

**THE RELATIONSHIP BETWEEN CSR INITIATIVES AND NON-FINANCIAL
PERFORMANCE OF LISTED COMPANIES IN KENYA**

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**A research project submitted to the school of Business in partial fulfilment of the
requirements for the award of Degree in Bachelors of Commerce of Strathmore
University**

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DECLARATION

I hereby declare that this research paper is my actual and original work. Any reference to work done by any other person or institution or any material obtained from other sources have been duly cited and referenced. I further certify that the research paper has not been published or submitted before for any other degree or published in any other university for the award of a degree apart from Strathmore University.

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DEDICATION

This research is dedicated to the Almighty God for His provision, grace and protection that saw me through my study successfully. I also dedicate this research to my loving parents for their commitment, support and unfailing love that have enabled me come this far in my academics. I also dedicate this research to my supervisor; Dr. Mumbi Maria Wachira who took her time to make sure the research was a success. God bless them.

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ABSTRACT

The role of business in the present day has significantly changed from being profit focused to being socially responsible. According to Rouf (2011) this has been as a result of the continuous interaction between the business and the community. This is perceived in terms of the impact the business has on the environment they operate in. Corporate Social Responsibility means initiatives to assess and take responsibility for the company's effect on the environment and the social welfare of the surrounding community (Porter & Kramer, 2006). Corporate social responsibility plays a pivotal role to help firms balance their economic, social and environmental imperatives.

The fundamental idea of CSR is that businesses corporations have an obligation to work towards meeting the needs of a wide array of stakeholders. In addition, CSR is a set of management practices that ensures the company maximizes the positive impact of its operations on society or operating in a manner that meets or exceeds the legal, ethical, commercial and public expectation that society has for business c. The current debate is that corporations should transition from a state of mere compliance to an engagement; from harm minimization to value creation(Jamali & Mirshak, 2007).

It is worth noting that developing countries do not share the same cultural and societal values, norms and priorities that underpin CSR in western nations. There is some anxiety that CSR continues to legitimize and reproduce values and perspectives that are not in the interest of developing economies. This is in terms of companies confronted with the challenge of how to balance the desire for global integration with the need for local responsiveness.

Table of Contents

DECLARATION	i
DEDICATION	ii
ACKNOWLEDGEMENT	iii
ABSTRACT.....	iv
LIST OF FIGURES	viii
LIST OF TABLES.....	ix
LIST OF ABBREVIATIONS AND ACRONYMS	x
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of study	1
1.1.1 CSR and Non-Financial performance	3
1.1.2 Corporate social Responsibility in Kenya.....	4
1.2 Problem statement.....	5
1.3 Research Objectives	6
1.4 Research Questions	6
1.5 Scope of the study	6
1.6 Significance of the study.....	6
CHAPTER TWO	7
LITERATURE REVIEW	7
2.1 Introduction	7
2.2 Theoretical framework	7
2.2.1 Stakeholder Theory.....	7
2.2.2 Added Value Model	8
2.2.3 Multiple Goals Model.....	9

2.3 Empirical review	9
2.3.1 Corporate social responsibility	9
2.3.2 Non-financial performance	11
2.3.3 Corporate social responsibility and non-financial performance.....	12
2.4 Research gap	13
2.5 Conceptual framework	13
2.6 Operationalization	14
CHAPTER THREE	18
RESEARCH METHODOLOGY	18
3.0 Introduction	18
3.1 Research design.....	18
3.2.1 Target Population	18
3.2.2 Sample Frame	18
3.2.3 Sampling technique	19
3.3 Data collection	19
3.3.1 Data collection instruments	19
3.3.2 Data collection procedures	19
3.4 Research quality	20
3.5 Data analysis and presentation	20
3.6 Ethical consideration	20
CHAPTER FOUR	22
DATA ANALYSIS AND PRESENTATION	22
4.0 Introduction	22
4.1 Background Information	22

4.1.1 Demographic Information of Respondents.....	22
4.2 CSR Initiatives	28
4.2.1 Local community partnership.....	28
4.2.2 Employees and customer relationship	29
4.2.3 Environmental sustainability	30
4.2.4 Socially responsible.....	32
4.3 Non-financial performance	34
4.3.1 Company reputation	34
4.3.2 Competitiveness	36
4.4.1 Innovation.....	40
4.4.2 Customer influence and value propositions.....	42
CHAPTER FIVE	51
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	51
5.0 Introduction	51
5.1 Research Purpose and Methodology	51
5.2 Summary of Findings.....	51
5.3 Conclusion.....	53
5.4 Recommendations	53
5.5 Limitations of the Study.....	53
5.6 Suggestions for Further Studies	54
References.....	55
Appendix 1: Questionnaire	58

