

Corporate Social Responsibility as Tool of Strategic Advertising in Telecommunication Companies of Rwanda

Mudaheranwa Benjamin¹, Vincent Konadu Tawiah², Maniriho Emmy Arsonval³

¹Ph.D Scholar Institute of Management, MMU Mullana – Ambala (Haryana)

²M.Com, University of Mysore

³MBA in Airline and Airport Management –Bharathiar University

Abstract: Companies can no longer achieve economic prosperity without impacting on the life of all the stakeholders and agents. In an attempt to touch the lives of majority of stakeholders and agents if not the whole, companies undertake corporate social responsibility been it voluntary or mandatory. Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business, is a competitive tool the Rwanda telecommunication companies are using to build the positive blind image in mind of customers . This study is to bring out the various CSR activities of telecommunication companies of Rwanda and its impact on the country's growth. The study is based on secondary data, the information collected from different books, journals and magazines The MTN Foundation, the wing of MTN responsible for CSR activities of the company focus on three key areas namely economic empowerment, education and health in impacting lives of stakeholders of Rwanda. Airtel's, main area of CSR activities is education for the elevation of poverty while Tigo is into social works such as orphanage support and education. From the study it was found out that, all the telecommunication has a common objective of eradicating poverty and raising standard of living of stakeholders through education and other activities. The government of Rwanda has also been very supportive to these companies in their achievement in CSR activities. The ministry of education as well as health ministry has good partnership with the companies in realizing the country's vision 2020 of knowledge economy. CSR activities of Telecommunication companies in Rwanda are not just voluntary actions of the companies but a necessary condition for the achievement of the country vision 2020.

Keywords: corporate social responsibility, Telecommunication, Advertising.

1. INTRODUCTION

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 as stakeholders. The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed [1]. The World Business Council for Sustainable Development (WBCSD) define Corporate Social Responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time [2]. The scope of CSR is much broader than charitable activities, philanthropy and community involvement. It embraces business practices, including environmental management systems, human resource policy and strategic investment for a sustainable future. Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the Concept of sustainable development to the company's level [4]. According to European Commission being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing "more" into human capital, the environment and the relations with stakeholders [6]. CSR is also influenced by the ethics of the firm or organizations.

Corporate social responsibility helps the companies to promote social network. For the decades, it has been seen that corporate social responsibility was voluntary works to some companies, but now due to rapid industrialization and competition, every business, small or big need to have corporate social responsibility policy in place .It has become a communication channel between customers and companies . Corporate social responsibility it is all about achieving long results and business continuity.

The growing usage of telecommunication in the world makes it imperative for its companies to undertake CSR to touch the lives of the many from which they derive their economic prosperity. The hottest argument on CSR activities of telecommunication companies is whether the CSR is just an advertising tool to achieve competitive advantage or companies really care about society and giving back. Whatever be the point of the argument, the underlying fact still holds which is the positive impact of the CSR activities on the stakeholders.

Ethical motivation can guide the business or organization to do the right thing without any external pressure or governmental constrain. Contended that people believe businesses are amoral, when in fact they generally embrace the values of ethics in doing business [7]. A business only contributes fully to a society if it is highly efficient, highly profitable and has socially responsible agenda [8].

2. OBJECTIVES OF THE STUDY

- To identify the various Corporate Social Responsibilities, if any of Rwanda telecommunication companies
- To find out the impact of corporate social responsibility of telecommunication companies of Rwanda on the country.

3. RESEARCH METHODOLOGY

Data Collection

The study is descriptive in nature. The information collected from different books, journals and magazines.

Sampling

The companies were selected (MTN Rwandacell, TIGO and AIRTEL based on Report Prepared by Regulatory Authority Report on Statistics and tariff information in Telecom Sector as of June 2013.

4. PROFILE OF RWANDA TELECOMMUNICATION BUSINESS

The telecommunications sector was liberalized in 2001, and the number of companies providing telephone and Internet services increased from one, the state-run Rwandatel, to 10 in 2012.

Rwanda's mobile subscriber numbers now stand at 6.8 million – up on the 6.59 million at the end of last year out of **12, 012, 589 population of Rwanda (July 2013)**

According to the Rwanda Utilities Regulatory Authority (RURA), the number of active mobile subscribers in Rwanda is 6, 800, 506 – a penetration of 64.5%. MTN Rwanda cell has

been serving since 1998 and had the biggest share of the market by end February, with over 3.547 million (52%), followed by Tigo Rwanda, with over 2.248 million (33%) and Airtel Rwanda, with 1.004 million (15%).

