen from two perspectives: “carrots for success and freedom from sticks (Mainelli, 2004). Freedom from sticks includes not being subjects to Non Government Organization (NGO) attacks, not having government impositions, not being boycotted from regions of market or not losing key employees with different ethical values. Carrots for success might include good public relation, brand enhancement, access to contract with CSR requirements, positive relation with NGOs or attracting higher-quality staff at lower rate” (Mainelli, 2004).

Some benefits that a company can get are:

i. **Positive Effects on Company Image and Reputation**

In the topic of company image related to brand differentiation, corporate social responsibility can play a role in building customer loyalty based on distinct ethical values. Several brands as a co-operative Group and the body Shop are built on ethical values. In reputation, business services organizations can benefit too from building a reputation for integrity and best practice.

ii. **Positive Effects on Motivation, Retention (permanency) and Recruitment of Employees**

Basically, this benefit is based on loyalty and selections of the best employees. This aspect is related to human resources. It means that a CSR programme can be seen as an objective to recruitment and retention. Potential recruits often ask about a firm's CSR policy during an interview, and having a comprehensive policy can give an advantage. CSR can also help to improve the perception of a company among its staff, particularly when staff become involved through payroll giving, fundraising activities or community volunteering.

iii. Risk Management

Managing risk is a central part of many corporate strategies. Reputation that takes decades to build up can be ruined in hours through incidents such as corruption, scandals, low ethical values, environmental accidents, social, fairness, employees abuses, child labor and so on, lack of control on suppliers. Those events also can drive special attention from regulators, courts, governments and media. Building genuine culture based on ethical, values and principles issues of doing the right thing within a corporation can avoid and decrease these risks.

iv. Competitiveness

By having a socially responsible profile, a company can enhance its competitiveness and obtain a significant position in the minds of the customers. It is a fact that many consumers do not just prefer social responsibility but insist on it.

Consumers seek information about business practices and responsibility before making their decisions, adding that the majority of them would refuse to purchase a product or service from a company that they believed is not socially responsible.

v. License to Operate:

Corporations are keeping avoiding interference in their business through taxation or regulation. By taking substantive voluntary steps, they can persuade governments and the wider public that they are taking issues such as health and safety, diversity of the environment seriously, and so avoid intervention.

The positive impact in each of these variables has direct incidence (is reflected directly) in an increment of the of firms' profits (revenues), rising the wealth of the shareholders, but also the other groups of the stakeholders as governments, employees, customers and so on. The sustainable social responsible commitment has incident in the company reputation, reducing or increasing the reputation risk, adding a cost or benefit for the corporation. Social responsibility is a value intangible long term asset, it is an asset which claims to some futures benefits, that decrease or increase futures cash. .

Cost benefit analysis may be regarded simply as a systematic thinking about decision making, linking with the consequences of different courses of actions. Firms continuously make decisions that increase their benefits. Considering that, CSR is a voluntary behaviour, corporations have the option**;** to choose acting only responsible or social responsible. If the expected benefits are higher than the expected cost, corporation chooses the action-shareholder oriented, being only responsible. But this is no simple like this.

2.1.2.5 The Relationship between Corporate Social Responsibility and Corporate Financial Performance

In this section the association between corporate social performance (CSP) and corporate financial performance (CFP) is revisited. Inconsistent conclusions among studies about the relationship between CSP and CFP still persist. The performance of business is affected by strategies and operations in market and non market environments (Baron, 2001). Non-market strategies are increasingly gaining importance due to outside pressures from entities such as media, NGOs etc. Corporate Social Performance (CSP), which is defined as a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships , is a major element of non-market strategies (Wood, 1991).

A positive CSP-CFP relationship is suggested by stakeholder theory, which argues that by addressing and balancing the claims of multiple stakeholders, managers can increase the efficiency of their organization's adoption to external demands (Freeman, 1994). In addition to that, high corporate performance does not only result from the separate satisfaction of bilateral relationships but also from the simultaneous coordination and prioritization of multilateral stakeholder interests (Orlitzky, 2003).

The issue of corporate social responsibility (CSR) and its effects on financial performance continued to be addressed in the literature. Windsor quotes the 1998 findings of Verschoor, that among the 500 largest US public corporations, the 26.8% committing in annual reports to ethical reports behaviour toward stakeholder or compliance with corporate code of conduct have higher financial performance measures than other firms that do not (Windsor, 2001). However, this is very narrow measurement of CSR and does not allow for the fact that companies such as Euron can engage in philanthropy while being guilty of moral misconduct. Wisdoor suggests that 'the Euron collapse is a reminder that such deviation (between responsibility and wealth) is never far away in the increasingly competitive landscape of global business operations'.

He believes that there has been 'A marked tendency in the relevant literature to examine alternatives such as citizenship or stakeholder management precisely because of the difficulties inherent in the responsibility construct'.

Orlitzky (2003) argues that his research shows a positive correlation between corporate social responsibility (CSR) and corporate financial performance, that CSR actually reduces financial risk and that organizations of all size may benefit financially from socially responsible activities. In a discussion about a business case for CSR, Hopkins suggests that while it is difficult to prove a causal link between CSR actions and financial indicators, an in depth benefit-cost analysis of CSR by the Cooperative Bank of the UK 'declared that between 15% and 18% of its pre-tax profits could be directly attributed to its ethical stance' (Hopkins, 2003)

He undertook a study of the top UK companies, examining the correlation between social responsibility and their stock market performance. He concluded that the public's purchasing of shares was still not greatly affected by the companies level of social responsibility but that CSR standing does not necessarily badly affect a company's share price. Share market price is only one measure of profitability and narrowness of Hopkins' research supports his contention that, 'Definition, measurement and data problems exist for assessing both social responsibility and financial performance' (Hopkins 2003).

Another aspect of investment in CSR that has financial implications is what Brammer and Pavelin have termed 'insurance-motivated social investment' (Brammer&Pavelin 2005), a risk-management strategy aimed at reducing reputation and financial losses caused by adverse stakeholder reaction to negative events. The authors suggested that social investment, by establishing a positive reputation in the eyes of stakeholder groups, helps to mitigate the impact of those negative events by reducing the likelihood that stakeholders attribute blame to the company concerned.

2.1.2.6 An overview of the accepted and known theories of Corporate Social Responsibility

The previous section provided an overview of the CSR construct and illustrates that due to the complexity of the construct, research has not come to a compromise to find a congruent definition that covers all dimensions of CSR. This sections aims at providing an overview of the most accepted and known theories of CSR.

The Corporate Social Performance Theory

Based on the need to be both socially responsible and responsive, this theory canvasses that firms and society are symbiotically related, with each party performing its obligations in the relationship. Firms operate in the society and society allows them to do so. In return firms must serve society by creating wealth, contributing to the social needs of society as well as meeting the social obligations which the firms are expected to meet in responsible and responsive manners. When firms abide by this bond of symbiosis, they earn some good reputation which is an invaluable asset. The major weakness which associates with the social performance theory is that under it, business firms attempt to give capitalism a human face with less emphasis on the ethics of their business conducts (Mele, 2004)

The Shareholder Value Theory

The theory sees the primary responsibility of firms as that of generating profits for shareholders and working hard to raise their stock values. The perception on the performance of social activities by firms for society is that such activities are not necessary except the laws specify otherwise since business firms are created primarily to enhance shareholder value. Without argument, this theory focuses on wealth creation and shareholder value with less commensurate consideration for the wellbeing of society. But in discussing the demerits of the theory, it notes that although wealth creation is part of firms' social responsibility, firms should not take it as the only social responsibility they should shoulder.

Stakeholder Theory

After publication of a Stakeholder Approach (1984) of Edward Freeman's Strategic Management, stakeholder management, stakeholder theory, and other variation of stakeholder study have taken a big deal of management research. Freeman said that business relationships should comprise all people who can affect or be affected by a firm. Many studies in stakeholder theory have required analytically dealing with the problem of which stakeholders merit or requiring management concern such as study of Wood (1994). Methods to solve this problem have focused on relationships between firms and stakeholders based on trade transactions, authority dependencies, legitimacy claims, or other claims. Researchers have attempted to mix stakeholder theory with other management perspectives, mostly theories of governance and agency.

Stakeholder theory is helpful as both an instrumental and normative frame. Normative stakeholder arguments have emerged declaring firms have a moral obligation to uphold the interests of all corporate stakeholders (Wicks, Gilbert, and Freeman, 1994; Evans and Freeman, 1983). According to Donaldson and Preston, Instrumental stakeholder theory recommends that managers must induce constructive contributions from their stakeholders to attain goals of company efficiently. If a cross point between normative and instrumental stakeholder theory retains, CSR is not stand on moral values or not actual, it will not affect on financial performance gains (Jones, 1995; Frank 1988).

Competitive Advantage Theory

Harrison, Bosse and Phillips (2007) develop on the definition of competitive advantage representing that companies must perform more than build a competitive advantage which is attractive to customers. In order to build a right competitive advantage, Harrison state that: ―Competitive advantage implies more than merely creating value. Rather, the key is to create more value than competitors are able to create. A firm is said to have a competitive advantage if it creates and appropriates more value than the least efficient rival capable of breaking even. Simply extending the prior logic, this occurs when the firm drives a wedge between the willingness to pay it generates among buyers and the costs it incurs and then collects returns in excess of its own opportunity costs. Socially complex resources or capabilities that are not easily copied are necessary to retain a company‘s competitive advantage. CSR helps firms develop internal resources making a firm more prepared and able to adapt to the fast moving of demands and crises. CSR also expands external reputation benefits, increasing its attractiveness to customers and potential employees, investors and bankers.

Corporate Citizenship Theory

This theory conceptualizes firms as corporate citizens who should actively contribute to the good of society or the world as a whole. Here organizations are seen as citizens who should go beyond just meeting their ordinary legal duties to also participate in the wellbeing of society, and indeed the world as a whole, even as global citizens. The meaning comprises the full range of both internal and external corporate activities that contribute to the well-being of society; those which embrace the related concepts of sustainability and corporate social responsibility (CSR).

The theory considers firms as citizens who stand shoulder to shoulder with any other citizen that comprise the society. Thus, it clearly note that firms should come out to take their place in the community as other citizens do and also to play the impactful roles that justify their citizenship. Matthew Haigh and Marc Jones further capture the idea of corporate citizenship in their 2007 work titled “The Transnational Corporation and New

Corporate Citizenship" The major problem with this theory is that it is said to lack conciseness. More than this, it is also difficult develop a global standard for corporate citizenship as it is an issue that should reflect the peculiar circumstances firms find themselves operating in. Notwithstanding these difficulties, many trans national firms are increasingly adopting corporate citizenship as a strategy in their relationship with their communities and the world at large.

Trade-off theory

Assume a negative relationship between CSR and financial performance. According to Friedman (1970), this theory analyses investment as tradeoffs between stakeholders leading toward to tradeoffs between profit maximization and socially responsive purposes. Therefore, corporate social performance (CSP) might lower than financial performance of the firms because CSR funds use the resources that could be used in a more profit-maximizing way.

Managerial Opportunism Theory

Managers may avoid CSR investment that would improve firm value because of reward packages linked with short-term company revenue and stock price behaviour. Alternatively, managers may engage in CSR initiatives or show preference towards certain initiatives to maximize their personal reputation or utility.

2.3 Empirical Literature Review

There are one hundred twenty-two published studies between 1971 and 2001 empirically examined the relationship between corporate social responsibility and financial performance (Margolis and Walsh, 2002). The first study was published by Narve in 1971. Empirical studies of the relationship between CSR and financial performance comprises essentially two types;

The first type uses the event study methodology to assess the short-run financial impact (abnormal returns) when firms engage in either socially responsible or irresponsible acts. The results of these studies have been mixed. Other researcher discovered a negative relationship (Wright and Ferris, 1997). Further studies reported a positive relationship while other found no relationship between CSR and financial performance (Posnikoff, 1997). Other studies, discussed similarly inconsistent concerning the relationship between CSR and short run financial returns (McWilliams and Siegel, 2000).

The second type of study examines the relationship between some measure of corporate social performance (CSP) and measures of long term financial performance, by using accounting or financial measures of profitability. The studies that explore the relationship between social responsibility and accounting-based performance measures have also produced mixed results. Positive correlation shown between social responsibilities and accounting performance after controlling for the age of assets (Cochran and Wood, 1984).

