

**CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE OF
MULTINATIONAL COMPANIES IN UGANDA;**

A case study of MTN Uganda

BY

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DECLARATION

I **BYAMUGISHA AMON** declare that I am the sole author of this dissertation, that during the period of study, I have not been registered for other academic award or qualification nor has any of the material been submitted wholly or partially for any other award. This dissertation is a result of my own work and where other peoples' research/work were duly acknowledged

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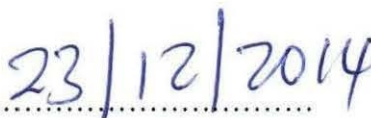
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APPROVAL

This dissertation was compiled by **BYAMUGISHA AMON** under the title, "Corporate Social Responsibility and Financial Performance of Multinational Companies in Uganda" A case of MTN Uganda. It was under our supervision and meets the requirements for the award of a degree of masters of business administration of Kyambogo University.


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DEDICATION

dedicate this dissertation to my dear late mother **JOY BYAMUGISHA NDYAGUMAYO**, whose legacy and inspirational words have made me reach this far. May the Lord God rest your soul in eternal peace.

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TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES.....	x
LIST OF FIGURES	xi
LIST OF ACRONYMS.....	xii
ABSTRACT	xiv
CHAPTER ONE	1
GENERAL INTRODUCTION.....	1
1.0 INTRODUCTION	1
1.1 Background of the study	1
1.2 Problem statement.....	3
1.3 General objective of the study	4
1.3.1 Specific objectives	4
1.4 Research questions.....	5
1.5 Scope of the study	5
1.5.1 Content scope.....	5
1.5.2 Geographical Scope	5
1.5.3 Time Scope	6

1.6 Significance of the study.....	6
1.7 Definition of the key terms used.....	7
1.8 Conceptual framework.....	9
CHAPTER TWO	11
LITERATURE REVIEW	11
2.1 Introduction.....	11
2.2 Global perspective of CSR.....	11
2.3 CSR and the Government of Uganda.....	14
2.4 Corporate Social Responsibility practices	16
2.4.1 Environmental responsibility	18
2.4.2 Community responsibility.....	19
2.4.4 Significance of CSR and limitations/challenges of CSR.....	21
2.4.4.1 <i>The benefits for MNCs implementing CSR</i>	21
2.4.4.2 Challenges of CSR.....	22
2.4.5 Empirical literature on CRS by MTN Uganda	23
2.5 Financial performance	25
2.5.1 Definition of the concept of performance.....	25
2.5.2 Profitability performance.....	25
2.5.3 Return on Assets	27
2.5.4 Return on investment	30
2.5.5 Empirical literature on the financial performance of MTN Uganda.....	31

2.6 Relationship between CRS and financial performance of MNC's	34
2.6.1 Environmental responsibility and financial performance of MNC's.....	34
2.6.2 Community responsibility and financial performance of MNC's	35
2.6.3 Corporate wellbeing and financial performance of MNC's	37
2.7 Chapter summary	40
2.8 Conclusion	40
CHAPTER THREE	41
METHODOLOGY	41
3.0 Introduction.....	41
3.1 Research Design.....	41
3.2 Area of the study.....	41
3.3 Study Population.....	42
3.4 Sampling Technique and Sampling Size	42
3.3.1 Sampling Technique	42
3.3.2 Sampling Size	42
3.4 Data Collection Sources and Instruments	43
3.4.1 Data Collection	43
3.4.2 Data Collection Instruments	44
3.5 Data collection procedure	45
3.6 Validity of the Research Instrument	45
3.7 Reliability and validity.....	46

3.8 Data Processing and Analysis.....	47
3.8.1 Data Processing.....	47
3.8.2 Data Analysis.....	47
3.9 Ethical considerations.....	48
3.10 Limitations of the Study.....	48
CHAPTER FOUR.....	50
ANALYSIS AND PRESENTATION OF FINDINGS.....	50
4.1 INTRODUCTION.....	50
4.1.1 The response rate.....	50
4.1 Demographic characteristics of the respondents.....	51
4.2 Corporate social Responsibility Practices in MTN Uganda.....	52
4.2.1 Environmental responsibility practices.....	53
4.2.2 Community responsibility.....	57
4.2.3 Corporate social well being.....	59
4.2.4 Benefits of corporate social responsibility to MTN Uganda.....	60
4.2.5 The challenges faced by MTN Uganda in carrying out corporate social responsibility activities.....	62
4.2.6 Measures to overcome the challenges faced in CSR.....	64
4.3 Financial performance of MTN Uganda before and after the introduction of CSR.....	65
4.4 Relationship between CSR and financial performance of MTN Uganda.....	68
4.5 Correlations.....	72

4.5.1: Correlations of environmental responsibility, profitability, returns on assets and investment.....	73
4.5.2 Correlations community responsibility on profitability, returns on assets and investment.....	75
4.5.3 Correlations of corporate social wellbeing, profitability, return on assets and return on investment.....	77
4.6 Analysis of secondary data	80
CHAPTER FIVE	82
DISCUSSION, SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	82
5.1 Introduction.....	82
5.2 Summary of finding	82
5.3 Discussion of the findings.....	85
5.4 Conclusion	88
5.5 Recommendations.....	89
5.4 Suggestions for further research	90
References.....	92
APPENDICES	97
Appendix I Questionnaire	97
Appendix ii: Interview Guide	101
APPENDIX	102
TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION	102
Note: “N” is population size	102

LIST OF TABLES

Table 4. 1: The response rate of the study	50
Table 4. 2: the department of operation for the respondents	51
Table 4. 3: Shows the environmental responsibility practices carried out by MTN Uganda.	53
Table 4. 4: Findings on community social responsibility	57
Table 4. 5: Findings on corporate social well being	59
Table 4. 6: Measures to overcome the challenges faced in CSR	64
Table 4. 7: The findings on the financial performance.....	66
Table 4. 8: The findings on the relationship between corporate social responsibility and financial performance	69
Table 4. 9: Correlations of the findings on environmental responsibility on profitability, returns on assets and investment.....	73
Table 4. 10: Correlations of the findings on community responsibility on profitability, returns on assets and investment.....	75
Table 4. 11: Correlations of the findings on corporate social wellbeing on profitability, return on assets and return on investment	77
Table 4.15: Analysis of secondary data	86

LIST OF FIGURES

Figure 4. 1: Conceptual framework	9
Figure 4. 2: Benefits of corporate social responsibility to MTN Uganda.....	61
Figure 4. 3: Challenges faced by MTN Uganda in carrying out corporate social responsibility activities.....	63

LIST OF ACRONYMS

BTS	Base transceiver station
CFP	Cooperate financial performance
CROCI	Cash Return On Capital Invested
CSI	Corporate Social Investments
CSP	Corporate social policy
CSR	Corporate Social Responsibility
EBITDA	Earnings Before, Interest, Tax, Depreciation and Amortization
FP	Financial Performance
HIV/AIDS	Human Immune Virus/Acquired Immune Efficiency Syndrome
MNCs	Multinational Companies
MTN	Mobile Telephone Network
NEMA	National Environmental Management Authority,
NPAs	National Priority Areas
PEAP	Poverty Eradication Action Plan
PIP	Public Investment Plan
PRSP	Poverty Reduction Strategy Paper

ROA	Return on assets
ROCE	Return on capital employed
ROE	Return on Equity
ROI	Return on investment
SMEs	Small and Medium Enterprises
SRI	Socially Responsible Investing
SROI	Social Return on Investment
ZAR	South African Rand

ABSTRACT

The study assessed the relationship between corporate social responsibility (CSR) and financial performance (FP) in multinational companies in Uganda, a case study of MTN Uganda (2005 – 2009). The study specifically aimed at establishing corporate social responsibility practices in MTN Uganda, examining the relationship between environmental social responsibility and financial performance of MTN Uganda, assessing the effect of community responsibility on the financial performance of MTN Uganda as well as investigating the role of corporate social wellbeing on the financial performance of MTN Uganda.

Data was analyzed using SPSS professional version 21.0 and Microsoft excel 2007 to generate figures, tables and frequencies as well as correlation which were used to obtain core conclusions on the findings. Results revealed that CSR impacted positively on the environment, community and corporate well-being.

The study found a significant and positive relation between CSR and FP although there are factors other than CSR those leads to better financial performance in MNC's. The study further found that MTN's observance and implementation of proper environmental practices, community responsibilities (safe water projects, helping vulnerable areas like Bududa and constructing low cost houses) and corporate well-being responsibilities (education and health facilities in communities) have greatly boosted MTN Uganda's financial performance. The study concluded that MTN CSR policy is on a steady course especially with MTN Uganda's financial commitment to MTN CSR foundation which is 1% of profit after tax per annum.

Keywords: Corporate Social Responsibility; Financial Performance; MTN Uganda; MTN CSR Foundation

CHAPTER ONE

GENERAL INTRODUCTION

1.0 INTRODUCTION

The study examined specifically, the relationship between corporate social responsibility and financial performance of multinational companies in Uganda: a case study of MTN Uganda. This chapter presents the background of the study, statement of the problem, purpose of the study as well as the objectives, research questions, scope of the study and the significance of the study.

1.1 Background of the study

Alexander Dahlsrudm (2006) affirmed that Corporate Social Responsibility is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered stakeholders.

Concerns about corporate social responsibility have grown significantly during the last two decades. Not only has the issue become common place in the press and business (Buhr & Grafstrom, 2004) but a body of academic literature has also emerged around it (Margolis & Walsh, 2003; Walsh, Weber, & Margolis, 2003). Nevertheless, little theoretical attention has been paid to understanding why or why not corporations acting socially responsible ways (Rowley & Berman, 2000; Ullman, 1985).

Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time

and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation, (Meigs, et al 1976)

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. On the other hand, financial performance is defined by measuring the results of a firm's policies and operations in monetary terms. These results are reflected in the firm's return on investment, return on assets, value added, etc. (www.businessdictionary.com)

Traditionally, the major concern for most companies is profits. However, increasing level of governmental regulations, media attention, pressure of non-governmental organizations and fast information spread require companies to look beyond pure profit maximization and “please” a variety of stakeholders in a sustainable and ethical manner. Examples of being a socially responsible company include saving natural resources, polluting less, investing in employee development or supporting other CSR related initiatives. Being involved in CSR activities is becoming a must for companies, especially if they are aiming for good public opinion and want to sustain a well-appreciated brand (Werther & Chandler, 2005). At the same time, engaging in CSR activities may have both, positive and negative effects on firms’ financial performance. On the one hand, a positive image may help to increase profits, as customers are willing to pay more for the firm’s products and services. Similarly, CSR activities may increase profits via efficiency

improvements and a more sustainable use of resources. On the other hand, CSR activities require substantial financing, so costs may exceed the abovementioned benefits and profits may be eroded.

The debate about the need for international business organisations to go beyond their profit motive has been ongoing. Most multinational corporations (MNCs) identify corporate social responsibility (CSR) as a business tool to promote a positive image to business stakeholders and as a way to improve the quality of life among citizens of the host countries. (Carroll, 1999)

MTN Uganda as one of the major MNCs in Uganda launched the MTN Uganda Foundation in late 2007. It is the Corporate Social Responsibility arm of MTN Uganda that carries out various charitable projects within the communities it operates. The strategic objectives of the MTN Foundation Sponsorships were formulated to address national needs, which are: Education, Health, Arts & Culture, Environment, Community Development, Low Cost housing/Shelter. From 2013 going forward, the MTN Uganda Foundation focuses on three programme areas to guide its interventions including, education, health and National Priority Areas (NPAs)-these guided by the National Budget priority areas for each year.

1.2 Problem statement

It is becoming increasingly apparent that, organizations in the telecommunication industry are constantly looking for new strategies to gain a positional advantage over their competitors in order to increase their customer base and enhance their financial performance. One of these strategies is the adoption of corporate social responsibility practices (Aile and Bausys, 2013)

However it has been argued by Chongwoo Choe, et al (2013), that satisfying the conflicting objectives of different stakeholders through CSR might result in inefficient use of resources and eventual deterioration of financial performance, and that the costs incurred from socially responsible actions may put the firms at an economic disadvantage. This is a total opposition to establishments by numerous scholars (Rowley & Berman, 2000; Walsh et al., 2003, Milton Friedman, 2007). Milton Friedman, (2007) reviewed this literature from 1972 to 2006 and found that socially responsible corporate behavior affects financial performance not the other way around. Hence it is a moot question whether CSR contributes to or harms corporate financial performance for multinational companies. Therefore the emphasis of this study was determining how socially responsible corporate behavior affects financial performance in MTN Uganda since the establishment of their MTN CSR foundation.

1.3 General objective of the study

The major purpose of the study was to examine the relationship between corporate social responsibility and financial performance of multinational companies in Uganda.

1.3.1 Specific objectives

1. To evaluate how corporate social responsibility practices influence financial performance of MTN Uganda.
2. To examine the relationship between environmental social responsibility and financial performance of MTN Uganda.
3. To analyze the effect of community responsibility on the financial performance of MTN Uganda.
4. To investigate the role of corporate social wellbeing on the financial performance of MTN Uganda.

1.4 Research questions

1. How are corporate social responsibility practices undertaken by MTN Uganda influence financial performance?
2. What is the relationship between environmental social responsibility and financial performance of MTN Uganda?
3. What is the effect of community responsibility on the financial performance of MTN Uganda?
4. What is the role of corporate social wellbeing on the financial performance of MTN Uganda.?

1.5 Scope of the study

1.5.1 Content scope

The study covered data concerning the relationship between corporate social responsibility and financial performance of multinational companies in Uganda a case of MTN Uganda. It specifically examined the company's financial performance before and after the introduction of CSR foundation program. CSR (independent) variable was limited to environmental responsibilities, community responsibilities and corporate well-being sub-variables whereas financial performance (dependent) variable only looked at profitability, return on investments and return on assets sub-variables.

1.5.2 Geographical Scope

The study was carried out at MTN Uganda head quarters located in the Center of Kampala City on Clement Hill road, MTN Towers. This enabled the researcher to access all the required information concerning the study.

1.5.3 Time Scope

The study covered a period between 2005-2009, thus taking into account a period of five years (two years before the formation of MTN CSR foundation and three years after its formation. This period is long enough to study/analyze the trend of performance of MTN Uganda before MTN CSR foundation and after its formation and the financial performance of MTN Uganda.

1.6 Significance of the study

Given the infancy of Corporate Social Responsibility in Uganda, the study is expected to make contribution to knowledge in the following areas:

- Provided information about CSR in relation to multinational corporations especially the telecommunications sector.
- The investors enlightened on the essence of CSR and how taking into consideration the interests of consumers, regulators, employees and other important groups that are affected by the company's activities enhance corporate financial performance.
- The study may help management learn how to forge stronger relationships with key suppliers, customers and the community.
- The general public may informed of the various approaches in which an entity can undertake social and environmental activities aimed at improving on the quality of life in the community, workplace, market place and generally giving back to society.
- The study may avail policy makers with information regarding corporate social responsibility policies that can increase goodwill towards the organization.

- The study may assist future researchers and academics as a base for further research on public relations.
- The study may help managers of other organizations which offer the same services like MTN Uganda in carrying out better corporate social responsibility.

1.7 Definition of the key terms used

Corporate responsibility refers to the way in which a corporation behaves while it is pursuing its goal of making profits. (Eagle, 2006)

Cooperate social responsibility (CSR) refers to a situation where by companies consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as the environment (Welford and Frost, 2006).

Social return on investment (SROI) is a principles-based method for measuring extra-financial value relative to resources invested. It can be used by any entity to evaluate impact on stakeholders, identify ways to improve performance, and enhance the performance of investments (Reyes, 2005).

Socially responsible investing (SRI) refers to any investment strategy which seeks to consider both financial return and social good. In general, socially responsible investors encourage corporate practices that promote environmental stewardship, consumer protection, human rights, and diversity (Moskowitz, Milton R. 1975)

Financial performance (FP) is a subjective measure of how well an organization/firm can use assets from its primary mode of business and generate revenues. This term is also used as a

general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Margolis, and Walsh 2001).