5. ABOUT MTN RWANDA

MTN is a global telecommunications company and world-class cellular network with operations in 21 countries in Africa, Asia and the Middle East. In Rwanda MTN has been serving since 1998. With more than 50% market share and more than 475, 000 on MTN 'Mobile Money' MTN Rwanda continues to expand its network to offer new and innovative packages and services.

6. CORPORATE SOCIAL RESPONSIBILITY IN RWANDA BY M TN

The MTN Foundation is the vehicle through which MTN implements its Corporate Social Responsibility programme. The foundation was created with a focus on giving back to society and "Impacting the quality of lives in our communities" in a meaningful way. The foundation is passionate about MTN Rwanda's vision to positively impact lives in communities therefore they intervene through projects in three key areas, namely: Economic Empowerment, Health, and Education. By focusing on these 3 key areas, MTN has been able to concentrate on basic needs and design projects that empower people, are sustainable and have maximum impact.

In Rwanda, MTN has supported and promoted the development of sports and local musicians and still continues to support all kinds of arts. Ex '2012 Peace Cup' soccer tournament was worth Rwf51.4 million. "Our brand has evolved with locally produced music. The success of local music is now synonymous with the MTN brand. The annual 'Salax Music Awards', which recognizes the achievement of local artists is sponsored by MTN. Our brand ambassadors are local musicians. The models featured in all our brand campaigns are proudly Rwandan, " Ms. Makolo added, working as "Chief Marketing Officer, MTN Rwandacell Limited" MTN has also put a smile on many by supporting Corporate Social Responsibility (CSR) and community activities. MTN Foundation, the CSR vehicle of MTN Rwanda enjoys 100 percent funding from MTN Rwanda, through 1 percent of profit after tax allocation of the company. With about 300 employees, MTN is one of the biggest employers in the country. Through the company's distribution channels the company is still creating numerous jobs and is registered among the largest taxpayers in Rwanda. Recently, MTN Rwanda employees in partnership with Fair construction have constructed a classroom at Remera public primary school in 21 days, which will be converted to a computer laboratory fully equipped by the MTN staff. The initiative which was dubbed "21days of Yello care", was unique in the sense that

all the expenditures were paid for by the company's employees. Over the years, MTN has also been involved in other social activities such as the contribution of Frw 400 million for flood victims, education through building of schools, environment by planting of trees, sports and culture [9].

7. ABOUT AIRTEL

Airtel, a leading telecommunication operator in India and parts of Africa has about 15% market share of Rwanda market representing 1.004 million subscribers. Airtel was launched in Kigali on the 30th March 2012 as Airtel Rwanda Limited offering its wide range of innovative products in Rwanda [10].

Corporate Social Responsibility in Rwanda by Airtel

The role of education in eradicating poverty cannot be understated. Education is perhaps a child's strongest barrier to poverty. The power of an education continues to provide benefits to subsequent generations as educated adults tend to marry later in life, have healthier children, be more productive at work, receive better pay in the workplace and generally enjoy greater health. It is common for rural youth - especially girls - to drop out or be forced to travel far away from their homes in order to attend school, in Africa. The existing schools are overcrowded and poorly furnished. Historically, in Africa, education has only been available in the cities and larger towns and there's still a long way to go before that imbalance is redressed. Alongside "affordability" and "innovation", "community" is central to Airtel's philosophy of "empowering people – our employees, our customers and communities – to achieve, liberating them and giving them the freedom to take control and meet life's daily challenges".

In Rwanda AIRTEL have selected the first school which is in bad condition and are currently working with the ministry of education to formalize the adoption. About Ecole Primaire Nyirurukobwa- Bugesera District This school, located in Bugesera District, about 35 minutes' drive out from Kigali city, was established in 1979 by the Ministry of education. It is a government owned public school. It has an enrolment of 771 students. It has 10 teachers fully salaried by the government. After a visit by the Airtel team, refurbishments of the buildings i.e. the roof, classroom walls, provision of water and repairs and netball play area has been done. This has been planned for the first phase of the initiative. The next phase will involve the provision of other scholastic materials such as library books, school uniforms, shoes and teaching aids. [11].

8. ABOUT TIGO

TIGO is a Multi National Telecommunications Company with over 31 million subscribers globally operates in 13 countries, out of which 7 are in Africa including Rwanda. Tigo has more than 2 million subscribers representing about 33% of the

market share of Rwanda telecommunication. In less than a decade (since 2006) of operation in Africa, Tigo has developed as an emerging market focus company. Their business model is designed to provide products and services where penetration rates are low and where the need for telecommunications services is growing due to economic development.