In contrast, other study found significant positive relationships between an index of CSP and performance measures, such as Return on Assets (ROA) in the following year (Waddock and Graves, 1997). Studies using measures of return based on the stock market also indicate diverse results. Vance (1975) refutes previous research by Moskowitz by extending the time period for analysis from 6 months to 3 years, thereby producing results which contradict Moskowitz and which indicate a negative CSP/CFP relationship. However, Alexander and Buchholz (1978) improved on Vance's analysis by evaluating stock market performance of an identical group of stocks on a risk adjusted basis, yielding an inconclusive result.

There have been a number of studies based on United States and European data that seek to test the extent to which the economic drivers for corporate social responsibility deliver improved financial performance. The studies adopt different methodologies for measuring corporate social responsibility and financial performance, and not unexpectedly present quite different results.

A notable source is a Meta analysis undertaken and integrated for 30 years of research from 52 previous studies and used meta analytical techniques to support the proposition that corporate social performance and corporate financial performance are positively correlated and statistically significant. Interestingly, the meta analysis found a higher correlation between financial performance and a company's management of its social impact than between financial performance and a company's management of its environmental performance (Orlitzky, 2003).

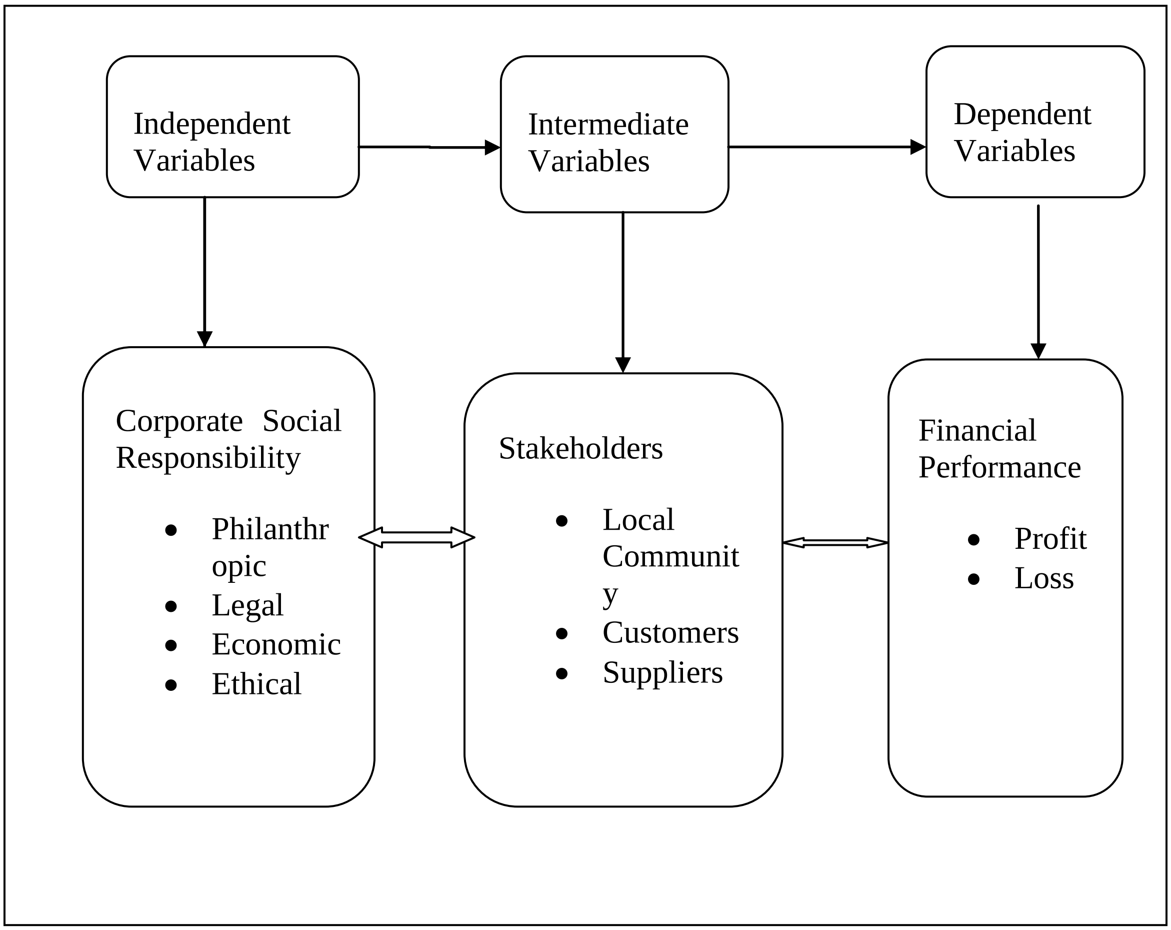
Studies by investment analysts and funds managers on the performance of socially responsible investment fund products and sustainability indices are also regularly reported in order to attract investors and encourage participation. For example, in 2005 AMP Capital Investors published an analysis of the corporate social responsibility rating technique it uses to manage its Sustainable Future Australian Share Fund. By applying its rating technique to the approximately 300 listed Australian companies and analyzing their financial performance from a 10 year period, it determined that companies with a higher corporate social responsibility rating outperformed companies with a lower corporate social responsibility rating by more than 3.0 per cent per annum over a 4 and 10 year period (Rey and Nguyen, 2005).

In African context, Corporate Social Responsibility and Financial Performance in Developing Economies, the Nigerian experience, focus on developing economies and on Nigeria specifically. The study examines the impact of CSR activities on financial performance measured with Return on Equity and Return on Assets. The results show that CSR has positive and significant relationship with financial performance measures Olayinka and Temitope (2012).

2.4 Conceptual Framework

A conceptual framework is a researcher's conception and belief of a new idea to be tested through research before it is accepted as a new theory/fact for use. This section describes the conception the researcher has about CSR in relation to financial performance. The discussion need to improve performance of organization as well as the service provided by the company as CSR. The framework developed based on the literature, it has independent variable and the dependent variable. CSR as independent variable and financial performance is the dependent variable. The study will thus present attempts to bridge the gap by providing basis for a thorough and insightful judgment of CSR and financial performance. The independent variable interact with the intermediate variable to determine the direction of the dependent variable

Figure 2.1 Conceptual Framework for Impact of CSR on Financial Performance



Source: Documentary review, 2014

The effectiveness of CSR can lead into revenue through selling of goods more than before practicing CSR. Moreover, CSR reduces costs in the sense that by providing service to the community it acts like some kind of advertising hence it covers advertising as well as promotion cost, hence leads into enhanced financial performance.

2.5 Knowledge Gap

Despite the positive CSR and financial performance relationship suggested by stakeholder theory, other studies found negative relationship while others found no relationship between CSR and financial performance. All the theories on CSR and its relationship with financial performance have been propounded and tested in the developed world. There is absence of enough studies designed to analyse the influence of CSR on financial performance of firms which have been conducted within African context specifically in Tanzania.

Because of mixed findings presented by various studies and because of multitude differences in political, financial and social operating environment of firms between developed and developing countries, there was enough justification to actualize this study within Tanzania environment. Therefore, the knowledge gap in this study was to evaluate the connection between CSR and firms' financial performance taking the case of two companies Tanfoam and Zantel Arusha, Tanzania. In addition, the study uses stakeholder theory in a deductive approach referring to observations of other previous study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter is all about the methodological issues. The term methodology means the system of explicit rules and procedures in which research is based and against which claims of knowledge are evaluated (Ojo, 2003).

The research methodology has two interrelated parts i.e. the research design and data collection methods. In this part, the researcher provides detailed and precise account of how the researcher went about to achieving the stated objectives. As such, the chosen research design has to be justified in the light of objectives (Baradyana and Ame, 2007).

This chapter therefore, have presented sampling technique and data collection methods and instruments, including the study area, sample size, sampling design, the sampling procedures, methods of data collection, validation of the research instruments, data processing, analysis, and presentation.

3.2 Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2002). It constitutes the blueprint for the collection, measurement and analysis of data. A research design is a scheme, outline or plan that is used to generate answers to research problems (Orodho, 2003). Moreover, in conducting any research, there are several different research designs such as survey, experimental, ex-post-facto, historical, case study etc. Each design supports a variety of methods for gathering data, and each allows the researcher a variety of analysis and interpretation approaches.

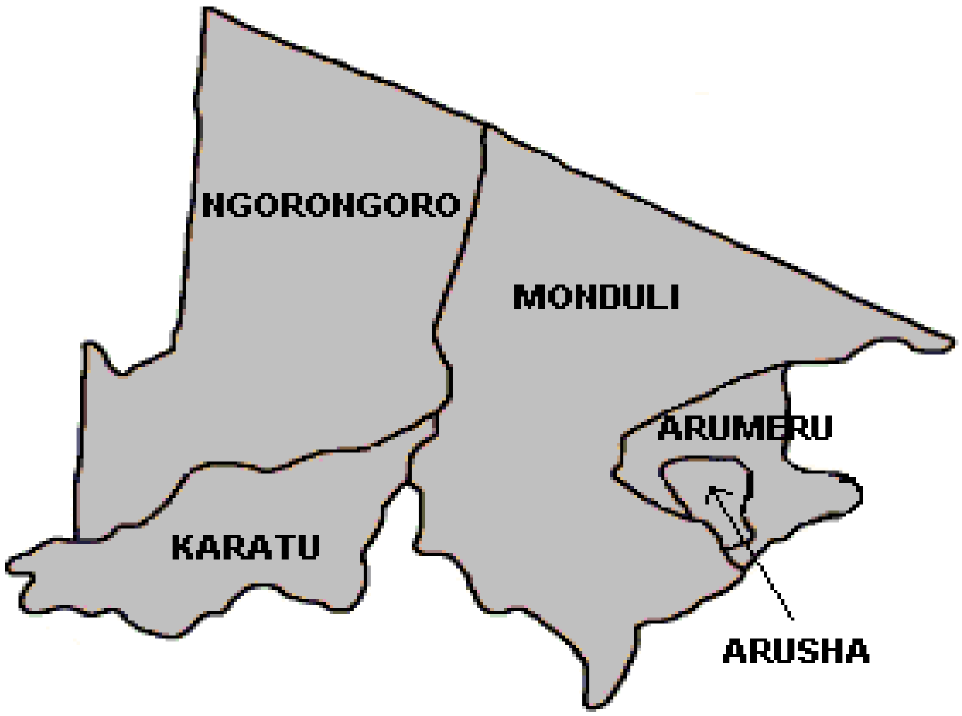
In this research, case study approach was selected, whereby Zantel and Tanfoam Ltd were used as the units of analysis. The case study design provides an in-depth examination of phenomenon (Yin, 2003). It is a type of design used to get detailed analysis of a single or small number of cases of a big population so as to get reach understanding of the research questions (Olsen, 2001). Case studies help the researcher to get general picture on how data can be collected, analyzed and combined in relation to the objective of the study.

3.2.1 Study Area

Choice of a study area needs to make the researcher have an opportunity to get required information (Krishnaswami, 2002). This study was conducted at Arusha, specifically in two industries, Telecommunication (Zantel) and Manufacturing (Tanfoam). Arusha is situated on the slopes of Mt. Meru, east of the rift valley wall that cuts across Arusha region. It is located at the mid-point between Cape Town and Cairo. Arusha City is the head quarter of Arusha Region located in Northern Tanzania between latitude 20 and 60 South and Longitudes 34.50 and 38.0 East. It has a unique character of being surrounded by Meru Districts in all directions. It covers an area of 208 km2 [208,000 hecttares] out 4,526 km2 (0.6% of the total area of Arusha Region). The main economic activities in this area include tourism, farming, livestock keeping, industry and commerce.

The reason of choosing Arusha was not only the opportunity to learn as proposed by Stake (2000) but also convenience in accessibility of data and information from the particular companies. Moreover, Arusha is a centre of a fairly active industrial sector, being second to Dar es Salaam in terms of total number of industrial establishments; therefore both Tanfoam and Zantel practice CSR as a competitive strategy with the common aim of making profit as the major goal of any business enterprise.

