



College of Business and Economics

MASTERS OF BUSINESS ADMINISTRATION

**Social responsibility strategy:
A comparative case study between Energy Utility Corporation Limited
& Rwanda Red Cross**

A thesis submitted to the school of Business, College of Business and Economics as a partial requirement for the award of the degree of Masters of Business Administration (MBA) by the University of Rwanda

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DECLARATION

I, NIWEMUTIMA Cynthia, a final year student in MBA finance option at University of Rwanda, College of business and economics, hereby declare that the work presented in this thesis entitled “Social responsibility strategy: A comparative case study between Energy Utility Corporation Limited and Rwanda Red Cross” is entirely my own work and has never been presented in any other university for similar award. Any references in terms of books and other literatures have been duly acknowledged.

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Signature.....

Date

APPROVAL

This is to approve that this research work entitled “Social responsibility strategy: A comparative case study between Energy Utility Corporation Limited and Rwanda Red Cross” was done and presented by NIWEMUTIMA Cynthia under my direct guidance and supervision.

Supervisor: Dr. Marcela Ramírez-Pasillas

A handwritten signature in blue ink, appearing to read 'M. Ramirez-Pasillas', is positioned above the 'Signature' label.

Signature

Date July 5th, 2016.

DEDICATION

This work is dedicated:

To the Almighty God for His unconditional love and blessings

To my beloved parents

To my beloved family, brothers, sisters, cousins and friends

To everyone who supported me during my studies

AKNOWLEDGEMENT

First and foremost, I give thanks to Our Lord God for his Great Love and his blessings.

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LIST OF ABBREVIATIONS

CBE: College of Business and Economics

CSR: Corporate Social Responsibility

CSP: Corporate Social Performance

EUCL: Energy Utility Corporation Limited

NGOs: Non-Governmental Organizations

RRC: Rwanda Red Cross

SOEs: State Owned Enterprises

SRs: Social Responsibilities

UR: University of Rwanda

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Abstract

This study is based on evaluating the Social responsibility strategy: A comparative case study between Energy Utility Corporation Limited and Rwanda Red Cross.

State owned enterprises (SOEs) are legal entities created by the government in order to undertake commercial activities in the government's behalf; they play an important role in the country in providing social responsibilities. A non-governmental organization (NGO) is any non-profit organization which volunteer; organized on a local, national or international level.

This study examines the SRs toward state owned enterprises and NGOs. The interview questions have been applied on 2 organizations such as EUCL and RRC to evaluate the effect of SR on the performance of the strategy.

Findings indicate that there exists a positive relation between SR and the performance of the strategy. Practicing CSR strategies have a positive impact on the organizational performance.

SR leads to the organizational performance with good relationship to all stakeholders such as community, customers, and employees because it improves the brand image and the corporate reputation. Thus the aim of this study is to evaluate the effect of social responsibilities on the performance of strategy in the SOEs and NGOs.

CHAPTER ONE

INTRODUCTION

Social responsibility (SR) refers to the voluntary activities undertaken by a company to operate in an economically, socially and environmentally in a sustainable and responsible manner. Firms have several factors to consider while choosing appropriate SR strategies because they help them to succeed and to enhance their performance. Every organization has the aim to achieve its strategic goals and established performance and this objective can be achieved when the organization take into consideration also the social responsibility strategies because they contribute to the performance of the organization (Margarita, 2004).

1.1. Background of the study

The concept of social responsibility has a long and wide history associated with how it impacts on organization behavior and it is necessary to comprehend its progression. The first stage of the CSR development happened in the ancient times; thousand years BC where authorities introduced different rules and regulations where the workers were severely punished for being careless and injured someone during their work (Friedman, 1970). The following stage of the growth of SR is traced in the late of 1800s in the industrial revolution and later the new stage of SR is mostly a product of the 20th century in the early of 1950s to the present time (Carroll, 2006).

Before in the 19th century there was the traditional corporate philanthropy where the firm was concerning with only the welfare of the immediate members of the corporate body such as the staffs and their families. Later the desire to establish a strategic relationship with the state and the society led some corporate bodies to invest in the establishment of institutions that fulfill the specific requirements of the community like the establishment of trusts and foundations for tax benefits which support socially beneficial activities. Thus there was the establishment of the corporate social responsibility which was qualitatively different from the traditional concept of corporate philanthropy where CSR acknowledges the debt that the corporation owes to the community within which it

operates, as a stakeholder in corporate activity in providing financial and other resources to support development plans especially among disadvantaged communities (Carroll, 2006).

1.2. Problem statement

Before, most organizations include Rwandan organizations were not having explicit social responsibility (SR) strategies as organizations were prioritizing mostly on profit maximization without considering social responsibilities. Globalization also has reinforced the relevancy of SR in business strategy because it introduces new challenges and opportunities that come from increasing linkages between social, political, economic and environmental roles of businesses (Fadun and Solomon, 2014). However, the advent of globalization puts a strong pressure on SR; organizations have started considering social responsibilities as they have a positive impact on the performance of organizations (Margarita, 2004).

It has been suggested that organizations are not responsible to society, but rather that the obligation of social responsibility falls upon the managers as an organization's survival and success depends on the ability of its managers to create sufficient wealth and satisfaction for its primary stakeholders such as employees, shareholders, customers, suppliers, communities, and natural environment (Clarkson, 1995). If these stakeholder groups withdraw its support to the firm, the firm's operation will adversely be affected. Thus, organizations that establish relationship with their key stakeholders beyond market transactions gain competitive advantage (Clarkson, 1995). However, there are different types of organizations developing socially responsible strategies, including state owned enterprises and non-for-profit organizations. These organizations are driven by different motives, but overall they are created to serve their communities.

