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Effect of Community Relations on Competitive Advantage of Telecommunication Industry in Rwanda

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Abstract:

The competitive advantage of telecommunication companies depends on how well they are able to manage their relationship with stakeholders. The objective of this study was to analyze the effect of community relations on competitive advantage of Airtel-Tigo. In this study; the researcher adopted a descriptive research design where quantitative approach was used. The target population of this study was 205 employees of Airtel-Tigo Rwanda. A sample size of 136 respondents was determined from total population of 205 employees by using Slovenes formula. Stratified random sampling was used to select respondents. The study used close ended questionnaires. The data was analyzed for both descriptive and inferential statistics. The study concluded a negative relationship between community relations and competitive advantage of Airtel-Tigo Rwanda because the results of correlation between them was at the level of - 44.4% which suggest negative relationship between community relations and competitive advantage of Airtel-Tigo Rwanda. Based on the findings the study concludes that the current community relations strategies in the telecommunications sector in Rwanda drain the gains instead of adding value to the sector. Consequently, the study recommends for more innovative community relationship strategies that will go along enhancing the performance of the telecommunications sector in Rwanda.

Keywords: Community relations, competitive advantage

1. Background of the Study

Leading-edge companies are now seeing that to succeed in a global economy; the corporation has to be more than a preferred shareholder. Community seeks to address the gap by providing a structured approach for companies to understand the basis for community support and how to measure perceptions of support. This enables companies to identify the reasons why community support may be lacking and develop targeted approaches for improving company-community relationships, Korhonen, J. (2003). In 2016 Gold Fields South Africa applied the Toolkit to assess the strength of the relationship that exists between its mine and three of its host communities. Reflections on the process, key learning and impact are set out below. It provides an example for other member companies looking to utilize the toolkit to better understand and improve community relations around mine sites. The primary value of the tool lies in measuring the quality of relationships and the change in relationships over time. Using the focus groups, the company can then go deeper and understand the reasons for the scores, so that appropriate interventions can be deployed. The tool was also modified to include measurement of perceptions of mining impacts that could be associated with the mining operation, (Lee, M. P. 2008).

A firm has to involve in environmental and social activities in order to improve their financial performance (Margolis & Walsh, 2012). Despite CSR improving firm reputation and image, the costs attached to it led to reduced profits, high product pricing and competitive disadvantage (Handy, 2012). Studies have shown that there exists a relationship between the two despite them differing on the nature of the relationship. The profits of a firm improve due to involvement, (Orlitzky, 2013).

In Rwanda, customer care and feedback are part of the core business operations of a company, rather than a separate 'add on', and this distinguishes it from corporate philanthropy which may be funded out of operations that are damaging to the communities in which business is conducted. Customer care and feedback is believed to yield tangible benefits to a company and among them is financial success which is considered as the most important among shareholders. Similarly, Porter and Kramer (2012) argue from a business point of view by saying that, it has been found out that customer care and feedback improves a company's competitiveness advantage. There exist many companies conducting their businesses in Rwanda and these businesses include but not limited to product-oriented and service-

oriented marketing. Some of the companies operating in Rwanda and have been conducting corporate social responsibility include AirTel-Tigo.

1.1. Statement of the Problem

According to Mardong and Walsh (2012) the company is traditionally viewed as the sole agent for competitive advantage of telecommunication industry. Considering that Telecommunications firms depend on labor, land or resources, there are growing expectations for them to promote sustainable competitive advantage of telecommunication industry. The most common and most well documented of the failures in corporate social responsibility is stakeholder's dissatisfaction with managerial performance. Poor performance will create stakeholder's dissatisfaction. The basic problem of corporate social responsibility is that despite the revenues generated by telecommunication firms. They are accused of being insensitive about the interest of stakeholders. They are similarly accused of being insensitive to demands to interpret the public preferences and to formulate courses of actions aimed at implementing these preferences even before government action stipulates what should be done.

Telecommunication companies are confronted with increasing demands for social responsibility and are held responsible for environmental problems arising from their operations. The competitive advantage of telecommunication companies depends on how well they are able to manage their relationship with stakeholders. Despite all their efforts to render social responsibility to its stakeholders, poor community relations such as poor communication with its esteemed customers, and poor performance within industry, and this is why the study was conducted to overcome with based research results and solutions to the stated problems above.