Figure 3.1 A Map of Tanzania Showing Location of Arusha City Council



Source: Arusha City Council Profile, 2014

Profiles of the Companies Under Study

Zantel

Zantel is the official brand name for Zanzibar Telecom Limited, the fourth mobile service provider in Tanzania. With roots going back to 1999, Zanzibar Telecom Ltd. became a joint venture between the government of Zanzibar 18%, Emirates Telecommunications Corporation (ETISALAT) 65% and Meeco International of Tanzania 17%. Zanzibar Telecom Ltd was launched on 19th July 1999. Zantel shareholders include Emirates Telecommunication Corporation (ETISALAT), the Government of Zanzibar, the Kintbury Investments of the Channel Islands and MEECO International of Tanzania

Zantel was the first private telecom company in Tanzania to own an international gateway that enabled Zantel to reduce the rates for international calls by 60% that paved way for cheaper international calls in the country. It offers the most affordable and competitive international rates in the country to all the popular international destinations in the world and is partnering with more mobile companies to ensure customers roam with Zantel anywhere in the world. Today, Zantel's network covers all cities, major towns, highways and some rural areas in Tanzania. Zantel was also the first to introduce wireless internet in Tanzania. It is a good corporate citizen and has been at the forefront in supporting various initiatives, especially education and sports

Tanfoam

Tanfoam Ltd is the oldest foam plant and the first of its kind to manufacture quality foam available in Tanzania today. With forty six years of foaming experience, Tanfoam Ltd has enhanced its quality and established Tanfoam Arusha as a leading brand name in the country. All foam is manufactured using German machinery ever since Tanfoam's inception. Tanfoam Ltd has incorporated the use of "state of the art" machinery to produce superior foam products to suit each need however unique. The company Slogan "Alinunua babu, mpaka mjukuu analitumia" clearly spells out the guarantee of Tanfoam products and promises to deliver durable products.

3.2.2 Study Population

Population is the target group to be studied (Krishnaswami, 2002). The population for this study was the Telecommunication and Manufacturing industries where Zantel and Tanfoam were selected as representative elements (sample). Forty two (42) members of staff from these two companies were considered as respondents.

3.2.3 Sampling Procedures

The simple random sampling is considered a special case in which each population element has a known and equal chance of selection (Ian, 2007). The researcher applied simple random sampling approach in selecting sample for the study where all telecommunication and manufacturing companies had an equal chance of being selected. However, in order to get the required information, the researcher randomly selected 50 respondents, 25 from each company although only 42 respondents participated, 20 from Zantel and 22 from Tanfoam Ltd.

3.2.4 Sample Size

A sample consists of some of the elements in a population we wish to make conclusions about the entire population. Choice of sample size is influenced by available resources, purpose of the study, population size, confidence level and level of precision. Taking into account the population size of telecommunication and manufacturing firms in Tanzania, two (2) socially responsible sample firms i.e. Zantel and Tanfoam were considered adequate sample size for this study.

3.3 Data Collection Methods and Instruments

This study depended on secondary and primary data to make analysis of the research problem. Primary data are the data directly collected by the researcher from their original sources (Krishnaswami, 2002). Primary data were obtained through filling of questionnaires by the respondents. Also secondary data are the data that had already been collected and analysed by someone, and shall be obtained from various manuals, articles, reports and other original sources which will be available to all other companies (Kothari, 2002). Therefore secondary information was collected through documentary reviewing.

3.3.1 Questionnaire Method

Questionnaire is the data collection tool in which respondents provides written answers to questions or statements that require factual information (Best and Khan, 2003). These included schedules of questions which were filled in by respondent. Questions included both closed and open ended. Closed ended were prepared in forms of multiple choice questions where respondent were asked to put a tick (√) or to fill in appropriate letter. While in open ended questions the respondent were required to fill in empty spaces by giving their opinion. Questionnaires designed to meet the objectives of the research study.

This study employed the use of questionnaires to collect primary information not only because of their convenience and reliability but also they are economical in a sense that they can supply a considerable amount of research data at relatively low costs in terms of money and time as pointed out by (Best and Kahn, 2003).

3.3.2 Documentary Review

Documentary review refers to the analysis of documents that contain information about the phenomenon we wish to study (Bailey, 1994). Furthermore, Payne (2004) described it as the techniques used to categorize, investigate, interpret and indentify the limitations of physical sources, most commonly written documents whether in the private or public domain. Documentary review was carried out in this study; it involved obtaining and reviewing information available with regards to the CSR activities and financial performance of the selected companies.

Issues considered during the review included specific motivated factors to engage in CSR, types of CSR and the relationship between CSR and financial performance. The use of documentary methods and the sources utilized depends on the researcher's perspective, and the time available, most information was accessed through sources such as journals, books and various documents in order to make the review.

3.4 Data Processing

Pre-testing the questionnaire is good because it allows the researcher to follow on particular areas that may have been unclear previously, and it also allows the researcher to begin and solidify relationship with participants as well as to establish effective communication patterns (Janesick, 1998). The pilot study discovered few weaknesses in the instruments. The researcher re edited questionnaires by revising the questions which were difficult to the respondent, and dropped questions that was not relevant.

However, vital questions were given priority. The researcher discovered that most of the respondent needed close follow up in answering those questionnaires .Sometime the researcher called the respondent over phone to check if they have filled the questionnaire. This method helped the researcher to be able to collect the relevant information from the respondent.

Data collected were examined to detect errors; omissions and unreliable information were corrected and edited to ensure accuracy. Editing of the data in the field was done through checking the questionnaires to ensure better responses. Coding of questionnaires was done manually. Data entry was also part of data preparation before data analysis.

3.5 Data Analysis

Data analysis involves critical examination of the assembled and grouped data for studying the characteristics of the object under study and for determining the patterns of relationships among the variables relating to it (Krishnaswami, 2002).

This study used both qualitative and quantitative data analysis technique to analyze data from the field. Quantitative data analysis technique was selected to analyze numerical data. Also qualitative analysis technique used to supplement the analysis of data. Descriptive statistics such as cross tabulation and percentages were computed and factual and logical interpretation, comparison and explanation were made. Where appropriate, MS-Excel was used to do computation and preparation of tables and drawings

The researcher used Statistical Package for Social Sciences (SPSS) version 16 and the results being presented in tables, frequencies and percentages with pertaining explanations. The use of SPSS facilitated statistical analysis and reporting of the data collected.

3.6 Data Presentation

The results of data analysis were presented by using tables, charts and graphs so as to simplify interpretation of results.

3.7 Data Reliability and Validity

It is important to evaluate how reliable and valid a study is (Bell, 2006). The validity of a test is a measure of how well a test measures what is supposed to measure (Kombo, 2004). The examiner's manual or technical manual for more tests will have the information on the validity of the test. In order to ensure validity in this study the researcher took the following measure. The tools for data collection were tested before data collection to ensure that all required information is tested to the respondents.

Reliability refers to the fact that measurements are conducted correctly (Thurén, 2004). The criteria for reliability is based on neutrality of the research instruments, they should give the same result independent of the specific case. When reliability is strong, two studies using the same method will provide the same result (Denscombe, 2000). The reliability of the test is the answer to this question. Before the actual data collection, the researcher did a pilot study to test the validity of the data. In doing so the researcher revising the difficult questions in the questionnaire, the important questions were given priority and few missing questions were included to ensure the reliability.

3.9 Research Ethical Consideration

Ethical issues refer to the appropriateness of the researcher's behaviour in relation to the rights of those who will become the subjects to the study or those who may be affected by it (Baradyana and Ame, 2007). It is a concern about the desired social norms. So the researcher abided with the ethical issues of the organizations and ensured that no one was harmed in the research activity and observed ethical norms related to non disclosure of organization policies and procedures and maintaining confidentiality.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF THE FINDINGS

4.0 Introduction

This chapter is concerned with the analysis of data and discussion of research findings. The general objective of this research was to analyze the consequences of corporate social responsibilities on financial performance of firms. Data analysed in this chapter answer the following research questions and objectives: To ascertain grounds for the companies to engage in corporate social responsibilities; to explore types of corporate social responsibilities which are more practiced by Zantel and Tanfoam and to examine relationship between corporate social responsibility practices and firms' financial performance raised in chapter one.

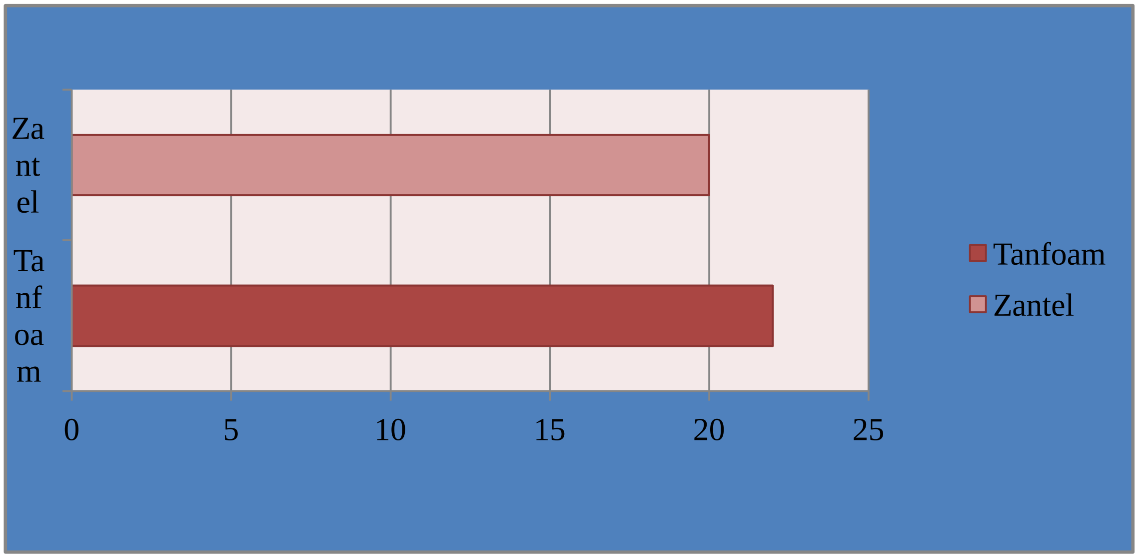
With the aim of getting answers to research questions, data were collected through questionnaires. The collected data were summarized into questionnaire summary sheets which are documented in appendix I and II.

From each table, data were extracted for the purpose of analysis, interpretation and presentation. This was done by matching results of analysis and interpretation to each stated specific objective as discussed in the following sections.

4.1 Characteristics of the Respondents

The researcher engaged the respondents from two companies, Tanfoam Ltd and Zantel Arusha. Employees' characteristics were categorized according to sex, education level and years of working experience. The aim was to get 25 respondents from each company. But those who participated were 22(88%) at Tanfoam and 20(80%) from Zantel, totalling to 42 respondents.

Figure 4.1 Number of Respondent Based on Organization.



Source: Fieldwork Survey, 2014

4.1.1 Respondents composition by Sex

Table 4.1 shows number and percentage of respondent based on their sex at Tanfoam Ltd. There were 13 (59.1%) male respondents and female respondents were 9 (40.9%). Researcher found that male respondents had outweighed the female respondent at Tanfoam.

Table 4.1 Composition of Respondents by Sex at Tanfoam

Sex		Frequency	Percent
	Male	13	59.1
	Female	9	40.9
	Total	22	100.0

Source: Fieldwork Survey, 2014

For Zantel, the findings showed that 9(45%) of the respondents were male while 11(55%) were female. This is from table 4.2 below. And therefore it was found that female respondents had outweighed the male respondents at Zantel.