Thus, developing a SR strategy in state owned enterprises and non-for-profit organization demonstrates to the community that the company takes an interest in wider social issues and not only for its profitability but because their values help them benefit their communities (Jeremy, 2006).

1.3. Research objectives

Thus, the aim of this study is to explore the social responsibility strategy (SR) of a state owned enterprise and in a non-for-profit organization and its performance. A comparative case study on two organizations one is a state owned enterprise (Energy Utility Corporation Limited, EUCL) another is a non-for-profit organization (Rwanda Red Cross, RRC). The specific objectives of the thesis are:

- To identify the SR strategies of EUCL, a state owned enterprise and RRC, a non-for-profit organization.
- To explore how the community is helped through the SR strategies of EUCL, a state owned enterprise and RRC, a non-for-profit organization.
- To explore the performance of the SR strategy of EUCL, a state owned enterprise and RRC, a non-for-profit organization.

1.3. Research questions

- What are the similarities and differences of the SR strategy in EUCL, a state owned enterprise and RRC, a non-for-profit organization?
- What are the similarities and differences in the SR strategy approach to community in EUCL, a state owned enterprise and RRC, a non-for-profit organization?
- What are the similarities and differences on the performance of the SR strategy EUCL, a state owned enterprise and RRC, a non-for-profit organization?

1.4. Significance of the study

This study will help us to gain more knowledge about the concept of SR strategy in state owned enterprises and in NGOs in the context of Rwanda, a developing country. It will also help us to better understand how these organizations examine the performance of their SR strategy and how their strategy targets the community. Thus, managers of state owned companies and non-for-profit organizations can better understand to make corrective decision making on SR strategies in order to achieve their targeted goals and benefits.

1.5.The scope of the study

The scope of the study is divided in three parts respectively the conceptual, the geographical and the time scope.

Conceptual scope

The main purpose of this study is to compare the SR strategy of EUCL as a state owned enterprise and RRC as a NGO. It is expected that this comparison will help us shed light on the different elements of the SR strategy.

Geographical scope

The study was conducted in Kigali city capital of Rwanda where both organizations are respectively situated, EUCL in Nyarugenge district and RRC in Gasabo district.

Time scope

The study was carried out during 2016.

1.6. Limitations of the study

The study was conducted in EUCL and RRC, and it was a busy time to the staff because they were having many assignments to do. This implied that a restricted number of employees were able to participate in the interviews. In addressing this problem, the researcher created a relationship with the staff of these organizations so that they can answer the interview questions at their free time.

There has been also a problem of insufficient time that could be have been devoted to this research because of busy schedule of the academic time table. The researcher tried to overcome this by putting a lot of commitment in her research and tried to use the available information to complete her work.

1.7. Structure of the study

This study is subdivided into five chapters to come up with the understanding of the role of SR strategy on the performance of the organization.

- Chapter one, presents the introduction, the background of the study, the problem statement, objectives of the study, Research questions, significant of the study, scope of the study, limitations of the study and the Structure of the study.
- Chapter two, deals with related literature review with reference to different sources of data especially from the text books and reports with relation to SR strategy
- Chapter three is related to the research methodology and data analysis.
- Chapter four, deals with analysis and interpretation of data. The empirical data collected provide the basis for answering the researcher questions.
- Chapter five is related to the summary of major findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

This chapter is an attempt to review what has been done by other authors before on the issue of SR strategy. It introduces SR in general and SR strategy in particular. It discusses the conceptual framework that guides the empirical investigation.

2.1. Introduction to Social Responsibility

The concept of social responsibility in a company focuses on ethical and moral issues, which impact corporate decision making and behavior. SR is a concept that emphasizes responsive and extended social contribution of businesses to the society (Fadun and Solomon, 2014). Carroll (1991) defined corporate social responsibility in terms of dimensions that businesses are practicing; those are economic, legal, ethical, and philanthropic and environmental.

- **Legal Responsibilities**

At the same time as a business organization is permitted to operate according to profit motive i.e. economic responsibility; firms are also expected to comply with laws and regulations i.e. legal responsibility. Legal responsibilities embody basic notions of fair operations as promulgated by federal, state and local governments. Carroll's legal component stresses the need for a firm to: perform in a manner consistent with expectations of government and law; be a law-abiding corporate citizen; provide goods and services that meet minimal legal requirements; and that a successful firm be defined as one that fulfils its legal obligations (Carroll, 1991).

However, Phillips et al. (2003) reject the claim that stakeholder theory and firm performance is influenced by the firm's management in expanding or changing laws and regulations. He contends that the engagement in SR activities and management of stakeholder relations should remain voluntary. In another hand, Valor (2008) advocates

that the regulation on free market mechanism promotes the interest of individuals by rewarding CSR activities that are actually favored by individuals because those which are not rewarded by the market are those activities that individuals do not value and are therefore unwilling to support.

- **Economic responsibilities**

Firms are economic entities established to provide goods and services to society. Profit motive (profit maximization) is the primary incentive for entrepreneurship. Managers, as agents of the company owners, are obliged to maximize shareholders' wealth. Carroll's economic component emphasizes the need for a business organization to: perform in a manner consistent with maximizing earnings per share; be committed to being profitable as possible; maintain a strong competitive position; maintain a high level of operating efficiency; and that a successful firm be defined as one that is consistently profitable (Carroll, 1991).

However, Barnett (2007) provides an argument which indicates that the principle of maximizing shareholder wealth is not in the interest of shareholders because excessive financial performance leads to decreasing the ability of the company to influence its stakeholders. It indicates that the firm is extracting more from society than it is returning and it can suggest that profits have risen because the firm has exploited some of its stakeholders in order to favor shareholders and upper management. This in return can indicate the untrustworthiness to stakeholders looking to establish or maintain relations with the firm.