They have not succeeded in creating conducive conditions to promote stakeholder's human dignity and respect. Therefore, this study wanted to assess the effect of corporate social responsibility disclosure on competitive advantage of telecommunication industry in Rwanda and will consider Airtel-Tigo as the specific case study.

2. Literature Review

2.1. Conceptual Framework

The study was based on the following conceptual framework

Figure 1: Conceptual Framework

Source: Researcher, 2020

2.2. Community Relations and Competitive Advantage of a Firm

Community relations refer to the organized involvement of business with the community in areas such as education, health care, economic development, and environmental issues. Although most companies give directly, some large corporations have established non-profit corporate foundations. Gifts by the corporations take one of the three forms; charitable donations (money), in-kind contributions (products and services), and volunteer employee service (time) (Lawrence & Weber, 2011). According to Yin et al. (2013), customer care and feedback practice involves commitment in community education, training, capacity building, collaboration, community engagement, philanthropic donations and sponsorship of sports activities. The support of the education system increases future recruitment pool.

2.3. Health and Education

Advanced information technologies have an undeniable role in the field of medicine. They preserve electronic medical records more efficiently and permanently in databases, and are accessible anytime. They improve communication among health professionals and patients. But they do come with the potential of being misused. Public services, such as education, health care and social security, are virtually non-existent in rural areas in many developing countries, and many countries are cutting back on government spending for such services, (Kyosaki R. 2012).

In the industrialized world, new technologies and resources for distance education and technology-supported learning (including multimedia courseware, dictionaries and library resources on, as well as for distance health care (remote consultative networks), are being developed at an increasingly rapid rate. Telecommunications is an indispensable tool for all the above services and activities. 'Plain Old Telephone Service' (POTS) would help, as indicated above, but access to advanced services, such as fax, electronic mail, electronic document interchange (EDI) and access to bulletin boards, computer-mediated conferences, databases and ultimately two-way video and multimedia resources would make a tremendous difference, (Toncich G, Cameron P, Virtue E, Bartlett J, Ugoni A, 2014).

Radio and television broadcasting, including community-owned and controlled local radio stations, also offer the possibility to bring education and training programmed to isolated areas (albeit less effectively than 'just-in-time' interactive education and training that may be provided by means of advanced telematics services). Broad-casting also offers a means to promote cultural development and entertainment for people in isolated rural areas, (Dagwom, Y. D.2014).

2.4. CSR Projects & Charity

Providing the large rural population in developing countries with access to advanced telecommunication services and develop their capacity to use telematics tools is an enormous challenge. It will require huge investments and a concerted effort of concerned governments, international development and financing agencies, as well as the private sector. Innovative solutions must be found, particularly to the two major problems of access and prohibitively high tariffs, (Bichta, C. 2003).

2.5. Community Welfare

People in rural areas in developing countries represent large potential markets as well as potential resources, and the task of developing them offers tremendous opportunities for everybody. It cannot be over-emphasized that to reduce the rapidly growing gap between those who have access to telematics and those who have not, action must be taken immediately. This means planning now for advanced telecommunication services in developing countries, particularly in their rural areas, where the vast majority of the population still lives. Community telecentres could be an essential component of such plans. However, this is a relatively new concept which needs to be tried out in countries at different stages of development, (Khandkwer, S.R, 2008).

3. Methodology

A descriptive research design combining both quantitative approaches was used. The target population of this study was 205 employees of Airtel-Tigo Rwanda. From which a sample size of 136 respondents was drawn using the Slovin formula. Stratified random sampling was used to select the respondents. The Stratified Random Sampling technique ensured that different groups of a population is adequately represent in the sample since it divided the population into homogenous groups such that the elements within each group are more alike than the elements in the population as a whole (Albert, 2012).

$$n = \frac{N}{1+N(e)^2}$$
 Therefore, for this study; $n = \frac{440}{1+440(0.05)^2} =$ Where n= stands to the desired sample size, e = stands for probability of error (the desired precision, 0.05 for 95 % confidence level), N= the estimate of the population size.

A closed ended questionnaire was used to collect data from the respondents. Data was processed for both descriptive and inferential statistics using Statistical Package for Social Sciences (SPSS) version 23.

4. Research Findings and Discussion

4.1. Contribution to the Welfare of Rwandan Community

According to the findings from Table 1; 41.2% of respondents agreed that Airtel-Tigo Rwanda contributes to the welfare of Rwandan community, 29.4% of respondents strongly agreed that Airtel-Tigo Rwanda contributes to the welfare of Rwandan community 22.8% of respondents disagreed that Airtel-Tigo Rwanda contributes to the welfare of Rwandan community while only 6.6% of total study respondents were undecided to the statement.