Multinational corporation/company (MNC) is an organization doing business in more than one country. 'In other words it is an organization or enterprise carrying on business in not only the country where it is registered but also in several other countries. It may also be termed as International Corporation, global giant and transnational corporation (Emmanuel Ocran, 2011)

There are four categories of multinational corporations: (1) a multinational, decentralized corporation with strong home country presence, (2) a global, centralized corporation that acquires cost advantage through centralized production wherever cheaper resources are available, (3) an international company that builds on the parent corporation's technology or R&D, or (4) a transnational enterprise that combines the previous three approaches. According to UN data, some 35,000 companies have direct investment in foreign countries, and the largest 100 of them control about 40 percent of world trade (wikipedia).

Performance is derived from the word 'parfourmen', which means 'to do', 'to carry out' or 'to render'. It refers the act of performing; execution, accomplishment, fulfillment, etc. In border sense, performance refers to the accomplishment of a given task measured against preset standards of accuracy, completeness, cost, and speed. In other words, it refers to the degree to which an achievement is being or has been accomplished. In the words of Frich Kohlar in Metcalf, R. W. and P. L. Titard (1976) "The performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like. Thus,

not just the presentation, but the quality of results achieved refers to the performance. Performance is used to indicate firm's success, conditions, and compliance.

1.8 Conceptual framework

A written or visual presentation that: “explains either graphically, or in narrative form, the main things to be studied – the key factors, concepts or variables and the presumed relationship among them”. (Miles and Huberman, 1994, P18)

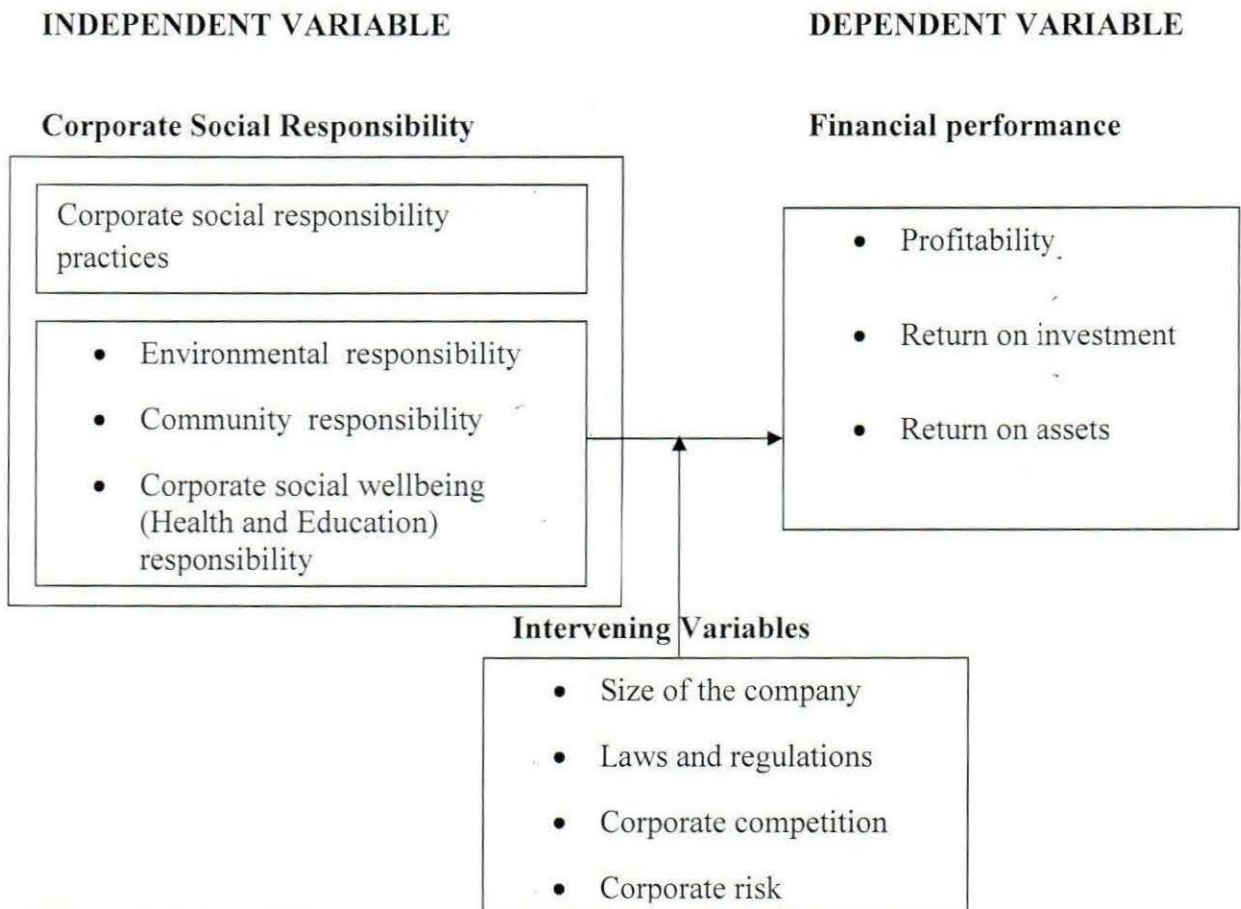


Figure 4. 1: Conceptual framework

This model has been based on (Sandra Aile and Zymantas Bausys, 2013; Rupal Tyagi, 2012;

Description of the framework

The framework above presents a relationship between the dependent variable that is financial performance with indicators looked at being profitability, return on investments and return on assets, and the independent variable that is CSR with sub-variables of environmental responsibilities, community responsibilities and corporate well-being (Education and Health) responsibilities. Rupal Tyagi (2012) established that CSR has emerged as a view that can add to the financial performance of a company and suggests that corporate decision-makers must take care of a range of social and environmental affairs in order to maximise long-term financial returns. The controlling variables to the study are size of the company, laws and regulations and corporate competition. These intervening variables are necessary in determining the company's level of investments, assets, and profitability which in turn influence the contribution and devotion to the CSR activities.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing literature about the variables under study. The purpose of this chapter is to find out what other researchers/scholars have found out in order to identify the information gap. The main sources are published research journals and publications, published articles, and governmental reports, text books, organizational financial reports and publications, published research reports among others. The chapter is sectioned basing on the research objectives and theoretical review, conceptual review and review of literature objective by objective.

2.2 Global perspective of CSR

Globally, the notion that businesses have some responsibility to society apart from merely fulfilling their economic and legal obligations has been lingering amongst academics for some time (Carroll and Shabana, 2010; Sarbutts, 2003). However, only recently – since the 1950s – have the importance and empirical research of this topic increased dramatically. Many themes describing the relationship between the corporation and society as well as the natural environment have since been developed. The most commonly used term in the literature is Corporate Social Responsibility (CSR) (Montiel, 2008; Carroll and Shabana, 2010) followed by many alternative themes and terms such as Social Responsibility (S R), Corporate Citizenship, Corporate Sustainability and Corporate Social Performance (CSP) as well as Business Ethics and Stakeholder Management. One of the more notable debates regarding CSR is whether it is expedient for companies to value and act upon social demands.

Along with the development of different themes and terms, different perspectives from

which corporations view their social and environmental activities, and ultimately different approaches to these activities, have blossomed as well (Porter and Kramer, 2006; Garriga and Melé, 2004). As opposed to the generic and marketing perspectives, Porter and Kramer (2006) propose a strategic way to implement CSR in one's business. If a firm combines its economic and CSR objectives with its core business strategy as a long-term commitment, then 'CSR can be much more than a cost, constraint, or charitable deed – it can be a source of opportunity, innovation, and competitive advantage' (Porter and Kramer, 2006, p. 80). Corporate social responsibility (CSR) is a doctrine that promotes expanded social stewardship by businesses and organizations. CSR suggests that corporations embrace responsibilities toward a broader group of stakeholders (customers, employees and the community at large) in addition to their customary financial obligations to stockholders. A few examples of CSR include charitable giving to community programs, commitment to environmental sustainability projects, and efforts to nurture a diverse and safe workplace

However, most prevalent approaches to CSR are so detached from business that companies fail to achieve the greatest opportunities for society. This limitation, faced with the current economic downturn, implies that managers must develop highly focused and effective CSR actions after having identified which social issues matter most to the firm. By doing so, the firm can increase its own profit and strengthen its long-term competitiveness, as well as making a meaningful social impact and thereby achieving a win-win situation through the creation of the synergistic value known as shared value (Porter and Kramer, 2006; Ditlev-Simonson and Midtun, 2011).

Attention for corporate social responsibility (CSR) has increased significantly during the last decades. Many corporations across the world started reporting about their ethical, social and environmental conduct. And in marketing, being green and social is positioned as a relevant

product and corporate characteristic. Many studies have been carried out to investigate the connection between financial and social performance for example the study by Lockett, Moon, and Visser, (2006). Numerous theoretical views on the link between financial and social performance are put forward (Allouche & Laroche, 2006).

In Australia, the issue has been raised in the context of corporate donations following the 2004 Boxing Day Tsunami, the (eventual) decision by the James Hardie group to fund asbestos liabilities owed by former subsidiary companies, and most recently the findings of the Cole Royal Commission that the AWB may have engaged in unlawful conduct to secure export contracts to Iraq. International developments in corporate law have also played a part in promoting interest in this issue, for example the reformulation of directors' duties in the United Kingdom

While there is no universally accepted definition of corporate social responsibility, it is usually described in terms of a company considering, managing and balancing the economic, social and environmental impacts of its activities (PJC 2006). The notion of corporate social responsibility as a part of the core business operations of a company, rather than a separate 'add on', distinguishes it from corporate philanthropy which may be funded out of operations that are damaging to the communities in which business is conducted. PJC 2006 further adds that the extent to which company directors and managers should consider social and environmental factors in making decisions, rather than focusing exclusively on maximizing short-term accounting profit, has been the subject of much discussion in recent years.

2.3 CSR and the Government of Uganda

CSR as a priority item does not appear anywhere among the government priority issues highlighted in the Public Investment Plan (PIP, 1994/95 - 1996/97) and the Poverty Eradication Action Plan (PEAP, 2004) currently referred to as Poverty Reduction Strategy Paper (PRSP). Quoting top government officials, some corporate managers stated that CSR "...is not needed in Uganda, but, companies should instead just become loyal and pay up on their taxes..." However, most large and very large companies sampled appear to be embracing CSR in their operations and decisions.

Uganda does have a number of laws and institutions in place, which indirectly concern CSR. These include among others the following: Employment Act 2006, Occupational Health and Safety Act 2006, Labour Disputes Act 2006 and the Labour Union Act 2006, Mining Act, National Forestry and Tree Planting Act, Water Act, National Environment Act, and Noise Standards and Control Regulations.

It can be noted that laws are not always adhered to and enforced. Institutions and organizations such as the Institute of Corporate Governance Uganda, the National Environmental Management Authority, the Directorate of Ethics and Integrity, the Federation of Ugandan Employers and the Uganda Manufacturers Association, have an important role to play. For example, the government has instituted NEMA to ensure that all business enterprises comply with environmental minimum standards. However, companies have followed the set NEMA guidelines with hesitance and partial resistance. Prior to starting a business venture, companies need to undertake an Environmental Impact Assessment and have NEMA consent to it. Nevertheless politics and company practices have made it challenging for NEMA to enforce its mandate, which in turn has greatly affected the sustainability of business operations from an environmental perspective.

David Katamba's study (2008) revealed that managers in Uganda defined corporate social responsibility as the situation when companies consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as the environment. How companies manage their business processes to produce an overall positive impact on society, considering all stakeholders while making business decisions that manage stakeholder relationships as well as giving back to society and cementing the bond of the company to society through demonstrating the caring heart of the company.

According to the Uganda Bureau of Statistics (2007), there were nearly 26,000 businesses (5 and more people employed) registered in Uganda, 64 % of which employed below 10 people, with only 4 % of the businesses employing more than 50 employees. It is assumed that larger companies are involved in some form of CSR. This is reflected in the following percentage breakdown of interviewed companies: 18 % small companies (5-19 employees), 20 % medium companies (20-100 employees), 32 % large companies (101-500 employees) and 30 % very large companies (over 500 employees).

Uganda companies maintain an ISO 9001 regulations. All companies must cooperate with the National Environmental Management Authority (NEMA) towards environmental protection. The company's approaches and all of its business activities must be with an environmentally responsible attitude and implemented a quality management system with respect to the environment. Customers are increasingly seeking goods to be manufactured in an environmentally and socially responsible manner. Today companies operating in Uganda have realized that the long-term success of its business depends on building a good company reputation in the society.

Many SMEs are not aware that CSR also includes workplace, environment and marketplace aspects. Uganda's economy is largely composed of SMEs employing 70 % of the Ugandan workforce (Ministry of Finance and Economic Development 2007). CSR training thus is required not only be targeted at large companies, but also at small companies. It is recommended to foster exchange and possibly strategic partnerships between SMEs and large companies and to also look at supply chains – as companies can learn from one another and improve their CSR involvement and their profitability. Monitoring and measuring of success: larger companies are doing more market studies and impact studies, but often face problems as they do not have the expertise in measuring the impact of their CSR activities. SMEs face difficulties in measuring their CSR activities. Companies of all sizes indicated that there is a need for simple planning, monitoring, and evaluation systems/tools.

There is low financial commitment to CSR activities by Uganda companies. Ninety percent (90 %) of the responding companies mentioned that they are allocating financial resources towards CSR related activities, with 40 % of respondents spending over a 100 million UGX annually. 6 % do not know how much they spend. Partly companies were hesitant or/and unable to disclose exact financial figures possibly due to tax repercussions and a lack of knowledge of their companies' departments varying CSR budget allocations. It seems that in most companies CSR budgets are assigned towards community activities.

2.4 Corporate Social Responsibility practices

Economic responsibilities lay the foundation of all social obligations and are deeply rooted in the classical doctrine of “business of business is business” as endorsed by noble laureate Milton Friedman (1970). Legal responsibilities are mandatory for corporations as these are prescribed by law. Therefore, corporations have no choice but to comply with these basic “ground rules”

(Carrol, 1979, p. 50). Ethical responsibilities of corporations are additional responsibilities going beyond legal compliance and profit making and include those that firms believe are the right things to do. Ethical responsibility stems from humanistic, religious and moral orientation of corporations (Lantos, 2001). The discretionary responsibilities refer to the voluntary nature of obligations rooted in the altruistic principles that are neither required by law nor are expected by the community. The drive for such responsibilities arises from the reciprocal obligation of giving back to community in exchange of profit and power that businesses receive from society.

A review of the CSR practices reveals that a number of corporations are showing an increased commitment to CSR beyond profit making and compliance with regulation. For example, CARE Bangladesh, Katalyst (funded by DFID, SDC, SIDA and CIDA) and Bangladesh Enterprise Institute (BEI) are working at the forefront of CSR programs in Bangladesh. Katalyst has been developing programs for CSR and have prepared a Corporate Social Audit (CSA) catering to small/medium enterprises. Similarly CARE had initiated successful CSR programs with BATA where the company is using the extensive network of CARE to promote its environmentally-friendly products door-to-door in rural communities. While these initiatives are more discretionary in their nature, they have resulted in the creation of jobs and value-added services to communities which BATA and CARE are showcasing as CSR programs in action (Disu, A., Gary, R.H. 1998).

CSR can encompass a wide variety of tactics, from giving nonprofit organization apportion of a company's profits, to giving away a product or services to a worthy recipient for every sale made. Here are a few of the broad categories of social responsibility businesses are practicing;

2.4.1 Environmental responsibility

One primary focus of CSR is the environment. Businesses, both large and small, have a large carbon foot print. Any steps they can take to reduce those foot prints are considered both good for the company and society as a whole. Examples include everything from curbing pollution to developing clean energy solutions. Socially responsible companies should have a committed program of management, continuous improvement and reporting of their direct and in direct effects on the environment. This marks their contribution to improving the world in which they live, Caspin, (2002). In Uganda, it's a requirement for organization to follow guidelines set out in the national environmental statute (1998) in their pursuit of the environment management. The areas include recycling waste management, water management using renewable energy sources, utilizing reusable resources, creating greener supply chains and using digital technology instead of hand copies, developing buildings according to standards.