- **Ethical responsibilities**

At the same time as economic and legal responsibilities incorporate ethical rules about fairness and justice. Ethical responsibilities encompass activities and practices that are acceptable or unacceptable by the society, though not codified into law and they refer to strategic managers' values about right and wrong business behavior or conduct. Ethics or values are dynamic and precede the establishment of law; in essence, ethics are the driving force behind the creation of laws or regulations (Fadun and Solomon, 2014).

According to Carroll (1991) ethical responsibilities embrace society emerging values and norms which a business is expected to meet. Sometimes, such values and norms may require a higher standard of performance than that required by law. Carroll's ethical component advocates the need for a firm to perform in a manner consistent with societal expectations and ethical norms; recognize and respect new or evolving ethical or moral norms adopted by society; and prevent ethical norms from being compromised in order to achieve corporate goals.

- **Philanthropic responsibilities**

Philanthropy entails corporate actions, towards promoting human welfare or goodwill in response to society's expectations that businesses should be good corporate citizens (Fadun and Solomon, 2014). According to Carroll (1991), philanthropic responsibilities are voluntarily assumed by business; such as public relations, good citizenship, and contribution to education or community. The main difference between philanthropic and ethical responsibilities is that ethical components are expected in an ethical or moral sense, but philanthropic components are not. Philanthropy is voluntary or discretionary on the part of a business. Carroll's philanthropic component emphasizes the need for a firm to perform in a manner consistent with philanthropic and charitable expectations of society, and voluntarily assist projects that enhance a community's quality of life.

- **Environmental responsibilities**

Another adding dimension of SR is the environmental; the environment is one of focuses of corporate social responsibility. As businesses have a large carbon footprint (pollution). Any steps they can take to reduce those footprints or pollutions are considered both good for the company and society as a whole (Rosario et al, 2015).

Next, the concept of CSR was developed in terms of two elements, the explicit CSR and the implicit CSR (Matten and Moon, 2008). According to these authors, the assumption of social responsibility by corporations remains contextualized by national institutional frameworks and therefore CSR differs among countries with relatively similar national business systems. The differentiation between the two elements is that explicit CSR

corresponds to the voluntary contributions that influence company activities within its community and the wider society while the implicit CSR is determined by the compulsory regulations (Vanja Markovic, 2008). I take an example in the USA and the countries in Western Europe. Where the majority of U.S. companies adopts an explicit CSR and on another hand the majority of Western Europe adopts an implicit CSR. The difference focuses on the language that corporations use in addressing their relation to society; companies practicing explicit CSR use the language of CSR in communicating their policies and practices to their stakeholders whereas implicit CSR uses compulsory regulations, codified norms and laws (Porter & Kramer, 2006).

2.2. An introduction to social responsibility strategy

According to Todd Ballowe (2009), CSR strategy concerns with organization's obligations and practices to consider the interests of their customers, employees, shareholders, communities, and the environment and to consider the social and environmental consequences of their business activities. By integrating CSR strategies into core business processes, organizations can achieve the ultimate goal of creating both social value and corporate value. There are four CSR strategic options that organizations have to consider.

1. The shareholder strategy

According to Friedman (1970), the shareholder strategy represents an approach to CSR as a component of an overall profit motive that is focused exclusively on maximizing shareholder returns. The firms pursue the profit maximization and strict accountability to the owners of capital, the wealth created is sufficient to meet any social responsibilities. Thus a business firm that fulfils its profit maximizing obligations not only secures its own survival, but also contributes to the overall wealth and prosperity of society. Friedman's argument represents the neoclassical economic concept of the invisible hand at work in society.

2. The altruistic strategy

In this CSR strategic option, the link between the firm and its community is acknowledged and understood, as the firm is a member of the community as it is viewed as an artificial person as there are managers that guide the firm's social responsiveness the firm recognizes that it must give something back in the form of philanthropy, in order to make a positive contribution to that community. Typically, philanthropy giving comes from a firm's surplus profits and is distributed according to social welfare. This strategy encompasses doing the right thing by giving back to the community without expecting anything in return. The altruistic strategy might best be represented as an act of goodwill on the part of the firm and direct benefits may not be measured (Hemingway and Maclagan, 2014).

3. The reciprocal strategy

This strategic option is pragmatic because it seeks to resolve the conflicts between economic objectives and intense social, moral and environmental expectations of society. A firm's survival in modern society seems to require an awareness of social responsibility as an indispensable part of strategy, thus the reciprocal strategy has an interconnected two-fold purpose: to benefit society, while providing also an economic benefit to the firm.

In this strategy, firms are more proactive with respect to social responsibility. For example, an industrial firm that implements environmentally sound that goes beyond minimum legal requirements may not only offer improved benefits to society but also this can result in positive economic benefits. Thus this strategy may be tied to partnerships between the firm and a specific community group for the purpose of benefiting societal welfare while at the same time for the purpose of benefiting the firm's sales and reputation (Logan et al., 1997).

4. The citizenship strategy

The citizenship strategy takes on a broader scope than the previous strategic options for CSR as a business firm recognizes various stakeholders because they have different

interests and expectations. They include shareholders, customers, employees, suppliers, specific communities, and the environment. Some scholars suggested that a business firm should be viewed as a citizen in society which has responsibilities to other citizens, thus this strategy not only recognizes responsibilities to potential external constituents but also to its internal constituents as well (Dawkins and Lewis, 2003).

In this strategy the firm proactively dialogue with their stakeholders and integrate their findings into decision making because stakeholder needs are integral to corporate strategy and social objectives are integrated with economic goals (Galbreath, 2006).