Table 4.2 Composition of Respondents at Zantel by Sex

Sex	Frequency	Percent
Male	9	45
Female	11	55
Total	20	100.0

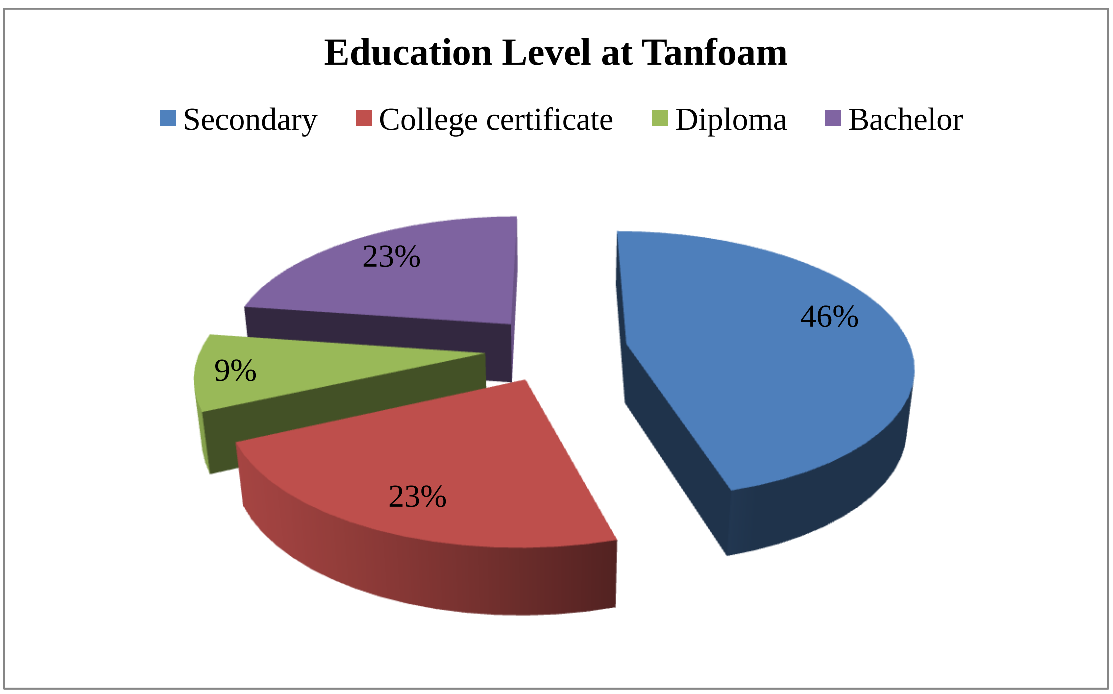
Source: Fieldwork Survey, 2014

4.1.2 Level of Education of the Respondents

4.1.2.1 Level of Education of the Respondents at Tanfoam

Figure 4.2 summarizes the information on educational status of respondents at Tanfoam as follows: the results showed that the majority had attained secondary education 10(45%), 5(23%) college certificate and Diploma 2(9 %) while holders of bachelor degree were also 5(23%).

Figure 4.2 Education Level at Tanfoam



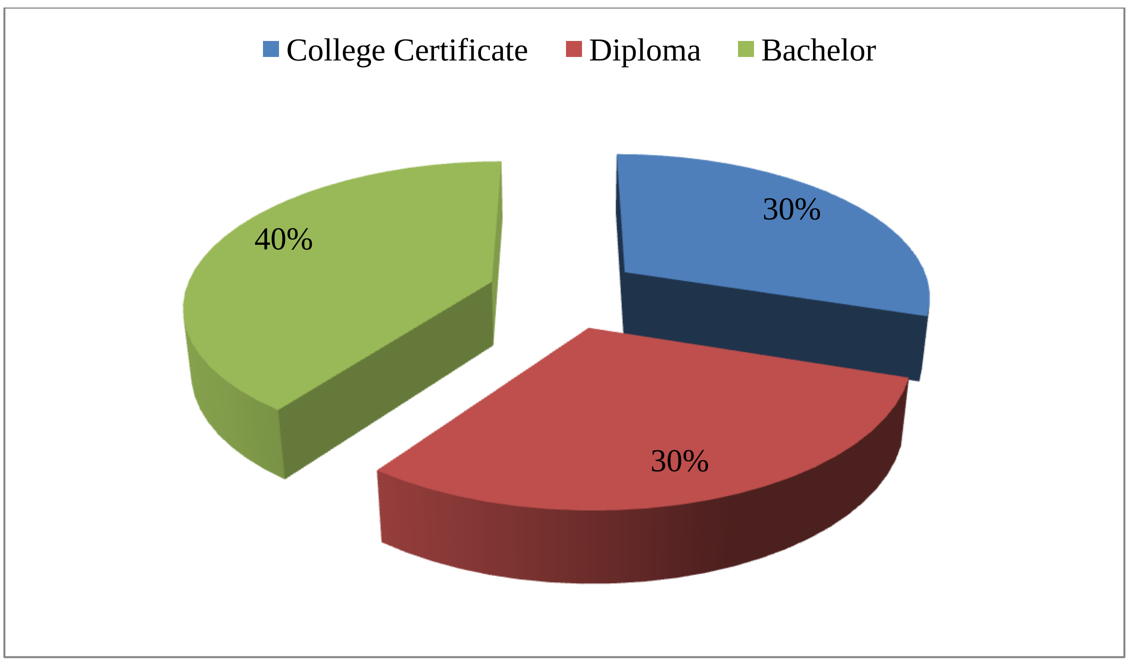
Source: Fieldwork Survey 2014

The results disclosed the information that workers in manufacturing industry need only minimum education for operational purpose. It can be evidenced through number of respondents with secondary and college certificates which amount to 68% of total respondents.

4.1.2.2 Level of Education of the Respondents at Zantel

Figure 4.3 shows level of education of the respondent at Zantel, college certificate and diploma includes 30% of the respondents each while the remaining 40% of the respondent were the bachelor holders.

Figure 4.3 Education Level at Tanfoam



Source: Fieldwork Survey 2014

For the case of Zantel, the bachelor degree holders exceed other respondent in level of education since the company need personnel with different professions so as to run the company effectively. These include accounting, marketing, public relation as well as information technology and computer science skills. For the company to operate smoothly under stiff competition, it must employ competitive candidates with high education level. The findings reveal that Telecommunication industries need educated employee than the manufacturing industries. This can be viewed by considering the two cases which were studied.

4.1.3 Years of Working Experience at Tanfoam

4.1.3.1 Years of Working Experience of the Respondents at Tanfoam

Observation at Tanfoam affirmed that less experienced staff were 4(18.2%) i.e., from 0 to 3 years, those with experience between 3-5 years were 3(13.6%) while respondents with experience of more than five years were 15(68.2%)

Table 4.3 Years of working experience at Tanfoam

Working Experience	Frequency	Percent
0-3 years	4	18.2
3-5 years	3	13.6
More than 5 years	15	68.2
Total	22	100.0

Source: Fieldwork Survey, 2014

The nature of work in this industry needs personnel with experiences, in that manner; more respondent has experience at Tanfoam of more than five years that facilitate its operation.

4.1.3.2 Years of Working Experience of the Respondents at Zantel

The researcher found that respondent with experience of within three years accounted to 5(25%), three to five years 7(35%) while more than five years 8(40%). The company needs experienced personnel in order to cope with the market competition in Telecommunication Industry

Table 4.4 Years of working experience Zantel

Working Experience	Frequency	Percent
0-3 years	5	25.0
3-5 years	7	35.0
More than 5 years	8	40.0
Total	20	100.0

Source: Fieldwork survey, 2014

4.2 Objective one: Reasons to which Companies Engage in Corporate Social Responsibilities

This objective has been tested to know the company's real involvement in CSR as well as to understand if CSR is compulsory to each organization. Lastly, the objective intended to explore the motives behind the engagement of the companies in CSR.

4.2.1 Company's Involvement in CSR

The results revealed that both companies Tanfoam and Zantel are socially responsible. Table 4.5 shows that both companies accepted fully to be socially responsible. For Tanfoam, they started being socially responsible since its existence with confidence in the statement that Responsible business is a good business. They practice CSR within and outside the company focusing on employees, customers as well as local community. At Zantel, a key management focus on CSR is the determination to interact positively with society as a respectable corporate citizen.

Table 4.5 Being socially responsible at Tanfoam and Zantel

Responses	Tanfoam		Zantel	
	Frequency	Percent	Frequency	Percent
Yes	22	100	20	100
No	0	0	0	0
Total	22	100	20	100

Source: Fieldwork Survey, 2014

4.2.2 Social Responsibility as a Compulsory Phenomenon at Tanfoam and Zantel

According to table 4.6, 21(95.5%) respondents at Tanfoam agree on the question that CSR is compulsory to the company while only 1(4.5%) respondent showed that it is not compulsory. The results of Social Responsibility as being Compulsory at Zantel showed that 18(90%) respondents agreed CSR to be compulsory at their company while 2(10%) respondents showed that it is not compulsory.

This implied that by taking different activities that belong to part of CSR within and outside, was necessary for the companies. Moreover, management practices on CSR ensure the positive impacts of its operations on society or operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that the society has to the business.

Table 4. 6 CSR as compulsory to Tanfoam and Zantel

Responses	Tanfoam		Zantel	
	Frequency	Percent	Frequency	Percent
Yes	21	95.5	18	90
No	1	4.5	2	10
Total	22	100	20	100

Source: Fieldwork Survey, 2014

4.2.3 Criteria for Why CSR is Compulsory

Response in Tanfoam is that, they take social responsibility as compulsory because it is one of the company's policies. Therefore, implementation of the policy concerning CSR became part of their activities throughout its operation. The main criteria for Zantel is that, it takes CSR as public relation strategy to enhance them winning market to increase their sales as well as market share. As a community focused activities, Zantel broadly grouped them into four major pillars of society: the environment, entertainment, education, health and wellbeing (including sports).

4.2.4 Rate/Level of Involvement in CSR

Table 4.7 signifies that, 12(54.5%) respondents showed that Tanfoam is highly involving itself in CSR, 8(36.4%) showed that the company involvement in CSR is at the moderate rate while 2(9.1%) indicated low involvement in CSR.

Table 4.7 Rate of Tanfoam involvements in CSR

Responses	Frequency	Percent
Low	2	9.1
Moderate	8	36.4
High	12	54.5
Total	22	100.0

Source: Fieldwork Survey, 2014

For Zantel results showed that 9(45%) responded that the company is highly involved in CSR, 6(30%) indicated moderate involvement and 5(25%) showed low rate of company's involvement in CSR.

Table 4.8 Rate of Zantel involvement in CSR

Responses	Frequency	Percent
Low	5	25.0
Moderate	6	30.0
High	9	45
Total	20	100.0

Source: Fieldwork Survey, 2014

A level of involvement implied the extent or frequencies of practicing CSR. Low level present small extent or frequencies, moderate level implies average and high level shows out more frequencies or high extent of CSR activities as done by companies.

Mean weight for Tanfoam was found to be 2.45; therefore it reveals that the common opinion among the respondents was high level of involvement. For the case of Zantel, it had a mean weight of 2.2; hence the common opinion among respondents resulted to be moderate level of involvement.

4.2.5 Areas of Focus on CSR by Companies

Tanfoam provided assistance in education as table 4.9 shows that 18(81.8%) respondents pinpointed education while the remaining 4(18.2%) ndicated youth development.

Table 4.9 Areas of focus on CSR by Tanfoam

Responses	Frequency	Percent
Youth development	4	18.2
Education	18	81.8
Total	22	100.0

Source: Fieldwork Survey, 2014

Education assistance was revealed by the information that Tanfoam sponsored 23 students for a period of three years at JR Institute of Information Technology- Arusha. The Institute was officially approved by (NACTE) in 2007 to offer engineering courses. The following picture shows celebration of the first ever graduation ceremony on 13/5/2011 by which among the student graduated include 23 who were sponsored by Tanfoam.

Figure 4.4 Graduation ceremony at JIIT

Source: Tanfoam Profile, 2014

Tanfoam also as part of its CSR initiative involved itself in youth development programme where it provided facilities to youth towards sport activities, for example Arusha Golden Kids Football team received footballs and other sports materials for their team from Tanfoam.

Figure 4.5 Arusha Golden Kids coach receives footballs from Tanfoam

Source: Tanfoam Profile, 2014

Morever, as part of its CSR initiative, Tanfoam co-sponsored the Arusha Safari Marathon which included runners from Arusha and Kilimanjaro regions.

Figure 4.6 Co-sponsorship of Safari Marathon in Arusha by Tanfoam

Source: Tanfoam Profile, 2014

Zantel focused on education by 60% as well as youth development by 40%

Table 4.10 Areas of focus on CSR by Zantel

Responses	Frequency	Percent
Education	12	60.0
Youth development	8	40.0
Total	20	100.0

Source: Fieldwork Survey, 2014

Zantel organized and hired experts to conduct seminars and trainings to farmers and livestock keepers on the best ways to execute their farming and livestock keeping projects; this was done through the Zantel's Z-KILIMO project.

Figure 4.7 Youth Farmers and Livestock keepers attending training at Impala Hotel Arusha

Source: Zantel Profile, 2014

Furthermore, like many other telecommunications companies, and given the nature of the industry, Zantel values education and youth development. They donated lap desks to various primary schools across the country in order to improve learning environment of pupils.

Figure 4.8 Donation of Lap Desks at Mirongo Primary School, Arusha

Source: Zantel Profile, 2014

Apart from education and youth development projects, Zantel participated in Malaria Safe Initiative campaign where the company has provided mosquito nets to its workers and some public hospitals in Arusha.