Environmental responsibility generally involves reduction in polluting consumption materials and waste can consequently reduce environmental impacts, business organizations can also benefit by reducing waste and energy. In ecological terms these investments are referred to as 'win win 'opportunities good for environment and good for business. This principle was accomplished for a number of years and later in 2002 was recognized in the European commission's 6th Environment Action program. Therefore importance of this aspect of CSR cannot be over looked. This will also enable business organization to affect cost savings in energy bills and pollution cost. There is an ethical debate regarding the use of voluntary measures taken by the organizations versus government imposed regulations (Lantos, G.P. 2001)

Business organizations are trying to look at growing environmental movement impacts on bottom line. Government laws are ineffective inducement for developing strategic changes in

environmental performance for various reasons. Harrison,(1998) describes these reasons as: firstly environmental issues are regulated and viewed in terms of by products produced during the production processes resulting in an 'end of the pipe' reaction; secondly Prevention strategies have to be oriented in order to cope with particular business needs that vary from one country to another according to the legal structure; the final reason that Harrison pointed out is that environmental laws formulated without any input from affected business organizations further in direct relationships between regulators and those affected by them. According to Thornton, Gunningham and Kagan (2005) businesses are prompted by legal and social sanctions. They further proposed that businesses which are not complying with these laws will face negative publicity which may affect stake holders of the business and result in reduced market share and closer monitoring by environmental groups.

2.4.2 Community responsibility

Companies should strive to be good corporate citizen by contributing to community well being, and be able to recognize their responsibility to work in partnership with the communities in which they operate. In their research on CSR in Uganda, Katamba and Gisch-Boie(2008), Identified the top 5 CSR activities in the community in Uganda as education, sponsorship of events related to the company's marketing strategy, health, HIV/AIDS related issues and employee volunteerism. They conclude that community initiatives contribute to sustainable business development and shape the economic future especially if people are healthy and educated, also raising money for local charities, employing people from a community, and supporting economic growth.

2.4.3 Corporate social well being

Well-being or welfare is a general term for the condition of an individual or group, for example their social, economic, psychological, spiritual or medical state; high well-being means that, in some sense, the individual or group's experience is positive, while low well-being is associated with negative happenings (Giboa, Schmeidler, Itzhak, David 2001)

Social well-being is an end state in which basic human needs are met and people are able to coexist peacefully in communities with opportunities for advancement. This end state is characterized by equal access to and delivery of basic needs services (water, food, shelter, and health services), the provision of primary and secondary education, the return or resettlement of those displaced by violent conflict, and the restoration of social fabric and community life. (www.usip.org)

Legal responsibility: a company's legal responsibilities are requirements that are placed on it by law. Next to ensuring that a company is profitable, ensuring that it obeys all laws is the most important responsibility. According to the theories of CSR, legal responsibility can range from securities regulations to labor law, environmental law and even criminal law. (Friedman, M. 1970) As a partial fulfillment of the "social contract" between business and society, firms are expected to pursue their economic missions within the framework of the law. Characteristics of legal responsibilities;

- Perform in a manner consistent with expectations of government and the law.
- Comply with various regulations.
- Be a law abiding corporate citizen.

- Provide goods and services that at least meet legal requirements.

Customer responsibility: a company has a duty to act responsibly towards its customers or else it might ultimately lose business. This can be through providing goods and services whole marked by integrity, quality and care. Customers' rights like rights to safe products, rights to all relevant information about the product should be left to prevail. Ethical advertising should also be put into consideration, (Carly, 2002).

2.4.4 Significance of CSR and limitations/challenges of CSR

2.4.4.1 The benefits for MNCs implementing CSR

Better anticipation and management of an ever-expanding spectrum of risk. Effectively managing social, environmental, legal, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability. Considering the interests of parties concerned about a firm's impact is one way of anticipating and managing risk.

Improved reputation management. Organizations that perform well with regard to CSR can build reputation, while those that perform poorly can damage brand and company value when exposed. This is particularly important for organizations with high-value retail brands, which are often the focus of media, activist and consumer pressure. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. Even for companies that do not have direct retail exposure through brands, their reputation as a supply chain partner -- both good and bad -- for addressing CSR issues can make the difference between a business opportunity positively realized and an uphill climb to respectability.

Enhanced ability to recruit, develop and retain staff. This can be the direct result of pride in the company's products and practices, or of introducing improved human resources practices, such as “family-friendly” policies. It can also be the indirect result of programs and activities that improve employee morale and loyalty. Employees become champions of a company for which they are proud to work.

Improved competitiveness and market positioning. This can result from organizational, process and product differentiation and innovation. Good CSR practices can also lead to better access to new markets. For example, a firm may become certified to environmental and social standards so it can become a supplier to particular retailers.

Enhanced operational efficiencies and cost savings. These flow in particular from improved efficiencies identified through a systematic approach to management that includes continuous improvement. For example, assessing the environmental and energy aspects of an operation can reveal opportunities for turning waste streams into revenue streams (wood chips into particle board, for example) and for system-wide reductions in energy use.

2.4.4.2 Challenges of CSR

Nevertheless, many companies continue to overlook CSR in the supply chain - for example by importing and retailing timber that has been illegally harvested. While governments can impose embargos and penalties on offending companies, the organizations themselves can make a commitment to sustainability by being more discerning in their choice of suppliers.

The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. A key challenge facing business is the need for more reliable indicators of progress in

the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time.

2.4.5 Empirical literature on CRS by MTN Uganda

MTN is one of the very few large companies (with over 500 employees) in Uganda that have dedicated themselves to long term CSR activities. To maximize CSR impact in Uganda's development, it instituted the MTN CSR Foundation. This is the corporate social responsibility arm of MTN Uganda that carries out various charitable projects within the communities where MTN operates. Its mission is to improve the quality of life, through caring partnerships. Launched in 2007, the MTN CSR Foundation is a nonprofit organization engaged in activities of general interest having a philanthropic focus on (a) education including science & technology, (b) music, arts & culture, (c) health and HIV/AIDS, (d) environment, (e) community development and (f) low cost housing through a long-term strategic partnership with Habitat for Humanity. One of the biggest challenges for the MTN CSR Foundation is the monitoring and impact assessment of its CSR activities.

The MTN CSR Foundation invests resources for social redress, thus empowering people by skills transfer, preserving and nurturing their heritage, culture and arts, supporting sports and sports development. The general objective of MTN CSR foundation is to promote an active solidarity between MTN Uganda and the communities within which we operate, take part in activities of general interest having a philanthropic focus education, science & technology, music, arts & culture, health, habitat for humanity and other actions of humanitarian character or in contributing to the promotion or protection of material heritage and national culture.

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MTN Uganda has responded to a call for action against the silent but serious problem of malnutrition among school going children. This is on the backdrop of the rising state of malnutrition in the country. The Bushenyi Nutrition Marathon attracted participants from the Western region including a number of Secondary School students from the region. MTN Uganda sponsored 1000 participants in the 10km and 5km races. This is in line with MTN's commitment to partner with the Government of Uganda in developmental projects.

In 2010, MTN Uganda handed over Medical Endoscopic Equipment worth over UGX 130 million to Mulago hospital. The Endoscopic Equipment was to be used in the Neurosurgery Departments of these hospitals for specialized surgery and treatment of people suffering from Hydrocephalus, an abnormal condition of the brain.

MTN Uganda has a number of sites in biodiversity rich habitats of Rwebisengo swamp, Paraa National Park, Mpanga Forest and Laura Forest. In line with a formal environmental policy, these habitats are safeguarded through a comprehensive online environmental management system being implemented. The programme includes waste minimization, prevention of pollution, management of land, unique flora, forests, water and wildlife. Its primary focus is ensuring a clean and healthy environment for employees, shareholders, customers, contractors, suppliers, communities and other interested stakeholders. MTN Uganda strives to use energy efficiently, recycle whenever possible, use environmentally friendly materials and work co-operatively with partners to enhance common environmental objectives.

2.5 Financial performance

2.5.1 Definition of the concept of performance

The financial performance of firms is a topic of intense academic study because of its direct relationship with company growth and creation of shareholder value. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. (Barnett and Salomon, 2006).

There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt (Schuler and Cording, 2006).

Financial ratios express relationships between financial statement items. Although they provide historical data, management can use ratios to identify internal strengths and weaknesses, and estimate future financial performance. Investors can use ratios to compare companies in the same industry. Ratios are not generally meaningful as standalone numbers, but they are meaningful when compared to historical data and industry averages (Mackey, Mackey and Barney, 2007).

2.5.2 Profitability performance

Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important (Sian S, Roberts C 2006). Profitability is measured with income

and expenses. Income is money generated from the activities of the business. For example, if crops and livestock are produced and sold, income is generated. However, money coming into the business from activities like borrowing money do not create income. This is simply a cash transaction between the business and the lender to generate cash for operating the business or buying assets (Prasad, S., Green, C., & Murinde, V. 2001).

Profitability is measured with an “income statement”. This is essentially a listing of income and expenses during a period of time (usually a year) for the entire business. Information includes - a simple income statement analysis. An Income Statement is traditionally used to measure profitability of the business for the past accounting period. However, a “pro forma income statement” measures projected profitability of the business for the upcoming accounting period (Haber, Jeffrey 2004).

Profitability ratios measure a company’s ability to generate earnings relative to sales, assets and equity. These ratios assess the ability of a company to generate earnings, profits and cash flows relative to relative to some metric, often the amount of money invested. They highlight how effectively the profitability of a company is being managed. Profitability ratios include return on sales, return on investment, return on equity, return on capital employed (ROCE), cash return on capital invested (CROCI), gross profit margin and net profit margin. All of these ratios indicate how well a company is performing at generating profits or revenues relative to a certain metric (IASCF 2007).

Different profitability ratios provide different useful insights into the financial health and performance of a company. For example, gross profit and net profit ratios tell how well the company is managing its expenses. Return on capital employed (ROCE) tells how well the

profit. The higher the return, the more efficient management is in utilizing its asset base. The ROA ratio is calculated by comparing net income to average total assets, and is expressed as a percentage.

Measuring the return on assets (ROA) is a task that every investor must perform in order to determine if the returns generated by a given investment are worth the resources and risk involved with holding those investments. Identifying the ROA associated with a given company is especially important when attempting to determine whether or not to buy stocks issued by that company. Investors will also use this type of measurement to determine if the current returns experienced by holdings already in the investment portfolio are producing at a rate that is equitable in terms of the degree of risk and the cost of owning the assets.

The assets of the company are comprised of both debt and equity. Both of these types of financing are used to fund the operations of the company. The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment. (Meigs, et al 1978) Return on assets gives an indication of the capital intensity of the company, which will depend on the industry. Capital-intensive industries (such as railroads and thermal power plant) will yield a low return on assets, since they must possess such valuable assets to do business. Shoestring operations (such as software companies and personal services firms) will have a high ROA: their required assets are minimal. The number will vary widely across different industries. This is why, when using ROA as a comparative measure, it is best to compare it against a company's previous ROA figures or the ROA of a similar company.

Calculation (formula)

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Calculation (formula)

Return on assets is calculated by dividing a company's net income (usually annual income) by its total assets, and is displayed as a percentage. There are two acceptable ways to calculate return on assets: using total assets on the exact date or average total assets:

$$\text{ROA} = \text{Net Income after tax} / \text{Total assets (or Average Total assets)}$$

Instead of net income, comprehensive income can be used as the formula's numerator (see statement of comprehensive income). The need for investment in current and non-current assets varies greatly among companies. Capital-intensive businesses (with a large investment in fixed assets) are going to be more asset heavy than technology or service businesses. In the case of capital-intensive businesses, which have to carry a relatively large asset base, will calculate their ROA based on a large number in the denominator of this ratio. Conversely, non-capital-intensive businesses (with a small investment in fixed assets) will be generally favored with a relatively high ROA because of a low denominator number (Lavio, Mario 2002)

It is precisely because businesses require different-sized asset bases that investors need to think about how they use the ROA ratio. For the most part, the ROA measurement should be used historically for the company being analyzed. If peer company comparisons are made, it is imperative that the companies being reviewed are similar in product line and business type. Simply being categorized in the same industry will not automatically make a company comparable. Illustrations (as of FY 2005) of the variability of the ROA ratio can be found in such companies as General Electric, 2.3%; Proctor & Gamble, 8.8%; and Microsoft, 18.0% (McCarthy, E.M 2000)

2.5.4 Return on investment

In business, the purpose of the "return on investment" (ROI) metric is to measure, per period, rates of return on money invested in an economic entity in order to decide whether or not to undertake an investment. It is also used as indicator to compare different project investments within a project portfolio. The project with best ROI is prioritized (Lavio, Mario, 2002)

ROI and related metrics provide a snapshot of profitability, adjusted for the size of the investment assets tied up in the enterprise. ROI is often compared to expected (or required) rates of return on money invested. ROI is not net present value-adjusted and most school books describe it with a "Year 0" investment and two to three year's income (Farris, et al 2010).

Return on investment may be calculated in terms other than financial gain. For example, social return on investment (SROI) is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested. It can be used by any entity to evaluate impact on stakeholders, identify ways to improve performance, and enhance the performance of investments (Woodford et al, 2008).

Calculation

For a single-period review, divide the return (net profit) by the resources that were committed (investment):

$$\text{Return on investment (\%)} = (\text{Net profit} / \text{Investment}) \times 100$$

$$\text{Net profit} = \text{gross profit} - \text{expenses.}$$

$$\text{Investment} = \text{stock} + \text{market outstanding} + \text{claims or}$$

Return on investment = (gain from investment – cost of investment) / cost of investment

Complications in calculating ROI can occur when real property is refinanced, or a second mortgage is taken out. Interest on a second, or refinanced, loan may increase, and loan fees may be charged, both of which can reduce the ROI, when the new numbers are used in the ROI equation. There may also be an increase in maintenance costs and property taxes, and an increase in utility rates if the owner of a residential rental or commercial property pays these expenses. Complex calculations may also be required for property bought with an adjustable rate mortgage (ARM) with a variable escalating rate charged annually through the duration of the loan (McCarthy. E.M 2000)

2.5.5 Empirical literature on the financial performance of MTN Uganda

Launched in 1994, the MTN Group is a leading emerging market operator, connecting subscribers in 22 countries in Africa, Asia and the Middle East. The MTN Group is listed on the JSE Securities Exchange in South Africa under the share code: “MTN.” As of 30 September 2013, MTN recorded 203.8 million subscribers across its operations in Afghanistan, Benin, Botswana, Cameroon, Cote d’Ivoire, Cyprus, Ghana, Guinea Bissau, Guinea Republic, Iran, Liberia, Nigeria, Republic of Congo (Congo Brazzaville), Rwanda, South Africa, Sudan, South Sudan, Swaziland, Syria, Uganda, Yemen and Zambia (www.mtn.com).

Launched in 1998, MTN Uganda is the leading communications operator in Uganda, offering Mobile and Fixed telecommunications, Mobile Money Services and Internet Service Provisioning. As of 31 December 2013, MTN Uganda recorded 8.8 million subscribers across Uganda. Performance of MTN since its establishing has been increasingly improving; the year 2012 was a good year for MTN Uganda, in which we increased revenue and EBITDA as well as

data's contribution. This performance was driven by our better management of minutes of use (MOU) per subscriber as well as effective tariffs, after the sharp drop in market rates in 2011. (MTN annual report 2012 retrieved at www.mtn.com)

In a highly competitive environment, with seven network operators, MTN Uganda maintained its leading position in subscriber numbers and market share. By year end, we had 7,7 million subscribers and total market share of 53%, up from 52% in 2011. This was despite a regulatory requirement to register the personal details of all users, which led to a 1% decline in the overall market's subscriber base. By year end, MTN Uganda had registered more than five million subscribers, or around 74% of the base. We continue to actively encourage registration by all users. (www.mtn.com)

Furthermore, there was a notable improvement in the performance and uptake of MTN Mobile Money, with revenue rising 96%, lifting its contribution to annual revenue to 9%. Uganda has been through a sustained period of high inflation, averaging 18,7% in 2011 and 14% in 2012, which has had a significant effect on MTN Uganda. However, we were highly focused on managing operating costs in the year, and managed to limit the increase in costs to 13% in local currency (www.mtn.com).