This approach is also referred as strategic corporate social responsibility. Companies can determine what activities and the resources they have to devote to being socially responsible and they can choose what will strengthen their competitive advantage (Ballowe, 2009). Strategic CSR provides companies with solutions for:

- Balancing the creating of economic value with that of societal value
- How to manage their stakeholder relationships
- Identifying and responding to threats and opportunities facing their stakeholders
- Developing sustainable business practices
- Deciding the organization's capacity for philanthropic activities

2.3 Theoretical framework

The ages and stages of SR strategy

The CSR in the face of more systematic problems has not been more evident than in the global financial crisis because the global financial crisis has shown a multi-level failure of responsibility from corporate level to the finance sector and entire capitalist system. Thus the CSR have been characterized by different stages of CSR development in companies. The evolution of business responsibility can be understood in terms of five overlapping ages those are mainly: the ages of Greed, philanthropy, marketing, management and Responsibility. Each of these ages typically manifests a different stage of CSR, namely: Defensive, Charitable, Promotional, Strategic and Systemic CSR respectively. Companies tend to move through these ages and stages (Visser, 2010).

- **Age of greed: stage of defensive CSR**

The Age of Greed is characterized by Defensive CSR in which all corporate sustainability and responsibility practices which are typically limited are undertaken only if and when it can be shown that shareholder value will be protected as a result.

- **Age of philanthropy: stage of charitable CSR**

Charitable CSR in the Age of Philanthropy is where a company supports various social and environmental causes through donations and sponsorships, typically administered through a foundation, trust or chairman's fund and aimed at empowering community groups or civil society organizations.

- **Age of marketing: stage of promotional CSR**

Promotional CSR in the Age of Marketing is what happens when corporate sustainability and responsibility is seen mainly as a public relations opportunity to enhance the brand, image and reputation of the company. Promotional CSR may draw on the practices of Charitable and Strategic CSR.

- **Age of management: stage of strategic CSR**

Strategic CSR, emerging from the Age of Management, means relating CSR activities to the company's core business (e.g. water management), often through adherence to CSR codes and implementation of social and environmental management systems, which typically involve cycles of CSR policy development, goal and target setting, program implementation, auditing and reporting

- **Age of responsibility: stage of systemic CSR**

Finally, Systemic CSR in the Age of Responsibility focuses its activities on identifying and dealing with the root causes of present irresponsibility, typically through innovating business models, revolutionizing their processes, products and services for progressive national and international policies. Hence, while Strategic CSR is focused at the micro level supporting social or environmental issues that happen to align with a company's

strategy but without necessarily changing that strategy; Systemic CSR focuses on understanding the interconnections in the macro level system (society, communities, economies and ecosystems) and changing a company's strategy to optimize the outcomes for this larger human and ecological system. Ideally, therefore, businesses should make the journey to Systemic CSR in the emerging age of responsibility, building on each previous stage of maturity. If on the other hand companies remain stuck in any of the first four stages, our ability to turn the tide on the environmental, social and ethical crises that we face will be seriously compromised. Simply put, CSR will continue to fail. (Visser, 2010)

The relationship between SR strategy and its performance

Various studies have examined the relationship between SR strategy and its performance. Studies have recognized a positive relationship and others a negative relationship of the SR strategy (Margolis and Walsh, 2002). The relationship between SR strategy and performance have been seen as positive because companies with SR commitment often increase the ability to attract and to retain employees, because before there were some cases in which employees were under pressure of their supervisors and this culture of fear in the workplace harm the employees' trust, loyalty and commitment to the organization and this leads to turnover, recruitment and training costs. Thus, SR in the company increases the productivity and motivates employees to improve the quality of the products which in return generate positive cash flows and meet sales performance (Margarita, 2004). It also states that the actual costs of SR are covered by its benefits (Margolis and Walsh, 2002). If for example an organization attempts to decrease its implicit costs by socially irresponsible behavior by neglecting to take measures against pollution; it will eventually incur higher explicit costs. Thus, socially responsible organizations have less risk of negative events.

The argument for a negative relationship follows the thinking of those whose view, socially responsible firms have a competitive disadvantage because they incur costs that fall directly upon the bottom line and reduce profits, while these costs could be avoided or bear by individuals or the government (Margolis and Walsh, 2002).

Finally, other results reveal there is no significant relationship between SR strategy and its performance because there are so many variables that intervene between the two that the relationship should not be expected to exist.

Performance of the SR strategy

According to Wood (2010), the research has shown that there exists a good relationship between SR and its performance of a company. Wood's (1991) depiction of social performance views the business organization 'corporate' as the focus of actions that have consequences for stakeholders and society as well as for itself. Stakeholders play at least four different roles that are relevant to measurement efforts in general and to ascertain the relationship between the social responsibility and the performance:

- Stakeholders are the source of expectations about what constitutes desirable and undesirable firm performance.
- Stakeholders experience the effects of corporate behavior, that is, they are the recipients of actions and output.
- Stakeholders evaluate how well firms have met expectations and how firms' behaviors have affected the groups and organizations in their environment.
- They act upon their interests, expectations, experiences, and evaluations.

According to Wood (2010), social responsibility focuses on outcomes of socially responsible behaviors of various sorts on the firm itself not just its financial performance but also reputation, innovation, access to needed resources, and so on.

The nature of the SR construct suggests that consequences to stakeholders and to society in general are at least equally important. This is how consumers are harmed because of false advertising, how employee culture is affected by class action discrimination lawsuits or by the behaviors provoking them, and how various stakeholders respond to social and environmental disclosure. The whole idea of CSR is to assess the impacts of

the relationship between the business and the society. This is how CSR affects the firm and how the firm's CSR affects stakeholders and society.

2.4 Summary

Because of social responsibilities, organizations' obligations and practices consider the interests of their employees, shareholders, customers, suppliers, communities, and the environment so as to consider also the consequences to their activities. By integrating SR strategies into core processes organizations can achieve the ultimate goal of creating both social value and economic value because SR have a positive impact on the performance of the organization.