Figure 4.9 Zantel CEO Mr. Pratap Ghose (left) hands over mosquito nets to one of the staff

Source: Zantel Profile, 2014

4.2.6 Main factors Motivated Tanfoam to Undertake CSR

The motives for CSR actions are often mixed, it is impossible to claim either one motive or another. There are no particular motives that can be authorized to have an advantage over another. Many strategies and instruments for social actions can be used in harmony with one another. Table 4.11 shows the results from respondents towards motives behind companies to undertake CSR.

Table 4.11 Factors motivated Tanfoam to undertake CSR

Factors	Response					Mean
	Strongly Disagree (%)	**Disagree (%)**	**Neither agree nor Disagree (%)**	**Agree (%)**	**Strongly agree (%)**	
Ethical and Moral Reasons	4.5	9.1	31.8	13.6	40.9	3.77
To Improve Community Relations	9.1	4.5	4.5	50	31.8	3.91
To Improve Customer Loyalty	9.1	9.1	27.8	31.8	22.7	3.50
To Improve Employee Motivation	9.1		4.5	45.5	40.9	4.09
To Improve Economic Performance	4.5	18.2	4.5	27.3	45.5	3.91
Preserve or Improve the Reputation of the Company	13.6		4.5	18.2	63.6	4.32
Give Profit Back to Community				13.6	86.4	4.86

Source: Fieldwork Survey 2014

The following part discusses each part separately as shown on table 4. 11. It includes the presented percentages as well as mean weight from each factor. And the common opinion was determined through the use of mean weight from each aspect.

Ethical and Moral Reasons

The outcome showed that ethical and moral reasons take part of the factor which motivates Tanfoam to Undertake CSR. From the results indicated 9(40.9%) respondent strongly agreed with this factor, 7(31.8%) of the respondents neither agreed nor disagreed, while 3(13.6%) respondents agreed, 2(9.1%) respondents disagreed and 1(4.5%) respondent strongly disagreed from the factor given. Therefore, the common opinion from respondents was agreeing with mean weight of 3.77

Improve Community Relations

According to table 4.11, the results revealed that 11(50%) respondents agreed with the statement, while 7(31.8%) respondents strongly agreed, 2(9.1%) respondents strongly disagreed. 1(4.5%) respondent disagreed and 1(4.5%) respondent neither agreed nor disagreed. The mean from this factor was 3.91, hence the common opinion from the respondents was agreeing with the statement.

Improve Customer Loyalty

The results showed that 7(31.8%) respondents agreed with the statement that improving customer royalty motivated Tanfoam to undertake CSR. 6(27.3%) respondents neither agreed nor disagreed and 5(22.7%) strongly agreed. 2(9.1%) respondents disagreed while 2(9.1) respondents strongly disagreed. The opinion from the respondents was agreeing with the statement having the mean weight of 3.50

Improve Employee Motivations

The findings in table 4.11 revealed that10(45.5%) respondents agreed and 9(40.9%) respondents strongly agreed with the statement. Only 2(9.1%) respondents strongly disagreed while 1(4.5%) neither agreed nor disagreed with the statement as improving employees' motivation facilitates Tanfoam to undertake CSR. The common opinion from the respondents was agreeing with the statement having mean weight of 4.09

Improve Economic Performance

From the results, it showed that 10(45.5%) respondents strongly agreed with the statement that economic performance motivated Tanfoam to undertake CSR, 6(27.3%) respondents agreed, 4(18.2%) respondents disagreed, 1(4.5%) respondent strongly disagreed while 1(4.5%) respondent neither agreed nor disagreed with the statement. The mean weight was 3.91 hence the common opinion from the respondents being agreeing with the statement.

Preserve or Improve the Reputation and Image of the Company

From the findings, 14(63.6%) respondents strongly agreed while 3(13.6%) respondents strongly disagreed with the statement, 4(18.2%) respondents agreed while 1(4.5%) respondent neither agreed nor disagreed with the statement that improving reputation and image motivates Tanfoam to undertake CSR. The mean obtained was 4.32 hence the common opinion from the respondent being agreeing with statement.

Give Profit Back to the Community

Table 4.11 shows that 19(86.4%) respondents strongly agreed and 3(13.6%) agreed that giving profit back to the community motivated Tanfoam to undertake CSR. The mean obtained was 4.86 hence the common opinion from the respondent being strongly agreeing with statement.

4.2.7 Main factors Motivated Zantel to Undertake CSR

Table 4.12 includes the presented percentages as well as mean weight from each factor. Explanations on mean weight enhanced to determine the common opinion from the respondents at Zantel

Table 4.12 Factors motivated Zantel to undertake CSR

Factors	**Response**					**Mean**
	Strongly Disagree (%)	**Disagree (%)**	**Neither agree nor Disagree**	**Agree (%)**	**Strongly agree (%)**	
Ethical and Moral Reasons		5.0	15.0	30.0	50.0	4.25
To Improve Community Relations		10.0		45.0	45.0	4.25
To Improve Customer Loyalty			15.0	65.0	20.0	4.05
To Improve Employee Motivation			25.0	20.0	55.0	4.30
To Improve Economic Performance		15.0	10.0	15.0	60.0	4.20
To Preserve or Improve the Reputation of the Company				70.0	30.0	4.70
To give something back to the community			30.0	25.0	45.0	4.15

Source : Fieldwork Survey 2014

The next part discusses each aspect separately as shown on table 4.12

Ethical and Moral Reasons

The results showed that ethical and moral reasons motivated Zantel to undertake CSR. The answers revealed that 10(50%) respondents strongly agreed, 6(30%) respondents agreed, 3(15%) neither agreed nor disagreed and only 1(5%) respondent disagreed. The mean weight was 4.25 hence the common opinion from the respondents being agreeing with statement.

Improve Community Relations

From table 4.12, the results revealed that 9(45.0%) respondents agreed and 9(45%) respondents strongly agreed and 2(10%) respondents disagreed. The mean weight was 4.25 hence the common opinion from the respondents was agreeing with the statement.

Improve Customer Loyalty

Also the results in table 4.12 shows that 13(65%) respondents agreed with statement that improving customer loyalty motivate Zantel to undertake CSR, 4(20%) respondents strongly agreed and 3(15%) respondents neither agreed nor disagreed. The common opinion from the respondents was agreeing with the statement having the mean weight of 4.05

Improve Employee Motivation

The findings presented on the table 4.12 revealed that 11(55%) respondents strongly agreed and 4(20%) respondents agreed with the statement. Only 5(25%) respondents neither agreed nor disagreed with the statement as improving employee's motivation facilitate Zantel to execute CSR. The common opinion from the respondents was agreeing with the statement having the mean weight of 4.30

Improve Economic Performance

Furthermore responses showed that 12(60%) respondents strongly agreed with the statement that economic performance motivated Zantel to undertake CSR. 3(15%) respondents were agreed, 3(15%) respondents disagreed, and only 2(10%) neither agreed nor disagreed with the statement. The mean weight was 4.20 hence the common opinion from the respondents being agreeing with the statement.

To Preserve or Improve the Reputation and Image of the Company

Not only had that but also 14 (70.0%) respondents strongly agreed while 6 (30%) respondents agreed with the statement that improves reputation and image motivates

Zantel to execute CSR. The mean weight obtained was 4.70 hence the common opinion from the respondents being strongly agreeing with the statement

Give Profit Back to the Community

Lastly table 4.12 shows that 9(45%) respondents strongly agreed and 5(25%) agreed, while 6(30%) neither agreed nor disagreed that giving profit back to society motivated Zantel to undertake CSR. The mean weight obtained was 4.15 hence the common opinion from the respondents being agreeing with the statement.

4.3 Objective two. Types of Corporate Social Responsibility which are Mostly Practiced by Companies.

4.3.1 Types of CSR Engaged

Table 4.13 indicated that at Tanfoam 13(59.1%) respondents identified philanthropic type of CSR being used by the company while 8(36.4%) respondents indicated economic and 1(4.5%) indicate the use of ethical type of CSR. Type of CSR as engaged at Zantel showed that, 12(60%) respondents indicated philanthropic while economic 6(30%) respondents and 2(10%) respondents affirmed ethical type of CSR.

Table 4.13 Types of CSR as engaged at Tanfoam and Zantel

Type of CSR	Tanfoam		Zantel	
	Frequency	Percent	Frequency	Percent
Economic	8	36.4	6	30.0
Ethical	1	4.5	2	10.0
Philanthropic	13	59.1	12	60.0
Total	22	100	20	100.0

Source: Fieldwork Survey, 2014

Companies need to be in tune with the society and communities in which it makes a living; this implies going beyond economic, legal and ethical responsibility and aligning itself with the community in which they operate. CSR at Tanfoam and Zantel context was therefore largely understood to comprise the philanthropic contributions that business firms make over and above their mainstream activities.

Nevertheless, the everyday activity of business has a much more profound social impact than its small voluntary community contributions, however valuable. The realization of this profound connection between the different facets of everyday activity of companies, CSR is not just about philanthropic or charitable giving; rather it is the whole way in which a company interacts with society.

4.3.2 Factors that Facilitate the Companies not to Engage into other Types of CSR

This part aimed at exploring which factors make it possible for the companies not to employ other types of CSR**.**

Competitiveness

Table 4.14 shows that at Tanfoam 18(81.8%) respondents agreed with the statement that competitiveness smooth the progress of deciding not to engage into other types of CSR like ethical and legal. Only 4(18.2%) respondents disagreed with the statement. The mean weight was 2.64, hence the respondent's common opinion being agreeing with the statement. For the case of Zantel, 15(75.0%) respondents agreed while only 1(5%) respondent disagreed and 4(20.0%) respondents neither agreed nor disagreed. The mean weight was 2.50, hence the common opinion from respondents being agreeing with the statement. Therefore, findings implied that competitiveness is the crucial factor that determine the use of type of CSR to the engaged by companies.

Risk Management

The findings revealed that at Tanfoam 17(77.3%) respondents disagreed with the statement that risk management do not facilitate to agree into other types of CSR, 3(13.6%) respondents neither agreed nor disagreed while 2(9.1%) respondents disagreed. The common opinion from the respondents was disagreeing with mean weight of 1.32. Results from Zantel revealed that 11(55) respondents disagreed from the statement while 6(30%) respondents agreed. Only 3(15%) respondents neither agreed nor disagreed. The implication from the findings pointed out that in both companies, risk management does not facilitate not to engage into other types of CSR.

Win New Business Opportunities

Responses affirmed that at Tanfoam 12(54.5) respondents agreed with the statement, 6(27.3%) respondents disagreed while 4(28.2%) respondents neither disagreed nor agreed. The common opinion from respondents was neither agrees nor disagrees with the statement. For the case of Zantel 17(85.0%) respondents agreed while 2(10%) respondents disagreed and only 1(15%) neither agreed nor disagreed. The common opinion from the respondents was disagreeing with mean weight of 2.75. Therefore, winning of business opportunities can lead into decision whether to use the concerned types of CSR or not.

Relationship with Stakeholders

From the findings, it was revealed that 11(50%) respondents agreed with the statement while 9(40.9%) respondents disagreed. Only 2(9.1%) respondents neither agreed nor disagreed. The mean weight was 2.09 hence the common opinion from respondents being neither agreeing nor disagreeing. For the case of Zantel 16(80.0%) respondents disagreed while 1(5%) respondent disagreed and only 3(15%) respondent neither agreed nor disagreed. The common opinion from the respondents was agreeing with the mean weight of 2.75.

For that reason, the types of CSR which were not mostly engaged by companies had the common factor of risk management, while other factors like competitiveness and business opportunities were not supportive to them towards decision to choose ethical and legal type of CSR.

Table 4.14 Factors that Facilitate the Companies not to Engage into other Types of CSR

Key: 1=Disagree, 2=Neither Agree nor Disagree and 3=Agree

Factors	Tanfoam				Zantel			
	1	2	3	Mean	1	2	3	Mean
Competitiveness	18.2%		81.8%	2.64	5.0%	20.0%	75.0%	2.50
Manage the Risks	77.3%	13.6%	9.1%	1.32	55.0%	15.0%	30.0%	1.75
New Business Opportunities	27.3%	18.25	54.5%	2.27	10.0%	5.0%	85.0	2.75
Relationship with Stakeholders	40.9%	9.1%	50.0%	2.09	5.0%	15.0%	80%	2.75

Source: Fieldwork Survey, 2014

4.3.3 The Most Effective Type of CSR

The most effective type of CSR is philanthropic followed by ethical and economic. The respondents in both companies chose philanthropic as the most effective type of CSR. The discretionary or philanthropic responsibilities of business encompass those corporate actions that are in response to society's expectation that business be a good corporate citizen. This includes actively engaging in acts or programs to promote human welfare or good will. For example Zantel has donated 25 mobile phones to Arusha Municipal Councillors to easy communication within and among councilors and top council leadership. Moreover, Zantel donated 1800 reflective safety jackets worth Tanzanian Shillings 11million to "bodaboda" riders in order to minimize road accidents.