MTN Uganda's revenue increased by 15.4%, supported by strong data revenue growth. SMS revenue declined 14.6% as customers opted for newer data-driven social media platforms to communicate and as internet browsing increased. This positively impacted mobile data revenue, which increased 57.4%, supported by a simplified data bundles offering and upgraded internet speeds, regional data exhibitions and a strong performance from MTN Mobile Money. MTN

Mobile Money recorded a 51% increase in subscribers and more than 25 million transactions per month (MTN. annual report 2012).

During the last 15 years, MTN has made major investments to its infrastructure in Uganda. MTN Uganda launched the first mobile money service in Uganda with tremendous success, introduced 3G+ and 4G LTE, expanded the mobile distribution foot print, and greatly enhanced the mobile core, radio capacity and infrastructure technology. Furthermore, it extended the fibre network backbone and built regional switching centres in the East, West, North and Central regions. In terms of infrastructure, last year MTN Uganda completed an additional 600km of fibre infrastructure closing the year with 2,800km of fibre to provide the capacity for high speed data connectivity and wider National coverage of 3G+ mobile data services that extend internet access to the rural areas of Uganda. (MTN annual report, 2013)

According to the results, total revenue for MTN Uganda increased by 17.8%, supported by a 51.6% increase in data revenue and 10.9% increase in outgoing voice revenue. SMS revenue declined by 3.5% as customers opted for newer data-driven social media platforms for communication. Data trends were supported by an expanded 3G network, value-added services and enhanced regional Marketing activities. (MTN annual report, 2013)

Considering the 2014 half year financial proceedings, MTN Uganda's EBITDA margin slightly declined by 0,5 (0,5*) percentage points to 35,9%, excluding the profit from the sales of towers, mainly because of an increase in network-related and commission costs. Capex in the year amounted to R553 million, with 117 new 2G sites and 92 co-located 3G sites rolled out, significantly improving quality and capacity on the network (MTN annual report, 2013).

2.6 Relationship between CRS and financial performance of MNC's

2.6.1 Environmental responsibility and financial performance of MNC's

The rationale for being good by doing well may be triggered from the firms' availability of slack resources. Orlitzky et al. (2003) have supported the view of reverse causality from financial performance to organizational behaviour for CSR. In good economic times, the high levels of financial performance may provide the slack resources which are duly required to successfully engage in CSR. Carroll (1979) held that CSR often represents an area of relatively high managerial discretion. The availability of excess funds will determine whether there are voluntary social and environmental policies (McWilliams and Siegel, 2011). It is necessary that the executive leadership and the organizational culture are truly committed to CSR. Arguably, if the firm has recently experienced low profits and has scarcer resources at its disposal, then the firm may not engage itself in CSR activities and investments. On the other hand, if the organization has gone through a period of consistent satisfying results, with good corporate financial performance, the executives may exhibit a sense of obligation to give something back to the community. Waddock and Graves (1997) maintained that corporate social performance (CSP) is dependent on the organizational financial performance.

The scale and nature of the benefits of CSR for an organization can vary depending on the nature of the enterprise, and are difficult to quantify, though there is a large body of literature exhorting business to adopt measures beyond financial ones (e.g., Deming's Fourteen Points, balanced scorecards). Orlitzky, Schmidt, and Rynes (2013) 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.

A few researchers have studied corporate social responsibility in a comparative cross-national context that has important institutional implications. A case in point is Maignan and Ralston's (2002) study of firms in France, the Netherlands, the United Kingdom, and the United States. The fact that they found systematic differences in responses across the four countries suggests that nationally specific political, cultural, and other institutions may have been responsible. For example, variation in these institutions may mediate the degree to which stakeholders can influence managers (Carroll AB, S habana KM. 2010).

Several scholars have developed what has become known as stakeholder theory, which examines whether and why corporations attend to the interests of stakeholders along with their own immediate corporate interests (e.g., Allen, 1992; Freeman, 1984; Mitchell et al., 1997). Stakeholder theory is closely related to the issue of corporate social responsibility to the extent that stakeholder theorists define appropriate and inappropriate corporate behavior in terms of how corporations act vis-a'-vis their stakeholders (Driver & Thompson, 2002: 117).

Promoting environmental efforts will become increasingly important to attract and retain employees and customers. The imminent retirement of the Baby Boomers, the group with the lowest expectations of their employer with regard to the environment, will result in a need to develop strategies to attract and retain groups with a higher tendency to change jobs and hold employers to high standards in terms of development opportunities and their relationship with society (Towers Watson. 2008).

2.6.2 Community responsibility and financial performance of MNC's

It is widely accepted that businesses exist to make money for investors. But should firms voluntarily perform additional functions that benefit other members of society? Scholarship on

corporate social responsibility (CSR) is a broad area of inquiry that attempts to answer this fundamental question. It generally addresses the proper relation between business and society and the extent to which firms have responsibilities beyond the pursuit of their economic self-interest and compliance with the law (Carroll, 1979; Jones, 1980; McWilliams & Siegel, 2001).

In the community issue area where strengths include giving programs, volunteer programs and support for local organizations, firms providing experience services performed quite well. Devoting resources to CSR activities in community relations can bolster reputation, on which firms that are classified in the experience services category typically rely as a form of brand differentiation. Telecom companies, which constitute a large portion of the firms in the experience services category, can also excel in this area of CSR by committing a portion of their commercial loan portfolio to community development initiatives (McWilliams & Siegel, 2001).

Modern theoretical and empirical analyses indicate that firms can strategically engage in socially responsible activities to increase private profits. Given that the firm's stakeholders may value the firm's social efforts, the firm can obtain additional benefits from these activities, including: enhancing the firm's reputation and the ability to generate profits by differentiating its product, the ability to attract more highly qualified personnel or the ability to extract a premium for its products (Werther, W. B., & Chandler, D. 2005)

Aspects of CSR may differ in terms of the amount and type of impact they have on judgments of corporate morality. People generally pay more attention and react more strongly to negative than positive events (Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001). In the context of CSR, a firm's failure to comply with the law or adhere to widely-accepted ethical standards for conduct, such as a serious scandal, will usually draw more attention and have a stronger influence on

people's perceptions than positive discretionary activities, such as philanthropy and community outreach efforts

A major source of disagreement concerns whether and how far beyond "the bottom line" firms should go. Proponents of a narrow economic view of CSR maintain that firms are socially responsible to the extent that they maximize profits while complying with the letter of the law (e.g., Easterbrook & Fischel, 1996; Friedman, 1962; Leavitt, 1958; Sternberg, 1996, 2000). From this perspective, businesses achieve social responsibility through profitability because profitable firms deliver the returns that investors seek, provide paychecks that employees need, and supply the goods and services consumers want (Garriga E, Melé D. 2004).

2.6.3 Corporate wellbeing and financial performance of MNC's

Wellbeing is an issue for multinational companies as it has an impact on the bottom line; for a large organization, the impact of illness is millions of pounds. Investing in wellbeing is not just a nice thing to have; it has a solid impact on profitability (Carroll AB, S habana KM. 2010).

Multinational companies are consciously involved in social welfare undertakings. Through various forms of public service activities, the organizations support the development of science and technology, education, culture, sports and health undertakings, cared for vulnerable groups in society and helped those in distress and poverty. They advocate and encourage employees to foster the volunteering spirit and participate in various forms of voluntary service activities (Carroll, A. 1999)

The well-being of the communities in which multinational companies conduct business is of the utmost importance. Through health and education portfolio programmes, therefore companies aim to ensure that people, especially the most vulnerable and needy, have access to adequate

medical interventions and health care facilities. Interventions range from free eye tests and cataract operations to providing access to basic medical support through mobile medical clinics (Garriga E, Melé D. 2004).

The recent progress of the socially responsible investment (SRI) movement at the domestic and international levels provides evidence that the marketplace is developing both social and environmental criteria and related information to supplement the traditional financial criteria used to make investment decisions. (Sandra Aile and Zymantas Bausys 2013).

Firms typically put a CSR approach in place for more than just economic reasons. In many cases, it is also due to moral principles, belief that it is the right thing to do and concern for the welfare of present and future generations that spur a firm to consider its responsibilities. It is also important to acknowledge that while positive or neutral correlations between social well being and superior financial performance have generally been supported by the evidence, conclusive causal links have not. Many studies are being undertaken, with varying conclusions. Suffice it to say that research is continuing on this issue (Carroll, A. 1999)

CSR is based on the fundamental notion of social and cultural respect for those with whom a firm interacts. Increasingly, multinational firms are recognizing the value of working with local people, communities and businesses to develop business approaches that benefit all concerned. There are opportunities for such collaborations in both urban and rural settings (Friedman, M. 1970).

Policies, strategies and programmes that are associated with social activities can be used to indicate the level of CSR's commitment of an organization. Organizations too, need to meet the customer's demand and expectations. Today, buying behaviour is changing whereby consumers

have increasingly required information and reassurance interests on the environmental and social concerns. As to maintain good relationship and attract more customers, enterprises are taking initiatives to fulfill the demand of providing such information. For instance, eco-labeling is a way of communicating organization's social responsibility to public. Besides, CSR is also concerned with employment, lifelong learning, consultation and participation of workers, equal opportunities and integration of people towards restructuring and industrial change. Employees who feel protected and appreciated will increase their productivity in production and thus, achieving economies of scale (Lantos, G.P. 2001).

Businesses large and small can contribute to social sustainability – to improving local and global social conditions of workers, their families, communities and society at large. There are many social challenges which are barriers to advancing sustainable development, including poverty, unemployment and social exclusion and the social problems related to safety, inequity, health and working circumstances. Businesses can play a role to address these issues by fostering worker and community well-being, generating many intrinsic and financial benefits as a result (Rupal Tyagi 2012)

The obvious social role of business is job creation, wherein business can directly reduce poverty and promote economic and social development through the jobs they create. The result is that more and more firms are incorporating a social events on their day-to-day activities (their direct impacts), and considering social factors in how they affect those with whom they have a relationship (their indirect impacts). (Werther, W. B., & Chandler, D. 2005)

2.7 Chapter summary

The above literature is an exploration of all scholarly materials in relation the study variables that is to say the corporate social responsibility and financial performance. The section fully covered the contextual and conceptual information relation to the study objectives from the global views, continental, country wide and right down to MTN Uganda which was the multinational company under study. The force that bound the study was the fact that stakeholders are becoming more and more concerned about the environmental and social consequences of firms' activities which has aroused great interest among researchers who have analyzed the relationship between CSP and CFP.

2.8 Conclusion

This dissertation seeks to contribute to the existing body of work in this area by examining the extent to which corporate social responsibility contributes to financial performance in multinational companies in Uganda a case study of MTN Uganda.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

According to Oni (2003), research methodology is used to describe all the methods involved in the collection of all information required for a study. This chapter presents the framework under which data collection and processing were carried out. It provides the methodology that was used in carrying out the study in terms of research design, area of study/ study population, sampling procedure, design and sample size, data collection sources, methods and instruments, data processing and analysis, Data quality control, ethical consideration and anticipated limitations of the study.

3.1 Research Design

A case study research design was used with both the descriptive and analytical designs to conduct this research in order to obtain in-depth and valid findings. The descriptive aspect of the study dealt with the identification of the corporate social responsibility and financial performance under the study. The study is descriptive in nature because the study is a comparative analysis of financial performance before and after the establishment of the CSR program.

3.2 Area of the study

The study was conducted at MTN Uganda headquarters located at Hannington road, plot 22, Kampala capital city in the central part of Uganda.

3.3 Study Population

The study population included the board of directors, executive committee, employees in the accounting department and corporate affairs staff of MTN Uganda. The study also covered the accounts and finance department of MTN Uganda for the financial data that was required. The total number of the target population is twenty six (26), comprising of 6 board members, 7 executive members, 7 corporate affairs staff and six accounts and finance department. This cuts across the various departments in the organization concerned with the study such as management, corporate affair department, and finance and accounts department.

3.4 Sampling Technique and Sampling Size

3.3.1 Sampling Technique

A stratified random sampling method and groups of population will be put into sections. The sample was grouped into four strata's including the top management (board), Executive committee, corporate affairs staff and MTN accounts and finance employees. This method was preferred because all the categories of the respondents fall under specific units of operation and were able to give appropriate information. The members, depending on computed minimum sample size was selected using stratified random sampling.

3.3.2 Sampling Size

The researcher selected a sample size of 25 respondents to participate in the exercise. The use of stratified sampling was applied on all respondents. The sample was selected following the Krejcie, Robert V., Morgan, Daryle sample size table.

Table 3. 1: Showing Respondents Category

Category	Population	Sample Size
Top management (board)	6	6
Executive committee	7	6
Corporate affairs staff	7	7
MTN Uganda accounts and finance department	6	6
Total	26	25

Source: Primary Data

3.4 Data Collection Sources and Instruments

The information in the study was gathered from both primary and secondary source of data.

3.4.1 Data Collection

Primary Source. Primary sources of data is defined by Bordens and Abbott (2000), as those data containing the full research report including all details necessary to duplicate the study. Information was collected from the selected respondents in 4 sections using structured questionnaires. Direct interview guides were used in order to capture the financial information from the top management and supervisors. Primary source were used to obtain first hand data from respondents without duplication. The main purpose for collecting data from primary sources were used to guarantee that authenticity of information required was obtained

Secondary Source. The researcher collected information by taking a wide range of the literature by reviewing the financial records of MTN Uganda coupled with various scholars analyzing the objective giving a closer and deep analysis on the study variables where by relevant text books, journals, periodicals, newspapers, magazines and internet sources were used. The main reason for using secondary sources was to supplement the findings for primary data for a comparative analysis of the study findings with the presentations in the existing documents.

3.4.2 Data Collection Instruments

The instruments that were used for the collection of data for the purpose of this study were questionnaires and face to face interviews. The questionnaires contained relevant questions for the purpose of this study. The data obtained from completed questionnaires was analyzed and used.

Face-to-Face Interview. According to Cohen and Manion (1981) an interview is a two way process of conversation initiated by the interviewer for the specific purpose of obtaining through research, relevant information and focus on content specified by research objectives of systematic description or explanation. This method of data collection was used by the researcher to seek information from the respondents through asking questions usually in a face to face situation. It included personal interviewing. The researcher designed an interview guide which was used to collect different views from different respondents who were too busy to fill the questionnaires to evaluate the validity of data. Face to face interviews were mainly conducted with the MTN top management given the fact that their work schedule is too tight. This enabled the researcher to obtain highly reliable and unbiased information on the financial performance.

Self-administered Questionnaires. Comprehensive questionnaires were used to cover all research variables. These contained closed ended and open ended questions which were sent to

target respondents, after they are filled, the researcher collected them. The questions were designed to capture all the aspects of objectives of this study. A questionnaire was considered because it is a good tool for data collection in respect to this study. This was because gave the respondents an opportunity to express themselves without being influenced by the researcher. Another reason for using a self administered questionnaire with both close- and open-ended questions were. to enable the respondents express variations (if any) in their feedback.

3.5 Data collection procedure

Open ended and closed questionnaires were used to collect data. Permission to conduct the research was obtained from relevant authorities and questionnaires were physically distributed to the entire research sample. The researcher assumed participants confidentiality. The Questionnaire was designed in such a way that they cover the scope and objective s of the study.

Interviewing was carried out on respondents who did not get time to answer the questionnaires and those who preferred face to face interviews. They strengthened the findings of results obtained.