2.5 Research gap

According to the viewed literatures, SR strategy has a positive relationship with its performance. However, SR strategies in organizations concern with organizational obligations to participate in improving the welfare of the community for any profit in return; so the research findings have shown that SR cannot be solely measured in terms of financial and monetary. Thus, state owned enterprises and the NGOs are different organizations that develop SR strategies. Yet these organizations and their strategies are not the same and have no direct impact on their financial performance.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter describes the techniques and procedures used by the researcher in conducting the study and accumulating the data for the study. According to Richard and Yvonne (2005), the research methodology is the way to systematically solve the research problem.

3.1. Research design

This thesis conducts an explorative comparative case study on a state owned enterprise and a NGO. EUCL is a state owned enterprise and RRC is a NGO. Both of these organizations are situated in Kigali. Comparative case study refers to the examination of case studies and comparison within and across contexts to produce knowledge from different cases (Goodrick, 2014).

3.2. Data needs

To answer the research questions and achieve the objective of this study, this study needs to conduct a comparative case study utilizing a convenience sample. A comparative sample will allow us to gain understanding of the similarities and differences between state owned companies and a NGO. These two organizations are apparently very different. A NGO is created to benefit its communities and it does not aim to maximize profits. Still a state owned company is also generated to create benefits for society, although it is expected that this organization will have profits.

3.3. Data sources

To carry out the comparative case study, the researcher chose two organizations; EUCL as a state owned enterprise and RRC as a NGO. They both have a social responsibility strategy and they can be used as comparative case study to know the importance of SR

strategy, how is it practiced and finally comparing similarities and differences in SR practices in state owned enterprises and in NGOs.

Data collection is the process of gathering and measuring information on targeted variables in an established systematic fashion, which then enables one to answer relevant questions and evaluate outcomes. The source of data collection includes the primary and secondary source of data collection.

3.3.1. Primary source of data

Primary data are first-hand information collected by the researcher conducting the research. The data collection in our cases primarily rely on the primary data obtained through an interview guideline to the staffs of EUCL and RRC

3.3.2. Secondary data

According to G.A. Churchill (1992), secondary data is defined as the information not gathered for the immediate study at hand but there are collected from documents posted and books. Documentary search has been applied as to obtain secondary data about the companies and we have gathered company reports such as for instance SR or sustainability reports.

3.4. Population

A population is any group of individuals that have one or more characteristics in common that are of interest to the researcher. Under the current study the population constitutes the total number of state owned companies and NGOs available in Kigali.

3.5. Convenience sampling technique

According to James (1996), the convenience sample includes group of people or subjects among the population from whom data are collected. For this study two organization were selected due to their socially responsible orientation. This was important to fulfill the objective if this study. The staffs of EUCL consist of 204 employees and RRC includes 86 employees. The researcher selected 2 respondents from each organization to

being interviewed. The selected organizations were very busy time, they the organizations provided access to those employees that had direct relation to the SR strategy in their organization and have been considered to give reliable information to the research objectives.

The table below shows the summary of the respondents details selected in the sample.

Table 3.1. Respondents details

Organization	Position	Numbers of working years
EUCL	Logistic and administration manager	7 years
	Asset facilities officer	3 years
RRC	Human Resource Manager	10 years
	Finance officer	4years

Source: Primary data (2016)

3.6. Data analysis

The interviews were recorded and transcribed in verbatim. The data was read and revised several times. The data was put together in tables to identify similarities and differences between the two cases. The researcher focused on comparing the results of the interviews with the theoretical framework.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter contains the presentation of the findings collected from the respondents of EUCL and RRC on the effect of social responsibility on the performance of the strategy in a state owned enterprise and a NGO. This section presents the results of our study and is organized in tables.

4.1. Introducing the cases

4.1.1. Energy Utility Corporation Limited (EUCL)

EUCL is a company that distributes power in Rwanda that have over 30 branches and the headquarters in Kigali has 204 employees. It is a national utility that has been in existence since 1976, as ELECTROGAZ. ELECTROGAZ was founded in 1939 as “REGIDESO” by the colonial masters supplying water, electricity and gas. In 2008 ELECTROGAZ was changed into RECO (Rwanda Electricity Corporation) and RWASCO (Rwanda Water and Sanitation Corporation) which changed to EWSA that is Energy, Water and Sanitation Authority in 2010. And finally in 2014, EWSA Ltd made also the following appointments in the two created Companies replacing EWSA Ltd those are Rwanda Energy Group Limited (REG Ltd) and Water & Sanitation Corporation Ltd (WASAC Ltd). REG is divided into 2 companies Energy Utility Corporation Limited (EUCL) and Energy Development Corporation Limited (EDCL) (www.eucl.reg.rw).

The Energy Utility Corporation Limited (EUCL), a subsidiary company of the Rwanda Energy Group (REG) Limited has received financing from the Project Institutional Strengthening and Capacity Development (CDEU/BTC) for Rwanda Energy Group (REG) Electricity Utility towards the cost of the expansion of the Utility and effective operation and maintenance requirements. The EUCL took over the EWSA utility operations including the associated generation plants, transmission and distribution network and all adjoining facilities. The Energy Sector in Rwanda is undergoing a process of reform and a comprehensive program of renewal and expansion of electricity infrastructure is underway to ensure growth of the network to meet current and

future supply requirements with a high level of reliability. The objective is to enhance the performance of the industry to meet the national targets for energy services as laid out under the Economic Development and Poverty Reduction Strategy (EDPRS) II and other national policies (EUCL, 2015).