Figure 4.10 Donation of Reflective Safety Jackets

Source: Zantel Profile, 2014

4.3.4 Reasons for the Philanthropic type of CSR to be Most Effective to Tanfoam and Zantel

Tanfoam engaged in philanthropic to influence the competitive context of an organization through participating in voluntary and charitable activities within and to the local communities. Therefore, philanthropic was chosen as an advertising tool. Tanfoam provided assistance to private and public educational institutions; and voluntarily assisted projects that enhance the community's quality of life. However these actions are in response to society's expectation that businesses be good corporate citizens. Therefore, philanthropic type of CSR enhances Tanfoam to be in line with its guidelines of Good Responsible Business**.** For the case of Zantel, it used philanthropic to create image and reputation through making community involvement directly as the voluntary promotion of human welfare.

4.3.5 Importance of Philanthropic Type of CSR

Philanthropic is the most important factor for corporate social responsibility concept because it could be a competitive advantage for corporation and for the society (Porter and Kramer, 2002). However, it is observed that increasing philanthropy is used as a form of public relations or advertising, promoting a company's image and reputation through high-profile sponsorships. Nevertheless, there is a more truly strategic way to think about philanthropy.

Corporations can use their charitable efforts to improve their competitive context and the quality of the business environment in the locations where they operate. Using philanthropy to enhance competitive context aligns social and economic goals and improves a company's long-term business prospects. This important mechanism for institutionalizing social responsibility is in fact improving societies. The philanthropic activities of corporations are extremely significant to pro-social responsibility advocacy for both practical and symbolic reasons.

Beyond the enormous material impact, large contributions are on local communities; corporate philanthropy serves a second function. By engaging in these activities, and through careful public relations, a corporation can successfully communicate its vision of corporate citizenship.

4.3.6 Extent of the Choice of Type of CSR to Achieve Company's Objectives

This part investigated the extent to which choice of the type of CSR enhance company's achievement of its objectives.

The findings revealed that 14(63.6%) respondents considered that all types of CSR enhance the achievement of company's objective at moderate level, while 8(36.4%) respondents showed high level. For Zantel, the results showed 10(50%) respondents identified high level, 7(35%) respondents chose moderate level while 3(15%) respondents showed the achievement occurred at low level. However, establishment of mean weights showed that, for Tanfoam it has a mean weight of 2.3.

Eventually, the common opinion from respondents was moderate level. Zantel had a mean weight of 2.35greater than Tanfoam which reflected that the common opinion from respondents being the moderate level. When considered together that levels, it implied that the immediate effect of the concerned objective like advertisement of the products and services to the community by making donation may lead to higher financial performance.

Table 4.15: Extent of the type of CSR to achieve company's objectives

Responses	Tanfoam		Zantel	
	Frequency	Percent	Frequency	Percent
Low			3	15.0
Moderate	14	63.6	7	35.0
High	8	36.4	10	50.0
Total	22	100	20	100.0

4.4 Objective three: Relationship between Corporate Social Responsibility and Financial Performance

4.4.1 CSR Practices Improve Financial Performance

The question was asked in order to understand the relationship between CSR and financial performance such that, whether CSR improves financial performance of the company.

Table 4.16 show that 17(77.3%) respondents at Tanfoam affirmed that CSR improves financial performance. On other hand, 5(22.7%) respondents showed that CSR does not improve financial performance of the company. For Zantel it was noted in table 4.16 that 13(65%) respondents showed that CSR improves financial performance while 7(35%) respondents showed that CSR does not improve financial performance of the company.

Agreeing with the statement implied that, the companies get profit after practicing CSR, hence having the positive impact to the company while disagreeing with statement implied getting loss or increase of cost that affects the profit. Establishment of mean weight from respondents at Tanfoam was 1.77 while from Zantel was 1.65, hence the common opinion being agreeing wit the statement by the respondents. In agreement with Brammer (2007) 24.2% of respondents felt CSR has a positive impact on financial performance, while just 7.3% agree that the financial impact of CSR is negative.

Table 4.16: CSR Practices Improve Financial Performance

Responses	Tanfoam		Zantel	
	Frequency	Percent	Frequency	Percent
Yes	17	77.3	13	65.0
No	5	22.7	7	35.0
Total	22	100	20	100.0

Source: Fieldwork Survey, 2014

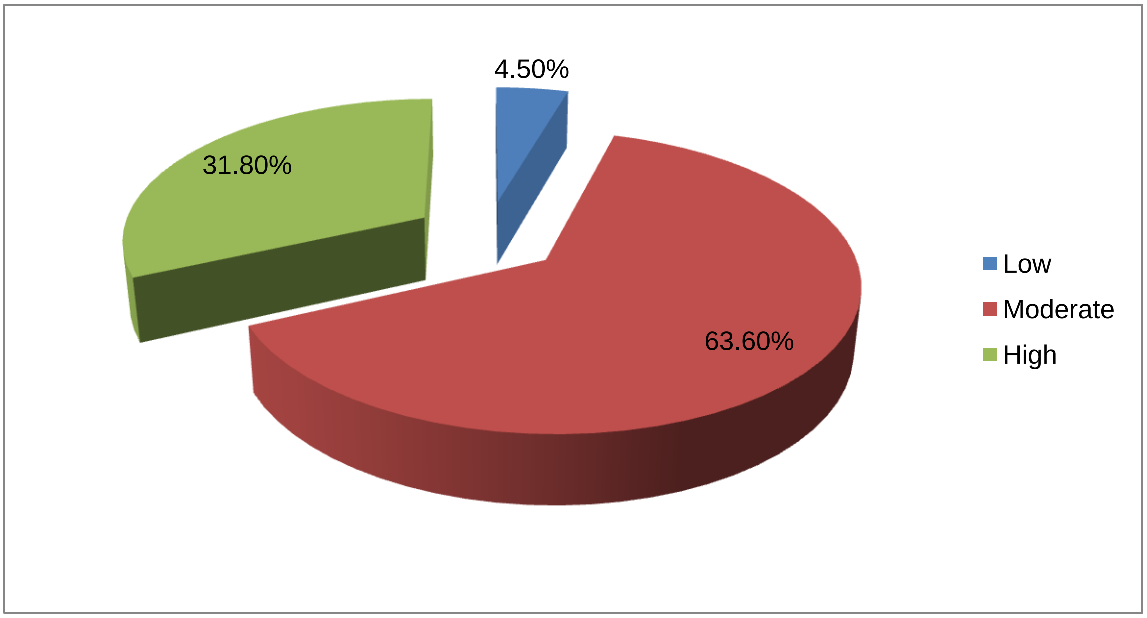
4.4.2 Extent/Level to which CSR Practices Improve Financial Performance

4.4.2.1 Level to which CSR Practices Improve Financial Performance at Tanfoam

Figure 4.11 shows that 14(63.6%) respondents agreed that CSR practices improve financial performance at a moderate level, 7(31.8%) respondents showed that improvement is at high level while 1(4.5%) indicated low level of improvement.

Levels of improvement implied that, amount of profit which the company earns after practicing CSR varies with the degree of fulfilment and achievement of the goal of the CSR. Low level presents small amount of profit, moderate being reasonable while high present more profit to the company. Mean weight established indicated 2.1 at Tanfoam hence the common opinion from respondents being moderate level.

Figure 4.11 CSR Practices improve financial performance at Tanfoam

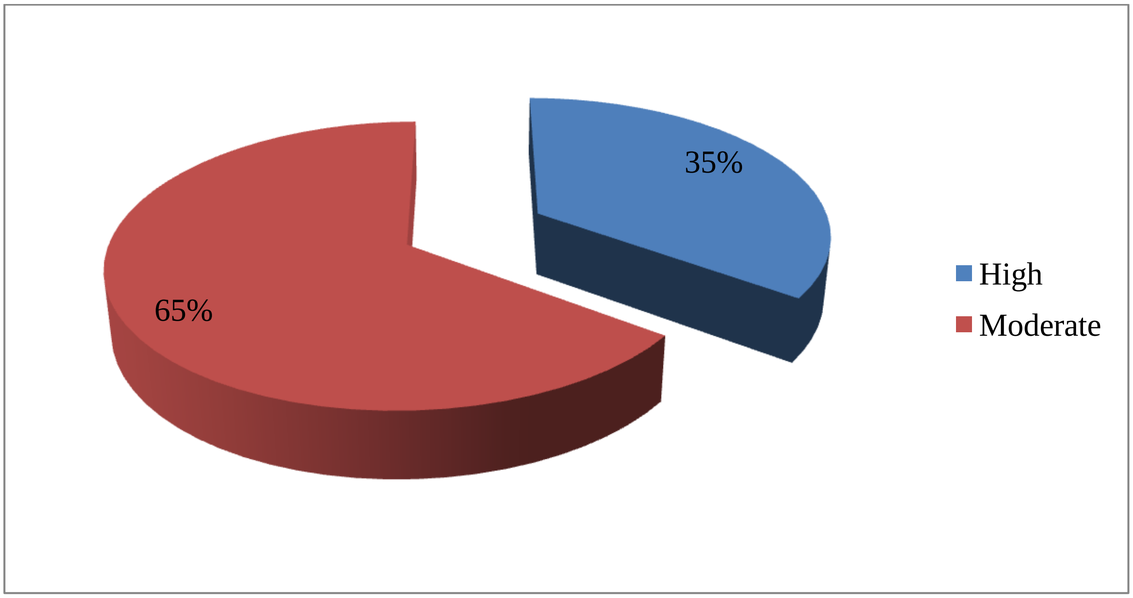


Source: Fieldwork Survey, 2014

4.4.2.2 Level to which CSR Practices Improve Financial Performance at Zantel

Figure 4.12 below shows that, 13(65%) respondents agreed that CSR improve financial performance at moderate level, while 7(35%) respondents illustrated that CSR practices improve financial performance at high level. Its weight was 2.35, hence the common opinion from respondents being moderate. Therefore, the level of profit which companies get from CSR practices is moderate. Example, when CSR practices in advertisements and image building are achieved then these entire variables facilitate into increase of its sales of the company and thus higher financial performance.

Figure 4.12 CSR Practices improve financial performance at Zantel



Source: Fieldwork Survey, 2014

4.4.3 Profitability of the Company

The result revealed that 21(95.5%) respondents agreed that Tanfoam was profitable for the past five years, while 1(4.5%) respondent illustrated that the company was not profitable. The percentages of profit which the company uses for CSR activities range from 5 to 10 percent per annum. In case of Zantel 19(95%) respondents confirmed that the company was profitable for the last five years while 1(5%) respondent indicated that the company was not profitable. The amount which was targeted for CSR accounted to be more than 1% of its total profit per annum.

The common opinion from respondents implied that both companies were profitable with mean weight of 1.95. For 2013, Zantel has set aside 2.5 million US dollars (about Tanzanian Shillings 4.125 bn/-) for Corporate Social Responsibility activities up to 4million US dollars (about Tanzanian Shillings 6.6bn/-) for the year 2014 while Tanfoam has set only Tanzania Shillings 55million for the year 2014. Therefore, the amount of money spent on CSR by both Zantel and Tanfoam vary much below the percentages targeted of their total profit earning.

Table 4.17 Company being profitable for the last five years

Responses	Tanfoam		Zantel	
	Frequency	Percent	Frequency	Percent
Yes	21	95.5	19	95.0
No	1	4.5	1	5.0
Total	22	100	20	100.0

Source: Fieldwork Survey, 2014

4.4.4 The Contribution of Investment Factors of CSR on Financial Performance

This part tried to evaluate to what extent if factors such as advertisement, promotion, reputation and customer loyalty invested as part of CSR influence financial performance of the particular firm. The optional responses were not at all**,** very little, to some extent and to great extent.

Advertisement

At Tanfoam 15(68.2%) respondents indicated the great extent while 7(31.8%) respondents affirmed some extent with the statement that, CSR practices when used as advertisement factor increase the financial performance. The mean weight obtained was 3.68, hence the common opinion from the respondents being the great extent. In case of Zantel, 16(80%) respondents indicated great extent while 4(20%) respondents confirmed to some extent on the increase of financial performance. The mean weight obtained was 3.8, hence the common view from respondents is that the firm used advertisements as investment technique to increase their financial performance through the CSR practices.