3.6 Validity of the Research Instrument

Validity of an instrument is the extent to which the instrument measures the constructs for which it is designed to measure. (Amin, 2005, Bell, 1997). . In this study, the researcher used content validity Index (CVI). To establish the validity of the instruments, they were pre-tested by administering a questionnaire to a smaller sample of expert judges or professionals. These were given the instrument to study and rate the items on the scale of relevant or irrelevant. The researcher computed the content validity index by considering the total number of items rated relevant over the total number of items in the instrument. According to the results of the computation, the CVI was equal to 0.74 and according to Amin (2005), a CVI of 0.7 is the minimum recommended value for an instrument to be valid. Therefore, since the CVI was above

the minimum value recommended, it was declared valid for use in data collection. However, following their suggestions, the instrument was revised and some amendments were made.

$$CVI = K/N$$

Where K = Total number of items in the questionnaire declared valid by raters.

N = Total number of items in the questionnaire

$$20 / 27 = 0.74$$

A pre-test for the questionnaire was conducted on other respondents that are not part of the main research study but with knowledge about research topic. The respondents were asked to respond to the questionnaires and their answers were incorporated to come up with a proper questionnaire.

3.7 Reliability and validity

This tests the extent to which the measuring instrument produces consistent results when it is repeatedly applied at different times under similar condition (Bell, 1997). As recommended, reliability of this study's instruments was ascertained by pre-testing the questionnaires and interview guide in the field. The researcher established the reliability of the questionnaire by using pre-testing. The researcher gave questionnaire guides to the same groups of respondents and re-testing was done.

Cronbach's Alpha	No. of Items
.823	27

According to Pedhazur and Schmelkin (1991), the minimum accepted alpha value is 0.7 and since the reliability coefficient of .823 was above 0.7, this meant that the questionnaire was reliable to use in data collection.

3.8 Data Processing and Analysis

3.8.1 Data Processing

The researcher edited the collected information for completeness and correction of errors, then after cleaning of the data, the researcher entered the information in the computer for analysis by the help of SPSS software. Data was interpreted and summarized in form of simple tables and graphs so that it can easily be used by the researcher for better conclusions.

3.8.2 Data Analysis

Data was analyzed according to the themes of the study guided by research objectives and research questions. The data collected was analyzed using computer programme of Statistical Package for Social Sciences (SPSS standard version 21.0). Frequencies and percentages for different levels of variables were determined. The descriptive approach was used for qualitative forms of data. Analyzed data was presented using tables and other appropriate statistical diagrams as well as photographs. The statistical techniques employed in analyzing data collected in this study are:

- *Tables*

Tables effectively order and summarize the quantitative data. They are used to arrange facts and figures in columns and rows. These facts and figures can be systematically examined. (Ojo, 2005)

- *Percentages*

These are used in translating frequency counts into percentage. These percentages will be used to show the distribution of respondents according to their responses. (Ojo, 2005)

3.9 Ethical considerations

To ensure the protection of the right of the participants, they were informed of the general purpose of the study, rights to confidentiality of the data given to the researcher, and the researcher's availability to answer queries before, during and after data collection. Names of the participants were not disclosed and the participants were asked to voluntarily take part in the study.

3.10 Limitations of the Study

Time constraints. Time has not always been the best ally of man, the time to carry out the research was limited, yet the researcher had some course works at the same time preparing for tests and final examinations therefore, the pressure was so much.

Financial constraints. The financial resources were insufficient to meet all the costs like typing and printing the research work, communication with the supervisor and the necessary movement when gathering the required data, since the research is not funded by any agency.

Some respondents were hesitant to reveal some relevant information to the study in fear that their jobs may be at risk. However, the researcher convinced the respondents that the study is purely for academic purposes only.

CHAPTER FOUR
ANALYSIS AND PRESENTATION OF FINDINGS

4.1 INTRODUCTION

In this chapter the findings from the field are presented, analyzed and interpreted. The themes developed in this chapter have been generated from the questionnaires and the interviews that were conducted with the participants. The interviews were conducted in the participants' offices and departments of work and the questionnaires were distributed to the respondents so that the participants fill them where and when felt comfortable and convenient.

The analysis and interpretation of the data were carried out in the light of the research objectives as set out in Chapter one.

4.1.1 The response rate

A total of 25 questionnaires were distributed to the respondents and surprisingly 20 were returned with valid information, the rest were not filled well while others were not returned on time.

Table 4. 1: The response rate of the study

	Frequency	Percent	Valid Percent	Mean	St deviation
response	20	80.0	80.0	1.2000	.40825
Valid no response	5	20.0	20.0		
Total	25	100.0	100.0		

Source: MTN field data 2014

The respondents who returned were 20 representing 80% while 5 respondents constituting 20% failed to provide information the study required. This implies that the big proportion of the

sample gave the data sought by the researcher. Part of the reason the 20% percent did not respond was that some respondents refused to cooperate in providing all the information that was requested because they were too busy and others lost the questionnaires. This did not affect or reduce the researchers' sample size since the mean of 1.2000 from the corrected questionnaires was positive and greater than 1.0 and the standard deviation was 0.40825 which indicated that the research findings were valid and would fully represent the views of entire MTN CSR Foundation which is the entity responsible for implementing CSR in MTN Uganda.

4.1 Demographic characteristics of the respondents

The researcher considered it appropriate to find out the demographic data of the respondents so as to give a clear focus of the study by providing relevant data concerning corporate social responsibility and financial performance.

Table 4. 2: the department of operation for the respondents

	Frequency	Percent	Valid Percent
top management	3	15.0	15.0
Executive	4	20.0	20.0
corporate affairs	7	35.0	35.0
Valid staff			
accounts	6	30.0	30.0
department			
Total	20	100.0	100.0

Source: MTN field data 2014

The table above 4.2 indicates that 7 respondents representing 35% were from the corporate departments, 6 respondents representing 30% were from the accounts departments, also 4 respondents representing 20% were from the executive, 3 (15%) respondents were from the top management. This implies that the study obtained information from true sources across the entire organization since corporate social responsibility is mainly influenced by decisions from the executive and top management while the CSR activities are conducted and implemented by the corporate affairs staff where as the financial benefits are registered and monitored from the accounting department

4.2 Corporate social Responsibility Practices in MTN Uganda.

The first objective of the study was to establish the corporate social responsibility practices carried out by MTN CSR Foundation in MTN Uganda. The findings were presented according to the three core corporate social responsibility approaches that is to say environmental social responsibility, community responsibility and corporate social wellbeing.

4.2.1 Environmental responsibility practices

This study was interested in establishing whether MTN Uganda carries out environmental social responsibility as part of the corporate social responsibility practices under the MTN CSR foundation as embedded in its objectives. The findings are presented in table 4.3 below;

Table 4. 3: Shows the environmental responsibility practices carried out by MTN Uganda.

	5 (freq) %	4 (freq) %	3 (freq) %	2 (freq) %	1 (freq) %	Mean	Std deviation
The company has got an effective environmental social responsibility policy	(2) 10.0	(11) 55.0	(2) 10.0	(4) 20.0	(1) 5.0	3.4500	1.09904
The company has got a committed programme of management and improvement on the environment	(3) 15	(11) 55	0	(4) 20.0	(2) 10.0	3.6500	1.08942
The company properly disposes its waste through recycling and utilizing the reusable resources	(7) 35.0	(5) 25.0	(4) 20.0	(2) 10.0	(2) 10.0	3.6500	1.34849
The company has put in place measures to reduce on pollution of the environment	(5) 25.0	(4) 20.	(5) 25.0	(4) 20.0	(2) 10.0	3.3000	1.34164
The company cooperates with other parties on environmentally beneficial projects	(7) 35.0	(7) 35.0	(3) 15	(2) 10.0	(1) 5.0	3.8500	1.18210
The employees are oriented and trained in matters related environmental responsibility	(7) 35.0	(10) 50.0	(3) 15	0	0	4.2000	.69585

The company complies with the environmental standards	(4) 20.0	(13) 65.0	(2) 10.0	(1) 5.0	0	4.000 0	.72548
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Source: MTN field data 2014

The findings from the table 4.3 above shows that 11 (55%) of the respondents agreed that MTN Uganda has got an effective environmental social responsibility policy, 2 (10%) of the respondents strongly agreed, 3 (15%) were not sure, 4 (20%) disagreed whereas 1 (5%) strongly disagreed. These findings indicates that majority of the respondents (55% and 10%) agreed that MTN Uganda had an effective environmental social responsibility policy however the minority of the respondents most especially from the accounting department where not sure and others disagreed. The mean (3.4500), this implies that MTN Uganda has got an effective environmental social responsibility policy. However there is lack of knowledge about the policy among some employees about how MTN Uganda holds to environmental responsibility as manifested in the questionnaires. This is attributed to lack of commitment by some respondents in filling questionnaires which was a challenge by the researcher during the study. With the 35% of respondents disagreeing, it means that MTN Uganda through MTN CSR foundation should incorporate this policy for all the employees to know and understand but this did not affect the validity of the findings.

Findings from table 4.3 above also indicates that 11 (55%) of the respondents agreed that MTN company has got a committed programme of management and improvement on the environment, 3 (15%) strongly agreed, none of the respondents was not sure, 4 (20%) of the respondents disagreed while 2 (10%) of the respondents strongly disagreed. This indicated that majority of the respondents (55% and 15%) supported that fact that MTN has got a committed programme of management and improvement on the environment which is further supported by the mean

(3.6500) this implies that MTN Uganda is operating the an environment management and improvement programme. However 30% of the respondents who disagreed gave issues regarding the poor commitment and mobilization by the organization for all its employees in that CSR staff and the top management are the only knowledgeable on the CSR activities yet meeting the values and goals is a responsibility of every employee in the company.

Findings also from table 4.3 shows that 7 respondents representing 35% strongly agreed that MTN Uganda properly disposes its waste through recycling and utilizing the reusable resources 5 (25%) of the respondents agreed, 4 (20%) of the respondents agreed, 2 (10%) of the respondents were not sure, also 2 (10%) respondents disagreed while 2 (10%) strongly disagreed. The mean is 3.6500, this implies that majority of the respondents supported the view that MTN Uganda properly disposes its wastes through recycling and utilization of reusable resources. With the environmental responsibilities, MTN Uganda has strived to reduce the size of airtime cards with as stripe which used to contain a single airtime card before the introduction of CSR foundation being sub divided into 10 cards, the packaging used is also environmental friendly with biodegradable materials being used. In terms of reusable resources, MTN Uganda ensures that the airtime cards have a prolonged expiry date. With 40% of the respondents disagreeing that MTN properly disposes its wastes through recycling, the researcher approached these respondent and through a face to face discussion, they argued that although MTN is striving to recycle the wastes, the company has never taken any effort to sensitize the general public on how they can recycle the cards or providing bins in public places to collect the used cards for recycling. Other respondents in support of their ignorance mentioned that the airtime cards and other materials used in MTN Uganda are actually imported from abroad for instance the airtime cards are imported from South Africa and once the cards are used, they have no other

use and the company takes no responsibility to warn the public about the dangers of the materials to the environment especially the silver coat.

From the table 4.3 above, findings shows that 7 (35%) of the respondents strongly agreed and also 7 (35%) agreed that MTN Uganda cooperates with other parties on environmentally beneficial projects 15% were not sure, 2 (10%) disagreed while 1 (5%) strongly disagreed. This indicates that majority (70%) of the respondents agreed that MTN cooperates with other parties on environmentally beneficial projects with evidence from NEMA, NFA and KCCA. The mean is 3.3000; this implies that MTN is concerned about environment sustainability in its region of operations which makes the organisation to cooperate with other environmental protection stakeholders. However, also a reasonable percentage (30%) disagreed indicating that MTN has to put in more efforts in sensitizing employees about such policies in place had reasons relating to the facts that MTN Uganda has never met with other any environmental authority to discuss issues on the environment protection project.

Table 4.3 also indicate that 7 (35%) of the respondents strongly agreed that MTN employees are oriented and trained in matters related environmental responsibility, 10 (50%) agreed while 3(15%) were not sure. The mean is 4.2000, this implies that MTN Uganda first and foremost trains its employees in matters relating to environmental responsibility before they reach out to the communities so that they become exemplary and pioneers to the organizations efforts to protect the environment. With 15% of the respondents not being sure, the researcher approached the respondents to inquire. It was justified that these respondents were had not participated in any of the environmental training conducted by the company.

4.2.2 Community responsibility

Table 4. 4: Findings on community social responsibility

	5 (freq) %	4 (freq) %	3 (freq) %	2 (freq) %	1 (freq) %	Mean	Std deviation
The company has got an effective community responsibility policy and programmes	(9) 45.0	(7) 35.0	(1) 5.0	0	(3) 15.0	3.9500	1.39454
The company contributes and recognize their responsibility in working with communities	(7) 35.0	(11) 55.0	0	(2) 10.0	0	4.1500	.87509
The company sponsors and supports some community events as part of its community responsibility	(5) 25.0	(11) 55.0	(4) 20.0	0	0	4.0500	.68633
The company sometime recruits volunteers in their operations	(2) 10.0	(10) 50.0	(5) 25.0	(1) 5.0	(2) 10.0	3.4500	1.09904

Source: MTN field data 2014

Finding in table 4.4 above shows that 45% of the respondents strongly agreed and 35% agreed that the company has got an effective community responsibility policy and programmes 5%disagreed and strongly disagreed respectively. The mean of 3.9500 implies that MTN Uganda has got an effective community responsibility policy and programmes, for instance provision of water, MTN marathon for Bududa and Karamoja. The justification for 20% of the respondents not having knowledge on the effectiveness of the community responsibility policy was that 4 of

the respondents were mainly from the accounting department and they had never participated in any field activity on to measure the peoples' perceptions and achievements on the ground.

Findings in the table 4.4 indicate that 35% strongly agreed and 55% agreed respectively that the company contributes and recognize their responsibility in working with communities where as 10% of the respondents disagreed. The mean is 4.1500 which implies that MTN Uganda contributes and recognize their responsibility in working with communities, Findings show that 25% of the respondents strongly agreed and 55% agreed that the company sponsors and supports some community events as part of its community responsibility were are 20% were not sure. From the discussion during the period of data collection with some of the respondents concern was raised on the way the community projects are selected whereby they focus on certain groups of people in the community, for example Bududa marathon, and the upcoming Karamoja run among others do not necessarily benefits all the community members and customers of MTN Uganda.

The findings also shows that 10% strongly agreed and 50% of the respondents agreed that MTN Uganda sometimes recruits volunteers in their operations, 25% were not sure, 5% disagreed while 10% strongly disagreed. The mean of 3.4500 reveals that MTN Uganda recruits volunteers to operate the corporate projects. The explanation for the 40% of the disagreeing was that these respondents had not been part of the field activities whereby MTN obtains representatives from schools, local leaders for example during the schools rehabilitation, the company meets with the school leaders and they obtain a volunteer from the teachers to take care of the projects and the company only carry out monitoring and evaluation after completion on the project.

With evidence from the interview held with one executive of the CSR foundation, he argued that;

“MTN Uganda recruits volunteers to conduct grass root community responsibility activities on behalf of the company”

4.2.3 Corporate social well being

Table 4. 5: Findings on corporate social well being

	5 (freq) %	4 (freq) %	3 (freq) %	2 (freq) %	1 (freq) %	Mean	Std deviation
The company has go an effective a corporate wellbeing policy in place	(7) 35.0	(11) 55.0	(2) 10.0	0	0	4.2500	.63867
The company has got health undertaking for the people in Uganda	(11) 55.0	(6) 30.0	(1) 5.0	(1) 5.0	(1) 5.0	4.2500	1.11803
The company supports education programmes and information technology facilities in Uganda	(7) 35.0	(10) 50.0	(1) 5.0	(1) 5.0	(1) 5.0	4.0500	1.05006
The company supports sports and cultural activities in Uganda	(6) 30.0	(7) 35.0	(3) 15.0	(2) 10.0	(2) 10.0	3.6500	1.30888

Source: primary data 2014

Findings in table 4.5 shows that 35% of the respondent strongly agreed and 55% agreed that MTN company has go an effective a corporate wellbeing policy in place where as 10% were not sure. The mean of 4.2500 implies that MTN Uganda has an effective corporate wellbeing policy in place as part of its CSR practices

Findings also indicate that 55% of the respondent strongly agreed and 30% agreed that MTN company has got health undertaking for the people in Uganda, 5% were not sure, 5% disagreed also 5% strongly disagreed. The mean of 4.2500 implies that MTN Uganda has got a health undertaking for people of Uganda.