9. CORPORATE SOCIAL RESPONSIBILITY BY TIGO

In remembrance of the '1994 Genocide Against the Tutsi' on the 14th April 2011, Tigo staff members took hours of their busy schedule to visit an orphanage grouped under Itetero Association in Gacurabwenge sector, Kamonyi district (name of association). The orphanage shelters more than 30 Genocide orphans mostly teenagers. Tigo staff members also offered a cheque and donations worth \$7, 000 geared towards improving the welfare of the beneficiaries. In March 2011, Tigo Rwanda officially entered into a joint partnership with the Federation of Rwanda Commuter Taxi Motorcyclists (FERWACOTAMO) .The partnership allows Tigo Rwanda to provide new, free branded jackets to about 10, 000 'taxi motorcyclists'. The motorcyclists also have the opportunity to sell e-Go. This means Tigo Rwanda is now providing a revenue stream for the motorcyclists by selling Electronic Top-Up (air time) to their customers. Tigo Rwanda, has entered into partnership with the Ministry of Education to facilitate the rollout of internet access points in the country's primary schools in the One Laptop Per Child (OLPC) project.

.As part of the agreement, Tigo will sponsor the infrastructural development in schools across the country that will include wiring classrooms, installation of wireless LAN with internet access points. Neighboring communities will also benefit from internet access points in the country's primary schools in the One Laptop Per Child (OLPC) project. This partnership was included in the 2008 Tigo license bidding deal to support the country's development and OLPC project. "We are now implementing the government's vision of to transform the country into a knowledge-based economy by the year 2020, " said Tigo's CEO, Marcelo Aleman. The Ministry of Education will provide Tigo with a list of schools to be connected, according to the agreement.

10. CORPORATE SOCIAL RESPONSIBILITY BY CATEGORY

Mudzamir Bin and Norfaiezah, B (2003) made investigation on corporate social responsibility activities in mobile telecommunication industry : Case study of Malaysia they have classified CSR activities into five main categories as Environmental concerns (E), Welfare (W), Community Involvement (C), Product or Services (G) and Natural Disasters (N).

Category of CSR involvement	Activities involved by the telecommunication company
1. Environmental Concerns :E	<ol style="list-style-type: none"> 1. Pollution control activity over product 2. Product complies with the environmental condition and the radiation tariff set up by MCMC. 3. Ensures the level of the telecommunication telecast frequency is at the acceptable level. 4. Recycles the unused components of telephone sets that would impact the environment. 5. Collaborates with other government agencies in organizing the 'green' campaign. 6. Develops environmental policy in their organization to be used at multiple levels of the operation.
2. Welfare or charity :W	<ol style="list-style-type: none"> 1. Directly contributes some amount of money for the personal welfare, community welfare and also the welfare of the organization. 2. Involves in developing infrastructure such as buildings, schools, libraries or houses for donation to certain families. 3. Sponsors the treatment for certain types of chronic diseases. 4. Contributes to selected individuals for personnel development in certain areas that could contribute to the development of the industry. 5. Provides counseling and material support to increase motivation amongst the employees. 6. Provides a special bonus plan and reward system to the employees to encourage a positive competition amongst employees. 7. Provides a comprehensive insurance coverage for employees to ensure they are covered in the event of an accident. 8. Establishes a sound placement system for the employee who volunteers to move to another company with valid reasons
3. Community Involvement :C	<ol style="list-style-type: none"> 1. Contributes certain portions of annually allowable donation for R& D in public health concerning radiation exposure. 2. Contributes to the educational institutions in form of scholarships and research programs in the field of market reaction and customer satisfaction. 3. Supports MCMC with the relevant information on the user coverage and the penetration rate to ensure the country's communication growth policy is well planned. 4. Donates some amount of money to build infrastructure for public use such as bus stops, shades, public toilets and so forth. 5. Jointly sponsors any continual community programs with other institutions. 6. Takes part in exhibitions that promote Malaysia to other countries and encourages the tourism industry. 7. Contributes to games and sports events that are organized by the ministry. 8. Cooperates with police department to organize anti crime campaigns. 9. Visits some of the private institutions to promote a healthy and good life style to the students.
4. Products or services :G	<ol style="list-style-type: none"> 1. Has arrangements to ensure services provided in certain areas would have no unknown reaction to human health. 2. Ensures the facility used has no effect on the communities' health and tries to minimize the possibility of distraction to the users in long term. 3. Prepares and provides a hotline, control procedure and responsive system to make sure all the registered complaints would be treated as important. 4. Conducts all necessary tests on the radiation frequency interference to reduce disturbance and increase compatibility with technology advancement. 5. Adopts a reasonable, healthiest, technology with the latest innovation set to increase user compatibility. 6. Guarantees that the services in every territory, minutes and destination would be at a 95% satisfactory level. 7. Forms a special team for product or packages offered to respond to any feedback from the market e.g. subscribers' complaint, rivals promotion strategy and so on.