4.1.2. Rwanda Red Cross (RRC)

The Red Cross idea is a humanitarian organization that was born in 1859 by a Swiss man Henry Dunant, after the scene of a bloody battle in Solferino. The International Federation of Red Cross and Red Crescent Societies (IFRC) were founded in 1919 in Paris in the aftermath of World War I. Rwanda Red Cross was created on 1st July 1962, and officially recognized by the Government of Rwanda on 29th December 1964. It was constituted basing on Geneva conventions of which Rwanda Red Cross is a member, at the 7 fundamental principles of International movement of Red Cross and Crescent are cited below: Humanity, impartiality, neutrality, independency, voluntaries, unity and universality. It has its headquarters in Kigali and has 4 branches in the provinces. The headquarters in Kigali has 86 employees (www.rwandaredcross.org).

Rwanda Red Cross objectives:

- Developing capacities of National Society in Governance and executive levels. So as to provide quality services to the vulnerable.
- Improving humanitarian values
- Contributing to the improvement of population health in community level
- Reinforcing the capacities of National society by intervention and management of calamities, especially it is concerning on prevention and rescues in coordination with governmental services and other organisms.

In the next table, the main features of each organization are summarized.

Table 4.1. Comparison between EUCL and RRC

	EUCL	RRC
Type of organization	A state owned enterprise	A NGO / charity organization
Funding year	1976	1962
Number of employees	204	86
Number of branches in Rwanda	30	5

Source: Primary data (2016)

4.2. SR strategy

- **Understanding of SR strategy in the organization**

Social responsibility (SR) is a company strategy to support the community around the company. According to the table 4.2, the managers in our case study expressed a good understanding about SR.

Table 4.2. SR strategy at EUCL and RRC

Respondents	Understanding of SR strategy in EUCL and RRC
1	Asset facilities officer at EUCL
	SR in our organization, it is company's obligation to consider the interests of our customers, employees and to consider the social environment consequences of the society
2	Logistic and administration manager at EUCL
	SR for us, is about creating both social and corporate value
3	Finance officer at RRC
	SR in our organization is a support which is given by volunteers in our daily work and other initiative given by our employees
4	Human Resource Manager at RRC
	SR in our organization is our focus and we have 7 principles in our organization to help the community

Source: Primary data (2016)

They both experienced SR as part of their daily activities to help relevant stakeholders. However, the NGO emphasized the role of the community while the corporation highlighted the need to balance social/community and organizational benefits.

- **Consideration of SR strategy in the organization**

Having SR strategy in an organization is necessary for the organizational performance. According to the table 4.3, the respondents argues that they all have SR strategy as it helps them to continue improve themselves and to gain confidence from the community. Moreover, for RRC as a NGO helping vulnerable people is their objective.

Table 4.3. Consideration of SR strategy at EUCL and RRC

Respondents	If yes, why do you consider SR strategy
1	Asset facilities officer at EUCL
	Yes, we have it, because it helps us to gain confidence from our stakeholders
2	Logistic and administration manager at EUCL
	Yes, we have it, because it enables us because it enables us to continue improving our company image
3	finance officer at RRC
	Yes, we have it, because it enables us to continue to improve our selves in many activities of helping vulnerable lives.
4	Human Resource Manager at RRC
	Yes, we have it, because social responsibilities help us to retain our employees

Source: Primary data (2016)

- **The SR strategy of the organization and its goals**

Every organization has its SR strategy depending on the type of business they have and the goal of the strategy. According to the table 4.4, both organizations have the SR strategy with the aim to help the community; the difference is that RRC as a NGO have the strategy to reduce vulnerable people for any profit while EUCL have the strategy to improve a good relationship with their customers so that their sales will increase in result.

Table 4.4. SR strategy of EUCL and RRC and its goals

Respondents	SR strategy of EUCL and RRC and its goals
1	Asset facilities officer at EUCL
	The SR strategy of our organization is to give the best product to our customers
2	Logistic and administration manager at EUCL
	The SR strategy of our organization is to consider the interests of our customers, employees, shareholders, communities, and the environment
3	finance officer at RRC
	The SR strategy of our organization is to reduce the vulnerability of the underground population to high level
4	Human Resource Manager at RRC
	The SR strategy of our organization is to help our government to improve the welfare of the population of our country

Source: Primary data (2016)

- **The management in charge of SR strategy**

The table 4.5 shows that both organizations have units in charge of SR activities. At EUCL they report to the corporate service department and at RRC they report to the department in charge of planning, evaluation and monitoring also to the finance and administration department manager and finally to the CEO.

Table 4.5. The management in charge of SR strategy

Respondents	Do you report about SR and whom to report?
1	Asset facilities officer at EUCL
	Yes, we report to the corporate service department
2	Logistic and administration manager at EUCL
	Yes, we report to the corporate service department
3	finance officer at RRC
	Yes, we report to the department of planning and evaluation and monitoring
4	Human Resource Manager at RRC
	Yes, we report to the finance and administration department manager and to the CEO

Source: Primary data (2016)

- **Suggestions to other organizations which do not consider SR strategy in order to adapt it also**

According to the table 4.6 the respondents suggest to other companies to adopt the SR strategy because it is most important to the organization. Those companies are losing the chance because those are missing something value to their performance.

Table 4.6. Suggestions to other organization without SR strategy

Respondents	What are suggestions you can give to other organizations without SR strategy?
1	Asset facilities officer at EUCL
	To adopt because it boosts the company image
2	Logistic and administration manager at EUCL
	To adopt because with SR strategy it helps the company to cooperate with other civil societies and the government
3	finance officer at RRC
	To adopt, because SR strategy is most important to the organization, because it enables this to build a good willing of finding solutions to the communities.
4	Human Resource Manager at RRC
	To adopt, because SR strategy is vital to the company because it helps it to improve financially and socially as it improve daily activities

4.3. Community approach and SR strategy

- **Activities of SR undertaken by the organization to support the community**

The table 4.7 shows different activities of SR undertaken by EUCL and RRC to help the community. EUCL activities are different to RRC because their focus and businesses are not the same. EUCL wants to make profit and their activities are related to their profit like improving the company image while RRC is an NGO and its activities are to help vulnerable people for any profit in return.