The findings shows that 35% of the respondents strongly agreed and 50% agreed that MTN Uganda supports education programmes and information technology facilities in Uganda, 5% were not sure, 5% disagreed while 5% disagreed and 5% also strongly disagreed. The mean is 4.0500 which imply that MTN Uganda provides and support education programmes in Uganda since education is MTN Group's core priority area, and other investments seek to reinforce education objectives.

Lastly, the findings also indicate that MTN Uganda supports sports and cultural activities in Uganda as the findings showed that 30% strongly agreed and 30% agreed, 15% were not sure whereas 10% and 10% disagreed and strongly disagreed to the statement that MTN supports cultural and sports activities. The mean is 3.6500 which imply that MTN Uganda supports sports and cultural activities in Uganda.

From an interview with the corporate manager he justified that;-

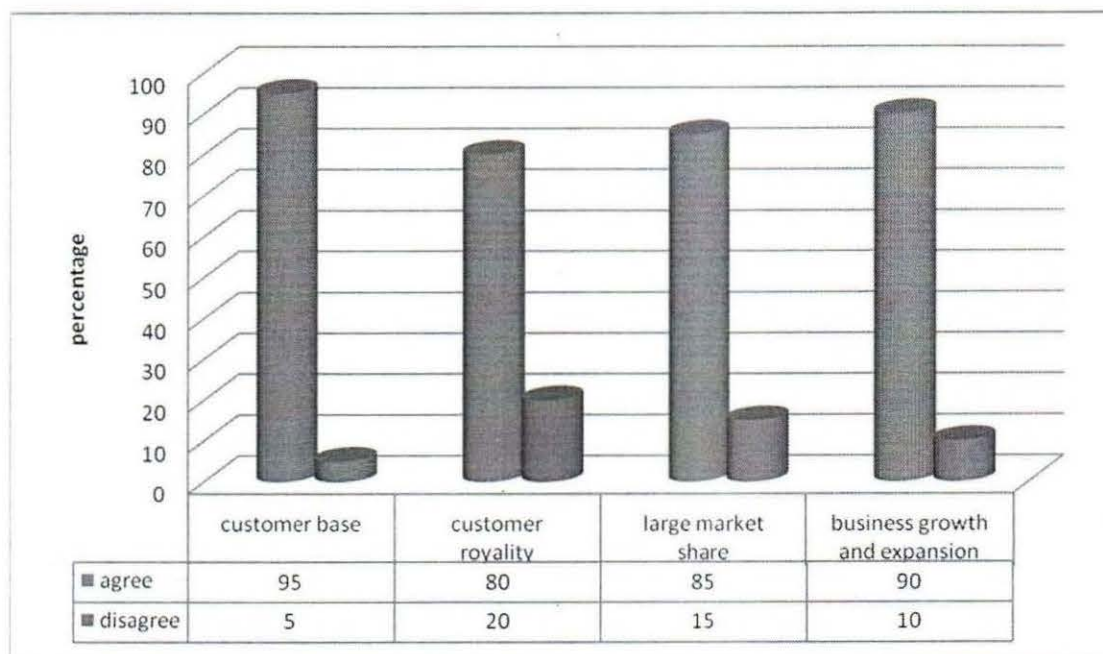
"MTN is the official sponsor of the Uganda cranes a national football team of Uganda"

4.2.4 Benefits of corporate social responsibility to MTN Uganda

Having analyzed the various CSR activities carried out by MTN the researcher inquired from the respondents to indicate their views on how MTN Company is benefiting from the CSR activities.

The results are presented in the figure below.

Figure 4. 2: Benefits of corporate social responsibility to MTN Uganda



Source: MTN field data 2014

The findings in the figure 4.2 above shows that 19 (95%) of the respondents agreed that corporate social responsibility has increased the customer base for MTN Uganda, while 1 (5%) respondent disagreed. This confirms that the various CSR activities carried out by MTN Uganda Have enabled the company to obtain its large customers base which is valid as the company has got the largest customer base in Uganda over its fellow telecommunication competitors such as Airtel, UTL Among others. This has led to increased financial performance of MTN Uganda.

The findings also indicated that 16 (80%) of the respondents agreed that CSR activities have led to increased customer loyalty where as 4 (20%) of the respondents disagreed. This implies that the vast CSR activities provided by MTN Uganda is a strong force behind the organization’s increasing customer loyalty which ensures continued customer support thus stabilizing and increasing the financial performance of the organization.

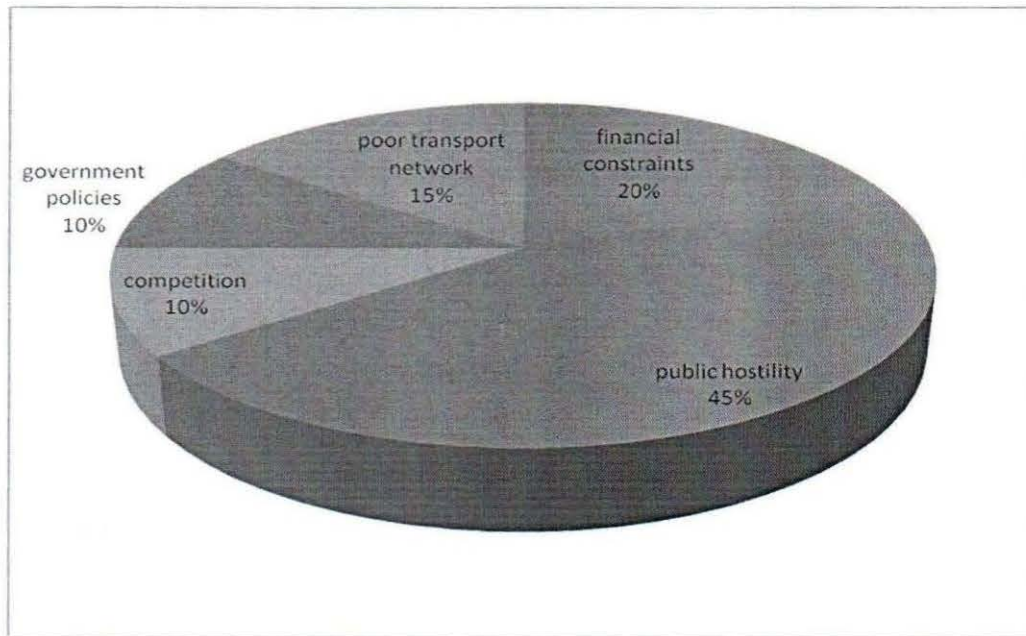
The findings in the figure 4.2 above also show that 85% of the respondents agreed that MTN's CSR program has enlarged the market share of the company in Uganda while 15% of the respondent disagreed. This implies that one of the major benefits of the CSR activities conducted under the MTN CSR foundation is the large market base as customers always view these activities as community cash backs hence they influence all their friends and families to join the MTN network, increasing the financial performance of MTN Uganda.

Lastly, figure 4.2 indicates that 18 (90%) of the respondents agreed that CSR activities in MTN Uganda had resulted into business growth and expansion while 2 (10%) of the respondents disagreed. This implies that since CSR activities have helped MTN to build reputation, and good brand image, the company's value has increased hence increasing its coverage across the entire country and continent thus contributing to its financial performance.

4.2.5 The main challenges faced by MTN Uganda in carrying out corporate social responsibility activities.

The study sought to establish the challenges that MTN Uganda faces while executing the corporate social responsibility activities. The findings are presented in the figure below.

Figure 4. 3: Challenges faced by MTN Uganda in carrying out corporate social responsibility activities.



Source: MTN field data 2014

Findings in figure 4.3 above indicated that 9 (45%) of the respondents mentioned public hostility as a challenge towards corporate social responsibility. The respondents expressed that the public perception is negative as in many areas that the initiated projects lack community support and continuity, poor public perception that the company has robbed the nation of so much and therefore efforts are not appreciated as much is expected from it.

Findings in figure 4.3 above show that 4 (20%) mentioned financial constraints especially from the stake holders as the interview held with the accounts staff indicated that only 1% of the organization's profits after tax is being allocated for the MTN CSR foundation yet the CSR activities are much more finance intensive in form of teaching materials, funding environmental protection, multiple community needs, planting trees and piped water supply, 15% respondents

mentioned poor transport network since this limits the mobility and accessibility of the CSR activities in the local areas. This challenge was witnessed in the Karamoja water project.

Figure 4.3 also shows that 10% of the respondents mentioned government policies on corporate social responsibility are a big challenge especially due to political interference and lack of government cooperation. The findings further indicate that competition is also a limiting factor toward CSR as many multinational companies tend to shift the competition in the market to the numerous social areas of interest. This implies that MTN Uganda is faced with a number of challenges in its execution for CSR activities. But the major challenges include public hostility, financial constraints, poor transport network and stiff competition

4.2.6 Measures to overcome the challenges faced in CSR

The study also sought to assess the whether there are measures that can be used to overcome the challenges limiting MTN foundation from achieve its CSR goals and objectives. The findings are presented in the table below.

Table 4. 6: Measures to overcome the challenges faced in CSR

		Frequency	Percent	Valid Percent
Valid	Sensitization	4	20.0	20.0
	lobbying for government cooperation	6	30.0	30.0
	joint cooperation from all stakeholders	4	20.0	20.0
	financial support from international organizations	6	30.0	30.0
	Total	20	100.0	100.0

Source: MTN field data 2014

Findings in the table 4.6 above indicates that 6 (30%) of the respondents mentioned that MTN should try to lobby for government cooperation and subsidization of the project activities, 6 (30%) of the respondents mentioned that in order to overcome the financial constraints in the smooth running of MTN foundation, the Company should solicit for support from local and international development and environmental partners. 4 representing 20% of the respondents suggested that there is need to sensitize the public so as to encourage full support and involvement of the community members in the project activities. Findings also indicate that 4 (20%) of the respondents suggested that MTN Uganda in order to overcome the challenges in the foundation needs joint cooperation from all the stakeholders.

This implies that despite the existing challenges in the MTN CSR foundation which have limited the achievement of its corporate social responsibilities, a number of measures can be adopted to offset them and foster successful benefits of the CSR programme. The major measures should include soliciting for support from local and international development and environmental partners, sensitizing the public so as to encourage full support and involvement of the community members and joint cooperation from all the stakeholders.

4.3 Findings on financial performance of MTN Uganda before and after the introduction of CSR.

The researcher sought to establish the financial performance of MTN Uganda in relation to the profitability performance, return on assets and return on investment.

Table 4. 7: The findings on the financial performance

	5 (freq) %	4 (freq) %	3 (freq) %	2 (freq) %	1 (freq) %	Mean	Std deviation
Profitability performance							
MTN Uganda has been making profits	(8) 40.0	(9) 45.0	(2) 10.0	(1) 5.0	0	4.2000	.83351
MTN Uganda's profits improved in the periods 2005 – 2006 before CSR foundation.	(6) 30.0	(9) 45.0	(4) 20.0	(1) 5.0	0	4.0000	.85840
MTN Uganda's profits improved after MTN CSR Foundation.	(5) 25.0	(7) 35.0	(2) 10.0	(4) 20.0	(2) 10.0	3.4500	1.35627
Return on assets							
MTN Uganda's assets have increased	(9) 45.0	(8) 40.0	(1) 5.0	(1) 5.0	(1) 5.0	4.1500	1.08942
MTN Uganda's return on assets improved after the creation of MTN CSR Foundation	(6) 30.0	(6) 30.0	(2) 10.0	(3) 15.0	(3) 15.0	3.4500	1.46808
MTN Uganda's return on assets improved before the creation of MTN CSR Foundation	(6) 30.0	(6) 30.0	(4) 20.0	(2) 10.0	(2) 10.0	3.6000	1.31389
Return on investment							
MTN Uganda's has increased on its investment	(7) 35.0	(8) 40.0	(5) 25.0	0	0	4.1000	.78807

MTN Uganda's return on investment improved after the creation of MTN CSR Foundation	(8) 40.0	(5) 25.0	(5) 25.0	(1) 5.0	(1) 5.0	3.9000	1.16529
MTN Uganda's return on investment improved before the creation of MTN CSR Foundation	(9) 45.0	(5) 25.0	(4) 20.0	(1) 5.0	(1) 5.0	4.0000	1.16980

Source: MTN field data

Findings in the table above 4.7 indicate that (8)40% of the respondents strongly agreed that MTN Uganda has been making profits, (9) 45% agreed, (2) 10% of the respondents were not sure while (1) 5% disagreed. The descriptive statistics also indicate that the mean of the results is 4.2000 which imply that majority of the respondents (40% and 45%), supported that MTN as a multinational company is making profits as the mean was positive and greater than one. Thus MTN Uganda has got a positive financial performance in terms of profitability from the company's CSR activities.

The findings also show that (6) 30% of the respondents strongly agreed that MTN Uganda's profits improved in the periods 2005 – 2006 before CSR foundation, (9) 45% agreed, (4) 20% were not sure while (1) 5%. This information is true since some of the respondents were new employees. The descriptive statistics indicate that the mean is 4.0000 indicates that MTN Uganda was reaping huge sums of money even before the introduction of the CSR foundation.

Findings in table 4.7 above also show that 25% of the respondents strongly agreed that MTN Uganda's profits improved after MTN CSR foundation, 35% of the respondents agreed, 10% were not sure while 20% disagreed. The descriptive statistics indicate that the mean of the results

is 3.4500 imply that respondents (25% and 35%) agreed that the profits of MTN Uganda have slightly increased after the introduction of MTN foundation. This collaborates with the evidence that increased by customers have increase by 9, 8% to 8 million, between 2007-2013 notwithstanding ongoing subscriber registration programmes in a number of markets. Subscriber growth was supported by competitive segmented offerings and improved community responsibility and social wellbeing in many markets and this is further justified by the mean decreasing and the standard deviation increasing

The study findings show that 45% of the respondents strongly agreed that MTN Uganda's assets have increased, 40% of the respondents agreed, 5% of the respondents were not sure, also 5% of the respondents disagreed while 5% of the respondents strongly disagreed. The descriptive statistics in the table shows that the mean is 4.1500 imply that majority of the respondents (45% and 40%) of the respondents supported that there was an increase in the assets of MTN Uganda. This is supplemented by the existing expansion of the organization and establishing offices all over Uganda such as masts, service centers, and authorized dealership. From the company's annual reports of the reviewed years it is also cleared indicated and may be the 15% disagreeing have not taken time to review them or they did not interpret well the records.

4.4 Findings on relationship between CSR and financial performance of MTN Uganda

The researcher also attested for the relationship between corporate social responsibility and the financial performance of MTN Uganda. The findings are presented in the table below.