Promotion

From the table, at Tanfoam the findings illustrated that, 11(50.0%) respondents signified great extent, 7(31.8%) respondents indicated some extent while 4(18.2%) respondents showed very little extent level on the statement that promotion through the use of CSR practices increase financial performance. The mean weight established was 3.32, hence their common opinion from the respondents being some extent level on the increase of financial performance. For the case of Zantel, 13(65%) respondents indicated great extent while only 7(35%) indicated some extent level of increased financial performance. The common opinion was great extent due the mean weight obtained of 3.65. Therefore the findings implied that promotion through CSR practices increases financial performance but at different levels between the two companies.

Reputation

Table 4.19 shows that at Tanfoam 13(59.1%) respondents indicated great extent, 5(22.7%) respondents affirmed to some extent and 4(18.2%) indicated very little on the increase of financial performance. The common opinion of the respondents was some extent level due to the established mean weight of 3.41. At Zantel, great extent and some extent were indicated by 8(40%) respondents each while only 4(20%) affirmed very little. The mean weight obtained was 3.20, hence the common opinion from the respondents being some extent.

For that reason, the findings implied that reputation due to CSR practices increases financial performance to companies but in consideration of the mean weight from each company, it shows that Tanfoam uses much CSR on building reputation to its stakeholders than Zantel.

Customer Loyalty

From the findings at Tanfoam it revealed that 10(45%) respondents affirmed great extent from the statement that customer loyalty enhances the financial performance. 8(36.4) respondents indicated some extent, 3(13.6%) indicated very little while 1(4.5%) respondent affirmed not at all. The common opinion from the respondents was some extent level with mean weight of 3.22. For Zantel, the finding showed that 9(45%) respondent indicated some extent, 6(30%) respondents affirmed very little while only 5(25%) respondents indicated not at all. The common opinion from the respondents was very little extent with mean weight of 2.2. Therefore, findings implied that, customer loyalty at Tanfoam enhances financial performance than Zantel with the consideration of mean weight.

A potential benefit of CSR practices is that it can improve a company's reputation thus in turn improve the prospects for the company to be more effective in the way it manages communication and marketing by efforts to attract new customers and increase market share. CSR tools can help a company to position itself in the competitive market place as a company that is more responsible and more sustainable than its competitors.

Table 4.18 The contribution of investment factors of CSR on financial performance

Key: 1= Not at all, 2= Very Little, 3= To some Extent, 4= To Great Extent

Factors	Financial Performance									
	Tanfoam					Zantel				
	1	2	3	4	Mean	1	2	3	4	Mean
Advertisement			31.8%	68.2%	3.68			20.0%	80.0%	3.80
Promotion		18.2%	31.8%	50.0%	3.32			35.0%	65.0%	3.65
Reputation		18.2%	22.7%	59.1%	3.41		20%	40.0%	40.0%	3.20
Customer Loyalty	4.5%	13.6%	36.4%	45.5%	3.32	25%	30%	45.0%		2.20

Source: Fieldwork Survey, 2014

4.4.5 Types of CSR and Financial Performance

This section analysed the rate of correspondence between the type of CSR and financial performance of the firms. The responses were not at all**,** very little, to some extent and to great extent.

Economic

From the findings at Tanfoam it was revealed that 12(54.6%) respondents indicated some extent, 5(22.7%) respondents indicated great extent, and 3(13.6%) respondents indicated not at all while only 2(9.2%) respondents indicated very little extent of improving financial performance due to economic type of CSR. The mean weight obtained was 2.86 hence the common opinion from respondents being some extent. For Zante, the findings revealed that 14(55%) indicated great extent, 7(35%) respondents indicated some extent while 2(10%) respondents affirmed to very little extent of improving financial performance due tio economic type of CSR. The common opinion was some extent with mean of 3.45.

Therefore, the findings implied that economic type of CSR enhances the increase of financial performance of companies but due to variation of mean weight, Zantel used more economic type CSR than Tanfoam.

Ethical

The findings at Tanfoam revealed that 11(50%) respondents affirmed to not at all on the use of ethical type of CSR toward increase of financial performance, 9(40.9%) respondents indicated very little, while 2(9.1%) respondents showed some extent level. affirmed to very little extent of improving financial performance due tio economic type of CSR. The common opinion obtained was very little extent level on increasing financial performance due to ethical type of CSR with mean of 1.59. In case of Zantel, 13(65%) respondents indicated not at all, 5(25%) respondents indicated some extent, while 2(10%) respondents affirmed very little. The common opinion obtained was very little extent level on increasing financial performance due to ethical type of CSR with mean of 1.60. Therefore, the findings implied that the use of ethical type of CSR does not provide enough contribution towards financial performance.

Philanthropic

According to table 4.20, it was revealed that at Tanfoam 15(68.2%) respondents indicated great extent on the improvement of financial performance due to philanthropic type of CSR, 5(22.7%) indicated some extent while only 2(9.1%) respondents indicated very little. The common opinion from the respondents was great extent with the mean weight of 3.59. At Zantel, 13(65%) respondents affirmed some extent, while only 3(15%) respondents indicated very little. The common opinion from the respondents was great extent with the mean weight of 3.50. Therefore, the findings implied that, philanthropic type of CSR facilitates vast improvement of financial performance when used effectively.

Legal

The results in table 4.20 demonstrated that, at Tanfoam 13(59.1%) respondents indicated not at all extent level of increasing financial performance due to the use of legal type of CSR, 9(40.9%) indicated very little. The common opinion from the respondents was not all extent with the mean weight of 1.41. For the case of Zantel, 15(75%) respondents indicated not at all extent level, 4(20%) respondents indicated very little, while only 1(5%) respondent indicated some extent. The common opinion from the respondents was not at all extent level with the mean weight of 1.30. Due to that, the results implied that, the use of legal type of CSR does not facilitate into adequate improvement of financial performance to both companies as can be viewed from their common opinion.

Therefore, the results have indicated that the most important type of CSR enhancing financial performance are economic and philanthropic rather than ethical and legal types at Tanfoam and Zantel.

Table 4.19 Types of CSR and financial performance

Key: 1= Not at All, 2= Very Little, 3= To Some Extent, 4=To Great Extent

Type of CSR	Financial Performance									
	Tanfoam					Zantel				
	1	2	3	4	Mean	1	2	3	4	Mean
Economic	13.6%	9.1%	54.6%	22.7%	2.41		10%	35%	55%	3.45
Ethical	50.0%	40.9%	9.1%		1.59	65%	10%	25%		1.6
Philanthropic		9.1%	22.7%	68.2%	3.59		15%	20%	65%	3.50
Legal	59.1%	40.9%			1.41	75%	20%	5%		1.30

Source: Fieldwork Survey, 2014

4.4.6 CSR being a Burden to the Company

This part investigated whether CSR practices were a burden to most companies. . “Yes” implied to agree with the statement while “no” implied to disagree with the statement

From table 4.20 below, the results indicated that 6(27%) respondents at Tanfoam agreed that CSR was a burden to the company, while 16(72.7%) respondents showed that CSR was not a burden to the company. Tanfoam has practiced CSR for more than twenty years, since then the company is still operating, thus CSR can not be a burden to them. For the case of Zantel 12(60%) respondents indicated that CSR was not a burden to the company.

The common opinion for Tanfoam was agreeing (yes) with the statement with mean of 1.27 while the common opinion for Zantel was disagreeing (no) with the statement having a mean weight of 1.6.

Table 4.20 CSR being a burden to the companies

	Tanfoam		Zantel	
Responses	Frequency	Percent	Frequency	Percent
Yes	6	27.3	12	60.0
No	16	72.7	8	40.0
Total	22	100	20	100

Source: Fieldwork Survey, 2014

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of how this study was done, conclusion and recommendations on CSR and financial performance. The chapter ends by giving out the suggestions for future research

5.1 Summary of the Findings

The findings from justification for companies to engage in CSR revealed that both companies undertake CSR such that 95.5% of respondents at Tanfoam and 90% of respondents at Zantel agreed on CSR practices being compulsory to their companies. Criteria of CSR of being compulsory indicated that Tanfoam used CSR practices as a policy strategy while Zantel used CSR practices as a public relations strategy. Level of involvement in CSR demonstrated high involvement by the two companies. Hence, the common opinion being moderate level of involvement in CSR by both companies. Areas of focus differ between the two companies such that, Tanfoam focus more on education while Zantel focus more on youth development.

Moreover, there were different motives behind companies' involvement in CSR. The results revealed that giving profit back to community had greater mean weight of 4.86 at Tanfoam, hence being the essential motive for the company towards engaging in CSR practices. At Zantel, preserving or improving the reputation of the company was the motive to practice CSR having the highest mean weight of 4.15

Furthermore, the findings for types of CSR mostly practiced by companies revealed that, among the types of CSR that is philanthropic, ethical, legal and economic, 59% of respondents indicated philanthropic as the most practiced type at Tanfoam and 60% of respondents at Zantel hence being the most effective type of CSR practiced by these companies. The justification for philanthropic being effective type of CSR is that philanthropy was used to influence the competitiveness and at the same time fulfil the needs of some of its stakeholders. On the other hand, the choice of type of CSR enhances companies to achieve their objectives at the moderate level.

Additionally, 77.3% of the respondents at Tanfoam and by 65% at Zantel indicated that CSR improve financial performance of the companies. The level of improvement by 63.6% of respondents at Tanfoam and 65% of respondents at Zantel evidenced the moderate level of improving the financial performance.

Moreover, advertisement had a mean weight of 3.68 at Tanfoam and 3.80 at Zantel greater than all other factors that enhance the improvement of financial performance in companies. Also results indicate that both firms were profitable for the last five years. For the year 2014 Tanfoam set a budget of Tanzanian Shillings 55 million while at Zantel the maximum amount set was Tanzanian Shillings 6.6 billion only for CSR practices. The amount budgeted for CSR at Zantel was high reaching 120 times more than amount planned at Tanfoam. Finally, philanthropic type of CSR was the leading type of CSR that enhances companies to improve financial performance with the mean weight of 3.59 at Tanfoam and 3.50 at Zantel.

5.2 Conclusion

Based on the findings of objective one, CSR is practiced by both Tanfoam and Zantel companies based on the criteria of using, level of involvement and areas of focus. Conversely, intentions for using CSR also differ. For example Tanfoam aimed at giving profit back to community, while Zantel sought to preserve or improve its reputation but basically the expectations of being earning more financial benefits from CSR practices.

From objective two, it is concluded that type of CSR mostly practiced was philanthropic and it was the most effective type of CSR that enhances good citizenship image. Furthermore, philanthropic enable company's competitiveness and those types which were not mostly engaged like legal and ethical had the benefit of risk management for the company particularly by doing the right thing or effectively within companies. While the choice of type of CSR results into achievement of companies' objectives at moderate level

From objective three, it is concluded that the findings show clearly the positive relationship of corporate social responsibility practices and financial performance. Thus the improvement and development of the CSR activities should be conducted to have more financial benefits on the firms. Apart from financial benefits, it is also concluded that the companies lose image and potential business opportunities if they do not practice CSR. Moreover the amount for CSR practices differing from one company to another hence percentages set to CSR practices differ too. Zantel spend more on CSR practices than Tanfoam. Likely, advertisements, reputations and promotion can be used as the investment techniques on CSR practices that would enable the journey of enhancing financial performance of companies.

5.3 Recommendations

For the case of objective one concerning motives towards engaging into CSR like giving profit back to community and build reputation, it is recommended that feedback from the beneficiaries of CSR in terms of needs assessment should be well thought- out in order to provide them with adequate requirements to be accomplished through CSR practices. Moreover, both companies focus more on education and youth developments, it is recommended to consider other basic needs of the community like health, environment care and food security.

For objective two, it is recommended to the management to use corporate social responsibility activities which enhance the market value of their firm, keeping in mind those different types of CSR activities that may have differing effects on firm's market value. Furthermore, the findings show the types of CSR which were not mostly engaged like ethical and legal, however these types have the benefit of managing risks that firms may face. It is also recommended that analysis may be done in regard of enabling the companies to have wider choice of the correct type of CSR.