Table 4.7. Activities of SR undertaken by the EUCL and RRC

Respondents	Activities of SR undertaken by your organization to support the community
1	Asset facilities officer at EUCL
	The activities of SR we undertake; are social activities such as Umuganda, visiting our employees
2	Logistic and administration manager at EUCL
	In our organization we give compensation to our customers if there are any damages
3	Finance officer at RRC
	-Building the kitchen garden to the community -Building houses -Giving livestock to the community
4	Human Resource Manager at RRC
	-Sensitization meeting in risk reduction -Health trainings - Organizing party where senior share with employees

Source: Primary data (2016)

4.4. The performance of the SR strategy

- Benefits of practicing SR strategy or activities in the organization

According to the table 4.8, there are many benefits that come from practicing SR activities as they help the organization to improve its image because of good relationship with their stakeholders such as customers, employees, shareholders and the community as whole. For RRC also it has a benefit when underground people improve their welfare; thus SRs help them the organization to achieve their goals and objectives.

Table 4.8. Benefits of practicing SR activities in EUCL and RRC

Respondents	What are benefits that come from practicing SR activities?
1	Asset facilities officer at EUCL
	-good relationship with stakeholders and customers -developing sustainable business practices
2	Logistic and administration manager at EUCL
	-It create value for company with that of societal value -boost the image of the company -it enhances the corporation with other civil societies and government.
3	finance officer at RRC
	Our benefits come when our communities are satisfied as we work for any profit because we want to reach to them up to the underground level.
4	Human Resource Manager at RRC
	-Our benefits are when vulnerable and underground population improve their welfare - organizational performance and employees' satisfaction

Source: Primary data (2016)

- **Measuring the performance of the SR strategy**

According to the table 4.9, it shows that both EUCL and RRC measure the performance of the SR strategy using reports and evaluations because it is included in their plans. Reports seem to be the common tool to show the accountability of their SR strategy.

Table 4.9. Measuring the performance of the SR strategy

Respondents	How do you measure the performance of your SR strategy?
1	Asset facilities officer at EUCL
	We prepare reports showing what we have achieved from our SR strategy
2	Logistic and administration manager at EUCL
	We prepare reports showing what we have planned to do on behalf of SR and what we have achieved
3	Finance officer at RRC
	We prepare many evaluations to the end of each period (term, semester) and often we made some financial reports and narrative reports
4	Human Resource Manager at RRC
	We prepare evaluations and reports showing what we have done to help the community and we use some forms of assessments

Source: Primary data (2016)

- **Limitations on the performance of other organizations without SR strategy**

According to the table 4.10 the respondents argue that organizations without having SR strategy don't always achieve their goals 100% because the good relationship with all stakeholders have a big impact in the life of an organization.

Table 4.10. Limitations on the performance of other organizations without SR strategy

Respondents	What are limitations on the performance of other organization without SR strategy?
1	Asset facilities officer at EUCL
	Organization without SR strategy have limited attention on individual performance
2	Logistic and administration manager at EUCL
	Organization without SR strategy are biased because they have no society identification and lack the relationship with their community
3	finance officer at RRC
	The limitation is that the organization can't achieve its goals successfully or at 100%
4	Human Resource Manager at RRC
	Organization without SR strategy lack the relationship with their employees and stakeholders

Source: Primary data (2016)

4.5. Answers to research questions

- **What is the similarities and differences and in the SR strategy between a state owned enterprise and a NGO?**

EUCL as a state owned enterprise and RRC as a NGO have both CSR strategies in order to work for the benefit of the community and to help the government to improve the socio-economic welfare of the population. However, EUCL SR strategies are made considering the profit in return while RRC SR strategies are made without considering the profit in return as they want help vulnerable people. The table below presents the similarities and differences of the above statement.

Table 4.11. SR strategy in EUCL and RRC

	EUCL	RRC
Similarities	Both organizations have the obligation to work for the benefit of the society and to help the government to improve the social welfare of the population	
Differences	The SR strategy of SOE i.e. EUCL is made considering the benefit of the organization may be non-financial and financial benefit like good relationship with stakeholders, customers, government and the environment (avoiding the pollution)	The SR strategy of NGOs i.e. RRC is based on codes of ethics and activities undertaken is to help vulnerable people for any profit in return.

Source: author's own elaboration (2016)

- **What are the similarities and differences of the ages and stages of the CSR strategy between a state owned enterprise and a NGO?**

The ages and stages of CSR strategy refer to the evolution of business responsibility and the CSR development can be characterized by different stages. Each age is characterized by its stage; regarding the type of business organizations are pursuing there are some similarities on the age and stage of CSR strategy they use and also there are some differences on ages and stages of CSR strategy they adopt. The table below presents the similarities and differences on ages and stages of CSR strategy adopted.

Table 4.12. Comparison of the ages and stages of the CSR strategy between EUCL and RRC

Ages and stages of CSR	EUCL	RRC
Similarities	-Age of greed i.e. stages of defensive CSR: this means that CSR practices are undertaken if the shareholder value and objective is protected	
Differences	<p>-Age of marketing i.e. stage of promotional CSR: EUCL organize public relations opportunity to enhance the brand and reputation of the company in order to increase its sales.</p> <p>-Age of management i.e. stage of strategic CSR: EUCL relates CSR activities to the company's core value (electricity management) it means that it focuses on the micro level that is organization core business</p>	<p>-Age of philanthropy i.e. the stage of charitable CSR: RRC supports the society giving them donations and aids in order to empowering the community for any profit in return</p> <p>-Age of responsibility i.e. stage of systemic CSR: RRC CSR activities focus on the interconnections in the macro level that is the society, the communities, the governments in order to optimize their benefits and outcomes.</p>

Source: author's own elaboration (2016)

4.6. What are similarities and differences between the community approach of the SR strategy in a state owned enterprise and in a NGO?