Table 4. 8: The findings on the relationship between corporate social responsibility and financial performance

Environmental responsibility and financial performance	5 (freq) %	4 (freq) %	3 (freq) %	2 (freq) %	1 (freq) %	Mean	Std deviation
Environmental responsibility has improved on profitability performance of MTN Uganda	(10) 50.0	(5) 25.0	(1) 5.0	(2) 10.0	(2) 10.0	3.950	1.3945
Environmental responsibility has improved on return on assets of MTN Uganda	(8) 40.0	(5) 25.0	(3) 15.0	(3) 15.0	(1) 5.0	3.8000	1.28145
Environmental responsibility has improved on return on investment of MTN Uganda	(9) 45.0	(4) 20.0	(1) 5.0	(2) 10.0	(4) 20.0	3.6000	1.63514
Community responsibility and financial performance							
Community responsibility has improved on profitability performance of MTN Uganda	(4) 20.0	(9) 45.0	(4) 20.0	0	(3) 15.0	3.5500	1.27630
Community responsibility has improved on return on assets of MTN Uganda	(3) 15.0	(8) 40.0	(2) 10.0	(4) 20.0	(3) 15.0	3.2000	1.36111
Community responsibility has improved on return on investment of MTN Uganda	(2) 10.0	(8) 40.0	(4)	(4)	(2)	3.2000	1.19649

			20.0	20.0	10.0		
Corporate wellbeing and financial performance							
Corporate wellbeing has improved on profitability performance of MTN Uganda	(8) 40.0	(5) 25.0	(2) 10.0	(3) 15.0	(2) 10.0	3.7000	1.41793
Corporate wellbeing has improved on return on assets of MTN Uganda	(2) 10.0	(7) 35.0	(2) 10.0	(3) 15.0	(6) 30.0	2.8000	1.47256
Corporate wellbeing has improved on return on investment of MTN Uganda	(1) 5.0	(10) 55.0	0	(4) 20.0	(4) 20.0	3.0500	1.35627
Corporate social responsibility has increased on the costs of operation of MTN Uganda	(9) 45.0	(6) 30.0	(2) 10.0	(2) 10.0	(1) 5.0	4.0000	1.21395

Source: MTN field data

The findings in the table 4.8 above indicate that 50% of the respondents strongly agreed that environmental responsibility has improved on profitability performance of MTN Uganda, 25% agreed, 10% were not sure whereas 10% and 5% is agreed and strongly disagreed respectively. The mean of 3.950 imply that to a large extent environmental responsibility contributes to the profitability of MTN Uganda given that the majority of the respondents supported the statement. The disagreeing respondents can be attributed to the fact that most benefits of CSR are intangible which is always hard to relate to performance.

Table 4.8 shows that 40% of the respondents strongly agreed that Environmental responsibility has improved on return on assets of MTN Uganda, 25% agreed, 15% were not sure, also 15%

were disagreed while 5% strongly disagreed. The mean of the results is 3.8000 imply that majority of the respondents (40% and 25%) who agreed that Environmental responsibility has improved on return on assets of MTN Uganda and the positive mean confirms that the establishment of environmental responsibility has improved on return on assets of MTN Uganda. The 35% not agreeing with this also relates to lack of information which is embedded in MTN group annual reports which are not easy to interpret.

Finding in the table above also indicates that 45% of the respondents strongly agreed that environmental responsibility has improved on return on investment of MTN Uganda, 20% agreed, 5% were not sure while 10% and 20% disagreed and strongly disagreed respectively. The mean is 3.6000 which imply the investing in environmental responsibility has improved the rate of return on assets of MTN Uganda since majority of the respondents agreed to this.

Findings from 20% of the respondents strongly agreed that community responsibility has improved on profitability performance of MTN Uganda 45% of the respondents agreed, 20% of the respondents were not sure where as 15% strongly disagreed, the mean of the results is 3.5500 implying that majority of the respondents (20% and 45%) agreed that community responsibility has improved on profitability performance of MTN Uganda.

Findings in table 4.8 shows that 15% of the respondents strongly agreed that community responsibility has improved on return on assets of MTN Uganda, 40% agreed, 10% were not sure while 20% and 15% disagreed and strongly disagreed respectively. The findings also show that 10% of the respondents strongly agreed and 40% agreed that community responsibility has improved on return on investment of MTN Uganda, 20% were not sure, where as 20% and 10%

disagreed and strongly disagreed respectively. The mean of 3.2000 imply that the contribution of community responsibility towards return on assets and investment is moderate.

Findings in table 4.8 shows that 40% strongly agreed and 25% agreed that corporate wellbeing has improved on profitability performance of MTN Uganda, 10% were not sure, 15% disagreed where as 10% strongly disagreed. From table 4.8, 10% of the respondents strongly agreed and 35% agreed that corporate wellbeing has improved on return on assets of MTN Uganda, 10% of the respondents were not sure while 15% and 30% disagreed and strongly disagreed respectively. The finds also shows that 5% of the respondents strongly agreed and 55% agreed that corporate wellbeing has improved on return on investment of MTN Uganda where as 20% disagreed and strongly disagreed respectively.

Lastly, table 4.8 shows that 45% of the respondents strongly agreed and 30% agreed that corporate social responsibility has increased on the costs of operation of MTN Uganda, 10%, 10% and 5% of the respondents were not sure, disagreed and strongly disagreed respectively. The mean of the results is 4.0000 which imply that corporate social responsibility increases the cost of operation for MTN Uganda. The 25% not agreeing to this simply may not be aware of the volumes of money MTN invests in CSR activities annually which show a gradual increase yearly and is deducted from profits after tax.

4.5 Correlations

The significance of the relationships between the elements of corporate social responsibility and financial performance was further scrutinized using 2-tailed (Bivariate) the Pearson correlation.

4.5.1: Correlations of the findings on environmental responsibility on profitability, returns on assets and investment.

The findings on the significance between environmental responsibility and financial performance in terms of profitability, returns on assets and investment are presented in the table below;

Table 4. 9: Correlations of the findings on environmental responsibility on profitability, returns on assets and investment

		the company has got an effective environment social responsibility policy	environmental responsibility has improved on the profitability of MTN Uganda	environmental responsibility has improved the return on assets for MTN Uganda	environmental responsibility has improved the return on investments for MTN Uganda
the company has got an effective environment social responsibility policy	Pearson Correlation	1	.290	.815**	.428
	Sig. (2-tailed)		.215	.000	.060
	N	20	20	20	20
environmental responsibility has improved on the profitability of MTN Uganda	Pearson Correlation	.290	1	.377	.198
	Sig. (2-tailed)	.215		.101	.401
	N	20	20	20	20

environmental responsibility has improved the return on assets for MTN Uganda	Pearson Correlation	.815**	.377	1	.638**
	Sig. (2-tailed)	.000	.101		.002
	N	20	20	20	20
Environmental responsibility has improved the return on investments for MTN Uganda	Pearson Correlation	.428	.198	.638**	1
	Sig. (2-tailed)	.060	.401	.002	
	N	20	20	20	20
** . Correlation is significant at the 0.01 level (2-tailed).					

Source: MTN field data

Table above 4.9 indicates that the correlation between the existing environmental responsibility in MTN Uganda and profitability of the company is $0.290 > 0.01 < 0.25$. Thus there is a strongly positive significance between environmental social responsibility of environment social responsibility and the profitability of the organization.

Findings indicate that Pearson correlation between environmental responsibility and return of assets is 0.815 and the 2-tailed correlation is 0.00 which is less than 0.01. This indicates that there is no relationship between environmental responsibility and assets which proves that investing in environmental responsibility neither decreases nor increases the organization's assets since the invested resources go to the public but the correlation is positive indicating that

the organization can benefit in the long run in terms of good cooperate image, customer loyalty and commitment which may improve the organizations financial performance.

Findings in the table 4.9 above shows that the existence of an environmental responsibility policy in MTN Uganda has significantly improved the return on investments for MTN Uganda. This is shown by the positive correlation of $.428 > 0.1$ and a 2-tailed correlation of $.060$ being greater than 0.01

4.5.2 Correlations of the findings on community responsibility on profitability, returns on assets and investment

Table 4. 10: Correlations of the findings on community responsibility on profitability, returns on assets and investment

		the company has got an effective community responsibility policy and programmes	community responsibility has improved on the profitability of MTN Uganda	community responsibility has improved the return on assets for MTN Uganda	community responsibility has improved the return on investments for MTN Uganda
the company has got an effective community responsibility policy and programmes	Pearson Correlation	1	-.516*	.810**	.606**
	Sig. (2-tailed)		.020	.000	.005
	N	20	20	20	20

community responsibility has improved on the profitability of MTN Uganda	Pearson Correlation	-.516*	1	-.370	-.283
	Sig. (2-tailed)	.020		.109	.227
	N	20	20	20	20
community responsibility has improved the return on assets for MTN Uganda	Pearson Correlation	.810**	-.370	1	.653**
	Sig. (2-tailed)	.000	.109		.002
	N	20	20	20	20
community responsibility has improved the return on investments for MTN Uganda	Pearson Correlation	.606**	-.283	.653**	1
	Sig. (2-tailed)	.005	.227	.002	
	N	20	20	20	20

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.10 above indicates that Pearson's correlation between the existing community responsibility in MTN Uganda and profitability of the company is $-0.516 < 0.01$. The negative correlation justifies the findings in the interview that the financial resources reinvested community responsibility are deducted from the organization's profits after tax. While the 2-tailed correlation (0.02) is positive at $0.01 > 0.02 < 0.05$. This implies that there is significance between community responsibility and the profitability of the organization since the community responsibility activities increase customer support thus more profits are obtained by the organization.

Findings indicates that Pearson correlation between community responsibility and return of assets is $0.812 > 0.5$ and the 2-tailed correlation (0.000) is $0.05 > 0.00 < 0.01$. This indicates that there is no relationship between community responsibility and return on assets. This is so because assets established by the community responsibility and MTN foundation are fully provided and owned by the public but MTN benefit in terms of good corporate image and continued customer support thus community responsibility positively impacts on the organization's assets

Findings in the table 4.10 above shows that the community responsibility policy used in MTN Uganda has a positive relationship between return on investments for MTN Uganda presented by Pearson correlation of 0.606. But the relationship is not significant as the 2-tailed correlation (0.005) which is $0.05 > 0.005 < 0.01$.

4.5.3 Correlations of the findings on corporate social wellbeing on profitability, return on assets and return on investment.

Table 4. 11: Correlations of the findings on corporate social wellbeing on profitability, return on assets and return on investment

	the company has got an effective cooperate wellbeing policy in place	corporate wellbeing has improved on the profitability of MTN Uganda	corporate wellbeing has improved the return on assets for MTN Uganda	corporate wellbeing has improved the return on investments for MTN Uganda
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the company has got an effective corporate wellbeing policy in place	Pearson Correlation	1	-.436	-.056	-.319
	Sig. (2-tailed)		.055	.815	.170
	N	20	20	20	20
corporate wellbeing has improved on the profitability of MTN Uganda	Pearson Correlation	-.436	1	.650**	.911**
	Sig. (2-tailed)	.055		.002	.000
	N	20	20	20	20
corporate wellbeing has improved the return on assets for MTN Uganda	Pearson Correlation	-.056	.650**	1	.690**
	Sig. (2-tailed)	.815	.002		.001
	N	20	20	20	20
corporate wellbeing has improved the return on investments for MTN Uganda	Pearson Correlation	-.319	.911**	.690**	1
	Sig. (2-tailed)	.170	.000	.001	
	N	20	20	20	20
Corporate social responsibility has increased on the costs of operation of MTN Uganda	Pearson Correlation	-.475*	.948**	.677**	.863**
	Sig. (2-tailed)	.034	.000	.001	.000
	N	20	20	20	20

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Source: MTN field data 2014

The table 4.11 above, indicate that the correlation between responses on whether MTN has got an effective corporate wellbeing policy in place and whether corporate wellbeing has improved on the profitability of MTN Uganda is -0.436 showing that the impact is negative since the funding of such activities is from the company profits after tax.

A 2-tailed correlation of 0.055 ($0.05 < 0.055 > 0.01$) implies that the corporate social wellbeing strategies used by MTN have a strongly significant impact on the profitability of the organization. Findings indicates that Pearson correlation between corporate well-being responsibility and return on assets is $0.812 > 0.5$ and the 2-tailed correlation (0.000) is $0.05 > 0.00 < 0.01$. This indicates that there is a fairly positive relationship between corporate well-being responsibility and return on assets. This is so because assets and facilities established by the corporate well-being responsibility and MTN CSR foundation are fully provided and owned by the public thus corporate well-being responsibility neither decreases nor increases the organization's assets

Findings in the table 4.11 above shows that the corporate well-being responsibility policy used in MTN Uganda has a positive relationship between return on investments for MTN Uganda presented by Pearson correlation of 0.606. But the relationship is not significant as the 2-tailed correlation (0.005) which is $0.05 > 0.005 < 0.01$.

4.6 Analysis of secondary data

Data obtained from secondary sources mainly include MTN group annual reports on their website where MTN Uganda is shown as an operational area although its data is not given straight and even some years not given is analyzed herein.

Table 4.12 showing data from MTN annual reports

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR
Revenue	917,000,000	868,000,000	1,063,000,000	2,032,000,000				2,481,000,000	3,296,000,000	4,467,000,000
EBITDA	453,000,000	434,000,000	654,000,000	1,008,000,000				856,000,000	1,762,000,000	1,603,000,000
Profit after tax (PAT)	199,000,000	187,000,000	358,000,000	365,000,000					1,335,000,000	1,057,000,000
EBITDA Margin %	49.5			50		44	45	35	36	36
CAPEX	129,000,000	123,000,000		490,000,000				651,000,000	435,000,000	553,000,000
CAPEX/Revenue %	27	27		24		34	21	26	13	12
Total Assets					3,239,000,000	3,851,000,000	2,546,000,000	4,291,000,000	4,090,000,000	4,426,000,000
Return on Assets					21	19	21	23	23	20
Return on Investment					26	20	20	25	23	25
Amount spent on CSR	907,000	740,000	1,034,000						13,350,000	10,570,000
CSR % of PAT	0.4	0.4	0.3	1	1	1	1	1	1	1

Source: MTN group annual statements 2013, 2012, 2011, 2007, 2006, 2005, 2004

From table 4.12 above, MTN Uganda shows steady increase in profit after tax for the clearly reported years both before and after MTN CSR foundation was launched in Uganda while for CSR funding before the foundation, it shows no clear formula that used to be based on.

For return on assets and investment, the reports have not been utilized as most components for calculating the results are missing only to be given the figures of 2008-2013.

Return on assets for the given period reflects 19-23% range which is relatively stable and therefore MTN reaps from the assets. Return on Assets shows how much earnings result from use assets the company controls. Return on Assets ratio gives an idea of how efficient management is at using its assets to generate profit.

Return on investment for the given period 2008-2013, shows positive results with a range of +/- 3% which means MTN Uganda's investments yield profits.

4.7 Conclusion

The above chapter presents a qualitative and quantitative analysis of the findings gathered from the questionnaires and interviews. The results are further interpreted and discussed to generate a clear meanings and understating of the study variables.

CHAPTER FIVE

DISCUSSION, SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussions of the findings, summary, conclusions and recommendations of the entire research. It tends to briefly revisit what was set out to be achieved as previously stated in chapter one of this study. It also introduces in few paragraphs of what has been done in the previous chapters. It provided a smooth ground into the findings and recommendation.

5.2 Summary of finding

This section shows what was discovered in line with the various objectives that were set for the study.

Findings on the corporate social responsibility practices that influence financial performance of MTN Uganda.

The study findings revealed that there are mainly three CRS practices and these included environmental responsibility, community responsibility and corporate social wellbeing. Among the environmental responsibility practice, includes disposal of wastes, recycling and utilization of reusable resources. With the environmental responsibilities, MTN Uganda has strived to reduce the size of airtime cards, reservation of forests like in western Uganda and MTN Uganda ensures that the airtime cards have a prolonged expiry date, for community responsibility, MTN is facilitating schools, hospitals, road networks among others where as on corporate social wellbeing MTN Uganda has strived to provide the need communities with basic needs such as clothes, food and shelter through the proceeding of the MTN marathon –Budunda and Karamoja

Findings on the relationship between environmental social responsibility and financial performance of MTN Uganda.

The finding indicated that (70%) of the respondents agreed that MTN cooperates with other parties on environmentally beneficial projects with evidence from NEMA, NFA and KCCA. Therefore this implies that MTN Uganda is concerned about environment sustainability in its region of operations which makes the organisation to cooperate with other environmental protection stakeholders.

Findings from secondly source indicate that MTN continued to work to reduce environmental emissions from its sites, by further exploring alternative and renewable power supplies. It built on recent gains in East Africa, where in 2009 MTN rolled out a centralized fuel management system, making it easier to forecast necessary deliveries and monitor fuel use. The business also established hybrid stations with some reliance on solar power which means that surplus power at night is used to recharge batteries, and less power is then used during the day.