For objective three, since results showed improvement of financial performance due to CSR practices, it is recommended to upgrade the percentage of CSR from both companies, as well as increase the amount to reach the targeted value per year. Besides that; companies should promote sales and expand branches in the region which will result into increased amount of profit hence uplift the amount of percentage to CSR. Apart from urban areas, it is recommended that the two companies should extend the CSR to country's remote areas, in Arusha region in particular and other regions of Tanzania.

Likewise, the government have to design policy frameworks for corporate social responsibilities in Tanzania and ensure compliance by setting mechanisms and institutions for the implementation of CSR. For example, if CSR has positive effect on the firms' financial performance, the firms should consider more on the existing CSR activities whereas if the CSR has negative effect on the firm financial performance, the firms should evaluate the ineffective CSR activities on the firm financial performance. Therefore, the study recommends on designing the policy for the firms involving themselves in CSR activities as well as for the government that makes the regulations.

More over it is recommended that a longitudinal study be adopted. This may provide deeper insight into the relationship beween CSR and financial performance, particularly the impact of CSR on employee attraction, motivation and retention, customer attraction and loyalty, reputation, access to capital and financial performance. A longitudinal study would allow assessment of the relationship between CSR and the above business benefits rather than simply assessing the relationship between them.

5.4 Limitation of the Study

During data collection some respondent were not ready to co-operate, and those who co-operated took a lot of time to fill the questionnaires hence caused challenges to the researcher in the process of data collection. In this case, the researcher had to spare enough time to make the follow ups so that errors could be minimized to minimize missing of data. However, despite these limitations, relevant data were collected in order to make research findings valid and useful as planned.

5.5 Suggested Areas for Further Study

The study could not exhaust all issues on the CSR and financial performance and there is need to;

- Assess the impact of CSR on customer attraction and loyalty. Such an approach would require a lot of detailed information from organization and a case study approach may provide the best method of obtaining information.
- Research could be done which compares the relationship between CSR and financial performance for Tanzania with other countries. It would be interesting to see if countries that operate in very different political, social environments have a similar relationship between CSR and financial performance.
- In addition more extensive studies are needed to explore the causal mechanisms linking CSR to profitability and to determine whether or not those relationships hold consistently over time.

Therefore this study suggests the following topics for further research

i) Assessment of the impact of Corporate Social Responsibility on customer attraction and loyalty.

ii) Impact of Corporate Social Responsibility towards Community Development

iii) Comparison of the relationship between CSR and financial performance of Tanzanian companies with other countries

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APPENDICES

APPENDIX I

A STUDY AT ZANTEL

By Baraza Mohammed S

Date___________________

Questionnaire no.________

Introduction

Baraza Mohammed S is a student of Mzumbe University conducting an academic research on Impact of corporate social responsibilities on the firm's financial performance. This study is a partial/fulfilment of the requirement for the award of degree of Masters of Science in Accounting and Finance

Please you are kindly required to complete this questionnaire with confidence. It is important to note that data/information collected will be strictly confident and will be used for academic purpose only.

I wish to thank you in advance for your co- operation

Please where appropriate put in a tick (√) against the answer you think is correct for the question given

Part A Personal Details

1. Name of respondent (optional) ……………..

2. Sex

   a) Male

   b) Female

3. Qualification level of education

    a) Secondary level

    b) College Certificate

    c) Diploma

    d) Bachelor

    e) Masters

    f) Above

4. Your occupation____

5. Your current Position____

6. Years of working experience

    a) 0-3

    b) 3-5

    c) More than 5 years

Part B Corporate social responsibilities

Objective no 1 ***To ascertain grounds for the companies to engage in corporate social responsibilities***

1. Is your company socially responsible?

    a) Yes

    b) No

2. Is social responsibility compulsory for your company?

a) Yes

b) No

3. If it is compulsory, what are the criteria?

____

____

4. How do you rate your company involvement in corporate social responsibilities (CSR)?

a) Low

b) Moderate

c) High

5. Which sectors you provide assistance?

a) Youth development

b) Education

c) Health

d) Environmental Sustainability

e) Sports

f) Ethical Marketing Practices

6. Indicate the extent to which you **agree or disagree** on each of the following factors motivated your firm to undertake CSR

Please indicate by put a ***tick*** *from each* ***row***

	SCALE				
	Strongly Disagree	**Disagree**	**Neither agree nor Disagree**	**Agree**	**Strongly agree**
Ethical and moral reasons	1	2	3	4	5
To improve community relations	1	2	3	4	5
To improve customer loyalty	1	2	3	4	5
To improve employee motivation	1	2	3	4	5
To improve relations with business partners/ investors	1	2	3	4	5
To improve economic performance	1	2	3	4	5
Pressure from third parties (e.g. clients or competitors)	1	2	3	4	5
To preserve or improve the reputation of the company	1	2	3	4	5
To give something back to the community	1	2	3	4	5

Objective 2: To explore types of corporate social responsibilities which are more practiced by the firms

7. Which type (s) of CSR is engaged in by your firm?

a) Economic

‘Be profitable’

b) Legal

’Law is society’s codification of right and wrong’

c) Ethical

‘Obligation to do what is right, just and fair.’

d) Philanthropic

‘Contribute resources to the community’

Other

…………………………………………………………………………...

8. Which type of CSR appears to be most effective in your organization?

……………………………………………………………………………………

…

9. Why do you think that using this type of CSR is the most effective of all other types?

……………………………………………………………………………………...

10. What are the reasons for the companies to engage in CSR projects?

a) Public Relation

b) Because they care

c) Profit

d) All of the above.

11. When did your company start practicing CSR?

……………………………………………………………………………………...

12. Are your CSR objectives measured and tracked

a) Yes

b) No

Objective three: What is the relationship between financial performance and corporate social responsibilities?

13. After using CSR has it improve your financial performance

    a) Yes

    b) No

14. If your answer is yes in question above, to what extent has CSR improve your financial performance.

    a) Low

    b) Moderate

    c) High

15. Has your company been profitable for the last five years (or years of existence if less)?

    a) Yes

    b) No

16. Approximately how much money have the company invested in CSR activities?

    a) Within 0 - 1 year __________________

    b) Within 1- 4__________________

    c) Within Above 5 years________________

17. Is it a burden to a company?

a) Yes

b) No

18. Is there any other source of funding your company is receiving?

a) Yes

b) No

19. Do you consider that if a company applies the concept of social responsibility, it has to lose:

a) Yes

b) No

20. What will be lost if a company is not socially responsible?

a) image

b) partners credibility market share

c) human resources

d) potential investors/ business opportunities

e) money

21. Do you consider that in order to be socially responsible a company should conduct activities focusing on CSR?

a) only for community

b) for employees

c) only for customers and suppliers

d) for all those mentioned above

e) Accepting any additional responsibility related to development of society

22. How much ‘*percentage*’ of profit will be given for these activities?

………………………………………………………………………………………………..

23. What do you think could be the main benefit of the adoption of measures for social responsibility

Please indicate by puttig a ***tick*** *from each* ***row***

	SCALE				
	Strong Disagree	**Disagree**	**Neither agree nor Disagree**	**Agree**	**Strongly agree**
Improved community relations	1	2	3	4	5
Enhanced company image	1	2	3	4	5
Improved employee attraction	1	2	3	4	5
Improved employee motivation	1	2	3	4	5
Improved employee retention	1	2	3	4	5
Increased sales (customer attraction)	1	2	3	4	5

Thank you for completing the questionnaire and your participation in this study is very much appreciated. If there are any additional comments that would be relevant to this study, please include them in the space provided below.

…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………………………………………………………………………………………

APPENDIX II

A STUDY AT TANFOAM LTD

By Baraza Mohammed S

Date__________________

Questionnaire no.________

Introduction

Baraza Mohammed S is a student of Mzumbe University conducting an academic research on Impact of corporate social responsibilities on the firm's financial performance. This study is a partial/fulfilment of the requirement for the award of degree of Masters of Science in Accounting and Finance

Please you are kindly required to complete this questionnaire with confidence. It is important to note that data/information collected will be strictly confident and will be used for academic purpose only.

I wish to thank you in advance for your co- operation

Please where appropriate put in a tick (√) against the answer you think is correct for the question given

Part A Personal Details

1. Name of respondent (optional) ……………..
2 Sex
   a) Male
   b) Female
3. Qualification level of education

a) Secondary level
b) College Certificate

c) Diploma

d) Bachelor

e) Masters

f) Above

4. Your occupation………………………………………………………………………
5. Your current Position…………………………………………………………………….
6. Years of working experience

   a) 0-3
   b) 3-5
   c) More than 5 years

Part B Corporate social responsibilities

Objective no 1 ***To ascertain grounds for the companies to engage in corporate social responsibilities***

7. Is your company socially responsible?

   a) Yes
   b) No

8. Is social responsibility compulsory for your company?

   a) Yes
   b) No

9. If it is compulsory, what are the criteria?

……………………………………………………………………………………

……………………………………………………………………………………

10. How do you rate your company involvement in corporate social responsibilities (CSR)?
    a) Low
    b) Moderate
    c) High
11. Which sectors you provide assistance?
    a) Youth development
    b) Education
    c) Health
    d) Environmental Sustainability
    e) Sports
    f) Ethical Marketing Practices
12. Indicate the extent to which you **agree or disagree** on each of the following factors motivated your firm to undertake CSR

Please indicate by put a ***tick*** *from each* ***row***

	SCALE				
	Strongly Disagree	**Disagree**	**Neither agree nor Disagree**	**Agree**	**Strongly agree**
Ethical and moral reasons	1	2	3	4	5
To improve community relations	1	2	3	4	5
To improve customer loyalty	1	2	3	4	5
To improve employee motivation	1	2	3	4	5
To improve relations with	1	2	3	4	5

business partners/ investors					
To improve economic performance	1	2	3	4	5
Pressure from third parties (e.g. clients or competitors)	1	2	3	4	5
To preserve or improve the reputation of the company	1	2	3	4	5
To give something back to the community	1	2	3	4	5

Objective 2: To explore types of corporate social responsibilities which are more practiced by the firms

13. Which type (s) of CSR is engaged in by your firm?

a) Economic
‘Be profitable’
b) Legal
’Law is society’s codification of right and wrong’
c) Ethical
‘Obligation to do what is right, just and fair.’
d) Philanthropic
‘Contribute resources to the community’
Other
…………………………………………………………………………………………….

14. Which type of CSR appears to be most effective in your organization?

……………………………………………………………………………………………

15. Why do you think that using this type of CSR is the most effective of all other types?

……………………………………………………………………………………

16. What are the reasons for the companies to engage in CSR projects?

a) Public Relation

b) Because they care

c) Profit

d) All of the above.

17. When did your company start practicing CSR?

……………………………………………………………………………………

18. Are your CSR objectives measured and tracked

a) Yes

b) No

Objective three: What is the relationship between financial performance and corporate social responsibilities?

19. After using CSR has it improve your financial performance

a) Yes

b) No

20. If your answer is yes in question above, to what extent has CSR improve your financial performance.

a) Low

b) Moderate

c) High

21. Has your company been profitable for the last five years (or years of existence if less)?

a) Yes

b) No

22. Approximately how much money have the company invested in CSR activities?

a) Within 0 - 1 year __________________

b) Within 1- 4__________________

c) Within Above 5 years________________

23. Is it a burden to a company?

a) Yes

b) No

24. Is there any other source of funding your company is receiving?

a) Yes

b) No

25. Do you consider that if a company applies the concept of social responsibility, it has to lose:

a) Yes

b) No

26. What will be lost if a company is not socially responsible?

a) image

b) partners credibility and market share

c) human resources

f) potential investors/ business opportunities

g) money

27. Do you consider that in order to be socially responsible a company should conduct activities focusing on CSR?

a) only for community

b) for employees

c) only for customers and suppliers

d) for all those mentioned above

e) Accepting any additional responsibility related to development of society

27. How much '*percentage*' of profit should be given for these activities?

…………………………………………………………………………………………

28. What do you think could be the main benefit of the adoption of measures for social responsibility

Please indicate by putting a ***tick*** *from each* ***row***

	SCALE				
	Strong Disagree	**Disagree**	**Neither agree nor Disagree**	**Agree**	**Strongly agree**
Improved community relations	1	2	3	4	5
Enhanced company image	1	2	3	4	5
Improved employee attraction	1	2	3	4	5
Improved employee motivation	1	2	3	4	5
Improved employee retention	1	2	3	4	5
Increased sales (customer attraction)	1	2	3	4	5

Thank you for completing the questionnaire and your participation in this study is very much appreciated. If there are any additional comments that would be relevant to this study, please include them in the space provided below.

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