EUCL as a state owned enterprise and RRC as a NGO have both the obligation to help the community with SR strategy. The difference is that EUCL help the community to increase of their sales performance and improve their company image, while RRC objectives is to help vulnerable people and enhancing their social economic welfare for any profit in return. The table below presents the similarities and differences of the above statement.

Table 4.13. Comparison between the community approach of the SR strategy between EUCL and RRC

	EUCL	RRC
Similarities	Both organizations participate in supporting the government in helping the community for any price	
Differences	EUCL community approach is to help the community in relation to its customers in order to enhance its sales	RRC community approach is to help the vulnerable people like teaching the underground population, constructing houses to vulnerable people. For any profit making

Source: author's own elaboration (2016)

4.7. What are the similarities and differences of the SR strategy and the performance of the strategy in state owned enterprise and in NGO?

EUCL as a state owned enterprise and RRC as a NGO have both positive impact on their organizational performance from the SR strategy because of being socially responsible. But also there are some differences because EUCL performance is seen in monetary terms from sales performance, while RRC benefits is when they meet their targets of reducing the vulnerability of the underground people. The table below presents the similarities and differences of SR strategy impact on the performance of the strategy.

Table 4.14. Comparison between the SR strategy and its performance in EUCL and RRC

	EUCL	RRC
Similarities	Both organizations reach their performance from SR strategy practices the performance can be expressed in monetary and non-monetary terms as it boosts the company image and the ability to retain employees and all stakeholders	
Differences	EUCL performance is seen in monetary terms with sales performance and the profit increase	RRC performance is seen when they meet their targets of satisfying the community and reducing the vulnerable people

Source: author's own elaboration (2016)

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter is a summary of the major findings of the study, it also gives a general conclusion and recommendations for the practice of SR strategy in the organizations.

5.1. SUMMARY OF MAJOR FINDINGS

The summary of major findings of the research study is interpreted in accordance with specific objectives of the study.

- **SR strategy in a state owned enterprise and a non-for-profit organization**

According to the findings, the research shows that both state owned enterprise and NGO consider SR strategy in their work as they have the obligations to help the community in order to improve the socio-economic welfare of the population which in return contribute to support the government.

- **Community approach and SR strategy in state owned enterprise and non-for-profit organization**

As seen both organizations; state owned enterprises and NGO have social responsibilities with the goal of working for the benefit of the community. However, state owned enterprises help the community with the target of enhancing their financial performance i.e. sales performance, the NGOs SR strategy is to enhance the living of vulnerable population for any direct profit.

- **The performance of the SR strategy in state owned enterprises and non-for profit organizations**

The arguments show that both organizations consider SR strategy. The SR strategy has a positive on the performance of an organization because it helps this one to achieve its goals and objectives as it improves the good relationship with all stakeholders such as employees, customers, the community in general, the government and the environment.

Thus, these motives the organizations to more invest in social responsibility activities because they have more link and impact on long-term goals.

5.2. Conclusion

The purpose of this study was to explore the effect of social responsibility strategy on the performance of the strategy; where 4 respondents from EUCL and RRC have been selected to conduct our research.

The findings have shown that they are values supporting the statement of the importance of being socially responsible in an organization because it improves the organizational performance as SR strategy helps the organization to gain confidence to their stakeholders. Thus, the research suggests to all organizations to make corrective decision about the considering the SR strategy.

5.3. Recommendations

After carrying out this study on: “Social responsibility strategy: a comparative case study between Energy Utility Corporation Limited and Rwanda Red Cross” According to the findings and analysis of the research, the researcher would like to give some recommendations to EUCL, RRC and other organizations and their future researchers.

- To EUCL and RRC to continue their objectives of considering SR strategy because it has a good impact in improving their performance as it influences all stakeholders.
- The performance of the SR strategy is importance as it is a tool to show the SR accountability of the organization.

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APPENDICES

INTRODUCTORY LETTER

Dear respondent,

I am NIWEMUTIMA Cynthia, a final year student, in MBA at University of Rwanda- College of Business and Economics (UR-CBE) in the finance option. I am currently conducting my research on: “Social responsibilities strategy: a comparative case study between Energy Utility Corporation Limited and Rwanda Red Cross” I consider your organization as the case study.

This study is an academic work leading to the award of master’s degree in MBA finance option. Therefore, I kindly ask you to assist me in this research by answering the following questions.

Thank you in advance for your co-operation.

Yours faithfully,

NIWEMUTIMA Cynthia

INTERVIEW GUIDELINE

Questions in relation to the study objectives

1. How do you understand by Social Responsibilities (SR) strategy in your organization?

Answer:

2. Do you have a SR strategy in your organization? If yes, why? if no why?

Answer:

3. What is the SR strategy of your organization? What are the goals of the strategy?

Answer:

4. Can you state different activities of SR undertaken by your organization to support your community?

Answer:

5. Do you think SR strategy has a positive impact on the performance of your organization?

Answer:

6. How do you measure the performance impact from your SR strategy or activities?

Answer:

7. Do you report your SR strategy and its results? Who is in charge of these activities?

Answer:

8. What are benefits you think that come from practicing SR strategy in your organization?

Answer:

9. What are limitations on the performance of other organizations who do not consider SR strategy?

Answer:

10. What are suggestions you can give to other organizations who do not consider SR strategies or initiatives so that they can also adapt them?

Answer:

Questions in relation to the personal information:

1. How long have you been working with the firm?

1-3 years	3-5 years	Above 5 years

2. Which unit do you work in your organization?

Administrative unit	Corporate unit	Human resource management unit	Other

3. What is your education level

Bachelors degree	Masters level	PHD level	Professional courses	others