The study findings confirmed that although profits, return on assets and return on investments as measures of financial performance were increasing before the introduction of the environmental responsibility, under the MTN CSR foundation with environmental responsibility practice, has boosted the organization's financial performance. The 2-tailed significance was positive which confirmed that there is a positive relationship between environmental social responsibility and financial performance.

Findings on the effect of community responsibility on the financial performance of MTN Uganda.

The study findings revealed that 80% of the respondents supported that MTN Uganda has got an effective community responsibility policy and programmes with activities, like provision of water, MTN marathon for Bududa and Karamoja.

In 2006 although MTN had not formally established a foundation to mitigate its CSR initiatives, it continued to focus on programmes to enhance the quality of life of the communities in which it operated. MTN co-partnered with Habitat for Humanity to provide low cost housing for the rural underprivileged, building 20 houses. The launch of the MTN Village Phone project in partnership with the Grameen Foundation USA rapidly increased teledensity in rural areas, offering connectivity to poorer communities.

The findings revealed that MTN Uganda has got an effective community responsibility policy and programmes, for instance provision of water, MTN marathon for Bududa and Karamoja (mean 3.9500) and MTN Uganda contributes and recognize their responsibility in working with communities (mean=4.1500) hence community responsibility has led to the increase of financial performance in terms of profits although from the analysis's other factors are given that contribute to the increase in profits such as customer base, service efficiency.

Findings on the role of corporate social wellbeing on the financial performance of MTN Uganda.

Findings in revealed that 90% of the respondents agreed that MTN company has go an effective a corporate wellbeing policy in place which was confirmed by the mean of 4.2500. qualitative data confirmed that surely the company is practicing corporate social well being for instance in

2006, MTN Uganda built a science laboratory for a school in Kiboga district enabling more than 100 learners to participate in training workshops for catering, tailoring, arts and crafts. MTN Uganda also constructed three school blocks for a school in Jinja, eastern Uganda. The project formed part of MTN's deliberate strategy of partnering with communities in creating sustainable development. In particular, access to digital content and online educational material is uncommon. MTN Uganda has facilitated the rollout of the Microsoft pathfinder school e-learning platform across the country, adding content on the platform and donating connectivity solutions. MTN has also established an e-learning platform as a means of creating access to quality and up to- date education material for both teachers and students in secondary schools, particularly in rural areas. At the end of 2012, MTN Uganda had supported 26 schools.

Findings showed that majority (65%) of the respondents agreed that corporate social wellbeing has improved on profitability performance of MTN Uganda, 45% agreed that corporate wellbeing has improved on return on assets of MTN Uganda, while 60% of the respondents agreed that corporate wellbeing has improved on return on investment of MTN Uganda. This confirmed that corporate social well being plays a significant role in improving the company's financial performance.

5.3 Discussion of the findings

Findings on the relationship between environmental social responsibility and financial performance of MTN Uganda.

The findings revealed that MTN Uganda holds to environmental responsibility as a pillar in the objectives fore set in the MTN foundation for CSR, involving an environment management and improvement programme and also being concerned about environment sustainability in its region of operations which makes the organisation to cooperate with other environmental protection

stakeholders. This approves that MTN Uganda is operating according to the Uganda National Environmental Statute (1998) which is a requirement for an organization in Uganda to follow guide lines set out in the statute in pursuit of the environment management. The areas include recycling waste management, water management using renewable energy sources and using digital technology instead of hand copies, developing buildings according to standards. From the above information of the national environmental statute (1998) of Uganda, MTN Uganda has followed the guidelines outlined for all business organizations operating in such as, using digital technology, developing buildings according to standards. This means that MTN Uganda is concerned with the wellbeing of the environment where it operates whereby it uses environmental friendly materials which reduce the pollution of the environment.

Findings on the effect of community responsibility on the financial performance of MTN Uganda.

The findings from the regression analysis revealed that a correlation between the existing community responsibility in MTN Uganda and profitability of the company is -0.516. The negative correlation justifies the findings in the interview that the financial resources reinvested community responsibility are deducted from the organization's profits after tax . the findings also affirmed that there is significance between community responsibility and the profitability of the organization since the community responsibility activities increases customer support thus more profits are obtained by the organization.

The study findings disprove the assertions by (Demsetz, 1968; Stigler, 1968) on transaction cost analysis (e.g., North, 1990; Williamson, 1985), that to some people the idea of corporations acting in socially responsible ways would seem silly. If the *raison d'être* for corporations is to maximize profit and shareholder value as best they can, then it stands to reason that

corporations will do whatever it takes to achieve this goal perhaps even if that includes acting in socially irresponsible ways if they believe that they can get away with it. Indeed, whole fields of economic inquiry, such as the study of economic regulation.

Findings on the role of corporate social wellbeing on the financial performance of MTN Uganda.

The findings revealed that MTN Uganda has a health and education undertaking as part of community responsibility and social wellbeing under the MTN CSR foundation. This is further confirmed by the Medical Endoscopic Equipment worth over UGX 130 million handed to Mulago Hospital in 2010. According to the report from Release ON 7/30/2010, the MTN Foundation hands over Medical Equipment to Mulago Hospital. The Endoscopic Equipment used in the Neurosurgery Departments of these hospitals for specialized surgery and treatment of people suffering from Hydrocephalus, an abnormal condition of the brain. Endoscopic Medical Equipment to Mulago's Neurosurgery Department, MTN CEO Themba Khumalo said, "As MTN, we are committed to improving the well being of the communities in which we operate, and we are proud to support our communities through partnerships that improve the health care of our people."

The findings are complete confirmations with the assertion by Orlitzky, M., et al (2003) that effectively managing social, environmental, legal, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the quality of services and overall market stability.

5.4 Conclusion

The concept of CSR has become more and more common in business practices and customers today almost expect companies to be socially responsible. Even though CSR is very important for companies, it has historically not been a very lucrative approach for them to involve in these activities. The business of the 21-st century will have no choice but to implement CSR. Like any successful management strategy, a CSR process needs both high level management vision and support, and all levels of the company.

In today's competitive market especially in telecommunication industry, CSR offer an opportunity for companies to explore other areas of improving profitability given the fact that customers have become very sophisticated and very much aware of their environment against the perception that corporate organizations make a lot of profits, it becomes imperative for these companies to put back into the society through corporate social responsibility. Even though the benefits from CSR are over a long period of time, it is such that it gives a lot more intangible benefits to the organizations that improve their performance. Such benefits include customer loyalty, brand image, improved corporate image, market share and community presence.

However, most CSR benefits cannot be quantified in monetary terms but translates into improving the profits, ROA and ROI of the organization over time. CSR is capital intensive and needs an extensive programme backed by executive support to roll out various CSR programmes. Small and medium enterprises are unable to engage in such ventures due to factors already indicated in the study such as long return on investments, lack of commitment from the executive and the expertise to implement such programmes.

Basing on the study findings, the researcher confirms that in reality multinational corporations face numerous challenges while conducting CRS activities and obligations in an age of

increasing economic globalization but the most frequently sounding factor is governments adopted neoliberal policies, notably deregulation, which are premised on the belief that institutional constraints on corporations tend to undermine competition, market efficiency, and ultimately economic performance.

MTN Uganda indeed practices CSR although it does not give immediate results and has gone a step further to establish MTN CSR foundation a division that is mandated to plan, develop, partner and implement CSR programmes in various identified areas as priority in the environment and societies MTN Uganda is operating.

5.5 Recommendations

This section recommends measures to be considered by academia, corporate organization and stakeholders as well as customers so long as corporate social responsibility is concerned.

CSR deserves greater attention and more commitment from corporate organizations in that it guarantees other benefits other than just profits, return on assets and investment. This will provide an opportunity to the corporate world to think out of the box and explore other potentially viable areas to improve the company financial portfolio..

CSR projects should be well structured and implemented to have maximum impact. This would enhance the well-being of the beneficiaries. From the study it revealed that some customers or inhabitants of a community are not aware of any CSR programme ongoing. Mostly they are unable to connect with the results of the programme.

The researcher recommends MTN Uganda to liaise with community authorities to identify areas or opportunities available to them to better the lives of the people through the provision of some social amenities. This will go a long way to improve the general living standards of the people.

Corporate organizations should intensify efforts to educate the public on their primary responsibilities, various commitments to other stakeholders and operational/financial limitations. By doing so, the public will begin to show understanding and appreciation of the efforts and contributions of such organizations.

Corporate organizations should also involve the community in the planning, formulation, implementation and evaluation of CSR projects. This will eliminate stakeholder conflicts that may arise in some societies.

The researcher calls upon various stakeholders including environment activists, consumer rights protectors, government and international bodies to join hands in the development strategic trends and operating principles for sustainable performance and development through corporate social responsibility.

5.4 Suggestions for further research

- There is an urgent need to investigate the role of corporate social responsibility in increasing public safety awareness.
- A research can be conducted to examine the factors limiting organizations from carrying out corporate social responsibility.

- A study can be undertaken to assess whether CSR can be a business strategy for companies to achieve corporate targets and objectives such as competitiveness in market or market share.
- For academic and industry discussions, further study should be conducted to establish the real value in monetary terms how much CSRs contribute to the organizations profitability.
- Also further research should be conducted to quantify how much or to what degree these CSR programmes have impacted on the society and its corresponding value generation for the company.

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APPENDICES

Appendix I Questionnaire

Kyambogo University

Research Questionnaire

Dear Sir/Madam,

This questionnaire is aimed at data collection on the **Corporate Social Responsibility In Multinational Companies and Financial Performance**. It is aimed at carrying out research work in partial fulfillment of the requirements for the award of Master’s Degree in Business Administration. Please, kindly complete this questionnaire as honestly and carefully as you can and be assured that information provided will solely be used for this research.

Thank you for your co-operation.

Section A:

Instruction: Please tick (✓) the correct answers from the options provided below.

1. Gender
 Male Female
2. Marital status
 Single Married
 Divorced Widowed
3. Age of respondents
 18-25 26-35
 36-45 45 and above
4. How long have you been with MTN Uganda?
 1 – 4 years 6 – 10
 5 – 6 years Above 10
5. Respondents’ department
 Top management (Board)
 Executive
 Corporate affairs staff
 Accounts department MTN

Section B: Corporate Social Responsibility

Kindly indicate the extent to which you agree or disagree to the following statement in regard to MTN Uganda Corporate Social Responsibility using the scale - **5: SA-Strongly Agree; 4: Agree-A; 3: Not sure; 2: D- Disagree; 1: SD- Strongly Disagree**

Objective i) Corporate Social Responsibility practices in MTN Uganda

i) Environment responsibility

	Statement/variable	5:SA	4:A	3:NS	2: DA	1:SDA
6	The company has got an effective environmental social responsibility policy					

7	The company has got a committed programme of management and improvement on the environment					
8.	The company properly disposes its waste through recycling and utilizing the reusable resources					
9.	The company has put in place measures to reduce on pollution of the environment					
10	The company cooperates with other parties on environmentally beneficial projects					
11	The employees are oriented and trained in matters related environmental responsibility					
12	The company complies with the environmental standards					

13. Please name the main environmental responsibilities undertaken by the company?

ii) Community responsibility

	Statement/variable	5:SA	4:A	3:NS	2: DA	1:SDA
14	The company has got an effective community responsibility policy and programmes					
15	The company contributes and recognize their responsibility in working with communities					
16	The company sponsors and supports some community events as part of its community responsibility					
17	The company sometime recruits volunteers in their operations					

18. Please list the main community responsibility activities undertaken by the company.

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.....
.....

iii) Corporate wellbeing

	Statement/variable	5:SA	4:A	3:NS	2: DA	1:SDA
19	The company has go an effective a corporate wellbeing policy in place					
20	The company has got health undertaking for the people in Uganda					
21	The company supports education programmes and information technology facilities in Uganda					
22	The company supports sports and cultural activities in Uganda					

23. What other benefits has the company realized in carrying out corporate social responsibility activities?

- Large Customer Base () business growth and expansion ()
 Large market share () customer loyalty ()

24. What are the main challenges faced by MTN Uganda in carrying out corporate social responsibility activities? Please kindly list them.

25. In your own opinion, suggest measures that can be put in place to overcome the above challenges?

Section C: Financial performance

Kindly indicate the extent to which you agree or disagree to the following statement in regard to performance of MTN Uganda using the scale - **5: SA-Strongly Agree; 4: Agree-A; 3:Not sure; 2:D- Disagree; 1:SD- Strongly Disagree**

i) Profitability performance

	Statement/variable	5:SA	4:A	3:NS	2: DA	1:SDA
26	MTN Uganda has been making profits					
27	MTN Uganda’s profits improved in the periods 2005 – 2006 before CSR foundation.					
28	MTN Uganda’s profits improved after MTN CSR Foundation.					

ii) Return on assets

	Statement/variable	5:SA	4:A	3:NS	2: DA	1:SDA
29	MTN Uganda’s assets have increased					
30	MTN Uganda’s return on assets improved after the creation of MTN CSR Foundation					
31	MTN Uganda’s return on assets improved before the creation of MTN CSR Foundation					

iii) Return on investment

	Statement/variable	5:SA	4:A	3:NS	2: DA	1:SDA
32	MTN Uganda’s has increased on its investment					
33	MTN Uganda’s return on investment improved after the creation of MTN CSR Foundation					
34	MTN Uganda’s return on investment improved before the creation of MTN CSR Foundation					

35. In your own view what factors have led to the trend of financial performance of MTN Uganda

36. In your own view suggest measures should be put in place to improve on the performance of MTN Uganda?

Section D: Relationship between corporate social responsibilities and finance performance

Kindly indicate the extent to which you agree or disagree to the following statement in regard to performance of MTN Uganda using the scale - **5: SA-Strongly Agree; 4: Agree-A; 3:Not sure; 2:D- Disagree; 1:SD- Strongly disagree**

Objective ii) Relationship between environmental responsibility and financial performance

	Statement/variable	5:SA	4:A	3:NS	2: DA	1:SDA
37	Environmental responsibility has improved on profitability performance of MTN Uganda					
38	Environmental responsibility has improved on return on assets of MTN Uganda					
39	Environmental responsibility has improved on return on investment of MTN Uganda					

Objective iii) Relationship between community responsibility and financial performance

40	Community responsibility has improved on profitability performance of MTN Uganda					
41	Community responsibility has improved on return on investment of MTN Uganda					
42	Community responsibility has improved on return on investment of MTN Uganda					

Objective iv) Relationship between corporate social wellbeing and financial performance

43	Corporate wellbeing has improved on profitability performance of MTN Uganda					
44	Corporate wellbeing has improved on return on assets of MTN Uganda					
45	Corporate wellbeing has improved on return on investment of MTN Uganda					
46	Corporate social responsibility has increased on the costs of operation of MTN Uganda					

47. What other factors affect the financial performance of MTN Uganda? Please kindly list them.

End
Thanks for Your Time and Cooperation

Appendix ii: Interview Guide

Kyambogo University

Interview Guide for Key Informants

Dear Sir/Madam,

This interview guide is aimed at data collection on the **Corporate Social Responsibility In Multinational Companies and how it Impacts on Financial Performance**. It is aimed at carrying out research work in partial fulfillment of the requirements for the award of Master's Degree in Business Administration.

Thank you for your co-operation.

1. In your opinion, does MTN Uganda align Corporate Social Responsibility with Financial priorities?

- Yes
- No

2. Is CSR part of the Company's annual budget?

- Yes
- No

3. What percentage of the budget is allocated to CSR?

.....

4. What has been the trend of CSR funding for the following years?

Year	2005	2006	2007	2008	2009
CSR funds					

5. What financial achievements has the MTN CSR foundation gained as far as in vesting in the community social wellbeing?

6. Has MTN Uganda obtained increased returns in investment and assets after the establishment of the CSR community development projects?

7. How is the country benefiting from environment social responsibility programmes by MTN?

The End

Appendix iii: Sample size table

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note:

“N” is population size

“S” is sample size.

Krejcie, Robert V., Morgan, Daryle W., “Determining Sample Size for Research Activities”, Educational and Psychological Measurement, 1970.