Scale	Frequency	Percentage	Cumulative Percentage
Disagree	31	22.8	22.8
Undecided	9	6.6	29.4
Agree	56	41.2	70.6
Strongly agree	40	29.4	100.0
Total	136	100.0	

Table 1: Contribution to the Welfare of Rwandan Community

Companies with active customer care and feedback activities reap increased visibility due to enhanced image of the company and its products (Ratemo, 2015). According to Peterson (2013), it is not easy to measure how better off a company becomes by implementation of customer care and feedback. However, one needs to measure the impact of the projects on target communities. If a firm starts a project, it has to establish the beneficiaries, cost, expected revenues if any, management and sustainability logistics. According to Ratemo (2015), sustainability of customer care and feedback projects is achieved through empowering the recipients economically and through capacity building.

4.2. Community Relations and Competitive Advantage of Airtel-Tigo

According to the results from Table 2; the mean values for 1.72; 1.89 and 3.77 are respectively rounded off to 2 (the code for disagree) for provision of health and education services and having in place corporate social responsibility projects and charity and 3 (the code for undecided) for contribution to welfare of Rwandans. The standard deviation of all statement is above 0.5 meaning that respondent's answers on this statement were far different from the mean in other words; their answers were heterogeneous.

Indicators	N	Mean	Std. Deviation
Health & education services	136	1.72	.979
CSR Projects & Charity	136	1.89	.916
The welfare of Rwandan community	136	3.77	1.109
Valid N (listwise)	136		

Table 2: Descriptive Statistic Community Relations and Competitive Advantage of Airtel-Tigo

4.3. Correlation between Community Relations and Competitive Advantage of Airtel-Tigo

The findings in Table 3 illustrate that the results of correlation between community relations and competitive advantage of Airtel-Tigo was at (-0.444) which means that community relations affect competitive advantage of Airtel-Tigo at the level of (-44.4%) which proves a negative significant relationship between community relations and competitive advantage. Taking into consideration the level of significance which is equivalent to 0.05; there is therefore a negative significant relationship between them, their p-value (0.000) is statistically significant at 5% level of significance.

Variable	Community Relations	Competitive Advantage
Pearson Correlation	1	-.444*
Sig.(2-tailed)		.000
N	136	136
Pearson Correlation	-.444*	1
Sig.(2-tailed)	.000	
N	136	136

Table3: Correlation between Community Relations and Competitive Advantage of Airtel-Tigo

5. Discussions

This chapter presents the summary of the findings, draws the conclusion and makes the recommendations in relation to the findings. Later on, the chapter ends with suggestions for future studies. The findings on the effect of community relation on the relations on competitive advantage. The study results were drawn in relation to the findings where it was seen that the community had been impacted by the telecommunication through various ways such as providing channel for effective communication, charity and education impact, health and community welfare, furthermore the research revealed that community relations aspect was improved and according to the findings as it was indicated in the tabulations above.

The Discussions are focuses on the community relation in accomplishment of the Airtel-TIGO Rwanda activities. Company can no longer achieve economic prosperity without impacting on the life of all the stakeholders and agents Goetz (2008). In an attempt to touch the lives of majority of stakeholders and agents if not the whole, Airtel-TIGO Rwanda undertake corporate social responsibility been it voluntary or mandatory. 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, economic empowerment, health and other activities like environment protection and government priorities.

6. Conclusions and Recommendations

Based on the interpretation of collected and analyzed data during the course of this study the researchers come up with the following conclusions:

6.1. The Effect of Community Relations on Competitive Advantage of Airtel-Tigo

The researcher further concluded a negative significant relationship between community relations and competitive advantage of Airtel-Tigo Rwanda because the results of correlation between them Was at the level of - 44.4% which proves a significant negative relationship between community relations and competitive advantage of Airtel-Tigo Rwanda.

7. Recommendations

The study assessed the effect of Corporate Social Responsibility on competitive advantage of telecommunication industry in Rwanda and therefore recommends the following:

7.1. The Effect of Community Relations on Competitive Advantage of Airtel-Tigo

Telecommunication companies should put many efforts in community relations by providing health, education services and Corporate Social Responsibility Projects to the community so that they may capture a big market share based on good reputation.

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