5. Natural Disasters :N	<ol style="list-style-type: none"> 1. Provides services that enable the users to donate to a public fund. Company has arrangement with other private companies to provide the relevant services. 2. Takes action effectively in certain situations by immediately contributing in the form of cash to support the victims. 3. Jointly organizes charitable programs to collect funds for victims of natural disasters directly after determining the amount of funds required. 4. Company's employees also have their own program to make personal contribution for charitable purposes. 5. Keeps on supporting the victims although the charitable program has stopped
-------------------------	--

Mudzamir Bin, M and Norfaiezah Binti, S (2003) [12].

11. ADVANTAGES OF CORPORATE SOCIAL RESPONSIBILITY

Irrespective of how rich a company is each and every activity undertaken by it must have a positive impact on the growth, profitability and sustainability of the corporation been it direct or indirect. Some scholars call it the hidden agenda of CSR while others name it branded advertisements. In undertaking CSR activities the telecommunication companies also benefit from the following aspects.

- Winning new business special with government agencies
- Increase customer retention and customer loyalty
- Developing and enhance relationships with customers, suppliers and networks
- Attracting and retaining happy workforce and be an Employer of Choice
- Differentiating themselves from your competitors
- Improving your business image and goodwill.
- Generating positive publicity and media opportunities due to media interest in ethical business activities [12].

Notwithstanding the above benefit companies accrues from CSR, they may also suffer the following bad side of CSR if care is not taken.

- High operational cost
- Deviation from company objective
- High price charges due to high operational cost
- Too much power at the expense of the society.

12. CONCLUSION

From the above discussion it can be deduced that, all the telecommunication companies in Rwanda has the focus of improving the education system of the country because they believe that education is the backbone of a growing economy like Rwanda. Government on the other hand has been supportive in the area of CSR by providing the necessary conditions and guidelines to aid companies.

It is not wrong the first glance to say that these telecommunication companies are doing great by giving back to society. In fact, in reality they are actually given nothing in as compared with the benefit they receive from the community in terms of profit. Though this study did not extend to establish any relationship between the CSR activities and

profit of companies, empirical and practical information shows that companies can do more than what they doing now given their level of sales. Nonetheless, looking at these companies performance in terms of CSR over these few years of operation and government efforts, there is a positive signal of great CSR touching lives activities ahead.

REFERENCES

- [1] DeGeorge, Richard T. Business Ethics. 7th. Upper Saddle River: Pearson Education, Inc., 2010. 200. Print
- [2] Carroll, A.B.(1979). A three –dimensional conceptual model of corporate performance .Academy management Review, 4(4),497-505.
- [3] Ogrizek M (2002). Forum Paper: The Effect of Corporate Social Responsibility on the Branding of Financial Services. *Journal of Financial Services Marketing*. Vol 6, Pg 215-228
- [4] <http://en.reset.org/knowledge/corporate-social-responsibility-csr—societal-responsibility-companies?gclid>
- [5] European Commission. (2001). *Green Paper: Promoting a European framework for Corporate Social Responsibility*. Brussels
- [6] Richardson A.J, Welker M, Hutchinson I.R. (1999). Managing Capital Market Reactions to Corporate Social Responsibility. *International Journal of Management Research (IJMR)*. Pg 17-43
- [7] Joyner B.E, Payne. D, Raibom C.E (2002). Building Values, Business Ethics and Corporate Social Responsibility into the Developing Organization. *Journal Of Developmental Entrepreneurship*. Vol 7, Pg 113 – 131
- [8] Coldwell D.A.L (2000). Perception and Expectations of Corporate Social Responsibility: Theoretical Issues and Empirical Findings. *Journal of Business Managerial*. Pg 49- 54
- [9] <http://focus.rw/wp/2007/09/we-consider-ourselves-as-corporate-citizens/and>
http://www.mtn.co.rw/Content/Pages/138/MTN_Rwanda_in_augurates_'ICT_School_Project'_in_Rusumoa
- [10] http://www.airtel.com/wps/wcm/connect/africarevamp/uganda/home/personal/about-us/social-projects/social_project
- [11] http://www.airtel.com/wps/wcm/connect/africaairtel/rwanda/home/about_us/csr
- [12] Mudzamir Bin, M and Norfaiezah Binti, S (2003), Corporate Social Responsibility Activities in Mobile Telecommunication Industry: Case Study of Malaysia : **International Trade Sseminar, 14/February**
- [13] <http://www.simplycsr.co.uk/the-benefits-of-csr.html>, 2/21/2012@12:15PM|116, 442 views.