LIST OF FIGURES

Figure 2.1: Conceptual framework.....	12
Figure 4.1: Position of employment.....	21
Figure 4.2: Extent to CSR activities.....	21
Figure 4.3: Responsibilities of firms.....	23
Figure 4.4: Attention to CSR policies.....	23
Figure 4.5: Reasons for involvement into CSR.....	24
Figure 4.6: CSR programs v/s business objectives.....	25
Figure 4.7: CSR programs with Local community partnership.....	26
Figure 4.8: CSR programs with engagement with employees and customers.....	27
Figure 4.9: CSR programs with level of knowledge.....	28
Figure 5.0: CSR initiatives and environmental sustainability.....	29
Figure 5.1: Ethical and moral requirements.....	30
Figure 5.2: Socially responsible activities.....	31
Figure 5.3: Acknowledgement and accountability.....	32
Figure 5.4: CSR practices and company's image.....	33
Figure 5.6: Brand differentiation.....	33
Figure 5.7: Assessment of results and past actions.....	34
Figure 5.8: Competitiveness and CSR activities.....	35
Figure 5.9: Responsible business behaviors.....	36
Figure 6.0: CSR programs and loyalty.....	36
Figure 6.1: CSR programs and brand growth.....	37
Figure 6.2: CSR programs with Business objectives.....	37
Figure 6.3: Programs evolvment and adaptation.....	38
Figure 6.4: Innovation and profitability.....	39
Figure 6.5: competitiveness in innovation.....	39
Figure 6.6: CSR initiatives and number of customers.....	40
Figure 6.7: CSR programs and quality.....	41
Figure 6.8: Customer engagement and inspiration.....	41
Figure 6.9: Customer attitude and retention.....	42

LIST OF TABLES

Table 2.1: Operationalization of the study.....	13
Table 4.1: Summary of knowledge regarding CSR initiatives.....	22
Table 4.2: Summary of CSR programs with respect to nonfinancial performance.....	25
Table 4.3: CSR Initiatives with environmental sustainability.....	29
Table 4.4: Correlation analysis summary.....	43
Table 4.5: ANOVA analysis	45
Table 4.6: Summary of multcollinearity.....	47
Table 4.7: Goodness of fit test.....	47

LIST OF ABBREVIATIONS AND ACRONYMS

CSR-Corporate Social Responsibility

SR-Social Responsibility

CHAPTER ONE

INTRODUCTION

1.1 Background of study

The present day role of business has significantly changed from being profit focused to being socially responsible. According to Rouf (2011) this has been achieved as a result of the continuous interaction between the business and the community. This is perceived in terms of the impact the business has on the environment they operate in. Corporate Social Responsibility means initiatives to assess responsibility for the company's effect on the environment and the social welfare (Porter & Kramer, 2006). Corporate social responsibility plays an important role to help firms strike a balance between their economic, social and environmental aspects. Transparency in disclosures of CSR policies and programs is a pertinent aspect if firms have to fully benefit (Kumar & Kidwai, 2017). It should be noted that however in Kenya, the businesses are not subjected to disclose this act.

Research in the past focused on whether CSR should be there or not. It very well may be followed as ahead of schedule as the seventeenth century, despite the fact that the manner by which individuals see and characterize the connection among business and society has developed. Friedman (1970) posited that business should focus on making profit provided it does not engage in fraudulent activities while observing fair and equitable competition. Freeman on the other hand further stated that business could only succeed if it created value for its stakeholders. This made firms to be primarily driven on how to accumulate a lot of wealth at the expense of their surroundings. The harms included environmental degradation which had detrimental effect even after they had left.

Attempts have been made to define the boundaries and the kind of responsibilities it is concerned with. In the early writings of CSR, it was referred to more often as a Social Responsibility (SR) than CSR (Carroll, 1999). There already exists regulations by the governments that limits environmental pollution. Organizations can't tooth their very own horn on the off chance that they are keeping the law. Brands that go additional mile are utilizing praiseworthy CSR activities.

For the purpose of this research, CSR can be viewed as steps that seeks to enhance fairness beyond the firm's interest and the requirements of the law and regulations. CSR concerns itself with wider policies set, varied practices adopted aside from the programs put in place that are incorporated in the operations of the business, the process of making decisions and the suppliers chain of business entity.

According to Carroll, corporate social responsibility footprints throughout the world and societal views were far ranging. The growth of public awareness on has been attributed to environmentalism and social movements that has made most societies and communities demand organisations located among them take account to the support they provide. He further stated that CSR incorporates four columns specifically legalistic, economic, moral and optional desires that a general public has at a given time. The four arrangement of duties makes establishment that depicts in some detail the idea of business obligations to the general public.

Monetary obligation expresses that organizations have a financial duty to the general public that allowed them to be made and continued. Benefits are important to remunerate the financial specialists and proprietors and furthermore for reinvesting to improve the business development in the general public through making of work which is a piece of CSR activities. he legitimate column expresses that the general public has built up some guidelines under which the organizations are relied upon to work and capacity. This incorporates laws and guidelines which mirrors the general public's perspectives which articulate the major ideas of reasonable strategic policies. Moral obligations expresses that the standardizing desires for most social orders are that laws are basic yet not adequate. This implies most associations will grasp those exercises, standards, models and practices that however not composed, are relied upon to be clung to. Such incorporates the business leading its issues in a reasonable and target route even in situations when the law doesn't give rules or game-plan. The altruistic obligation involves every one of the types of business giving's in type of willful or optional exercises. This may not be an immediate duty, however today is normal by the business and is a piece of ordinary desires for the general population.

The fundamental idea of CSR is that businesses corporations have an obligation to work towards meeting the needs of a wide array of stakeholders. In addition, CSR is a set of management

practices that ensures the company maximizes the positive impact of its operations on society or operating in a manner that meets or exceeds the legal, ethical, commercial and public expectation that society has for business(Carroll, 2016). The current debate is that corporations should transition from a state of mere compliance to an engagement; from harm minimization to value creation(Jamali & Mirshak, 2007).

It is worth noting that developing countries do not share the same cultural and societal values, norms and priorities that underpin CSR in western nations. There is some anxiety that CSR continues to legitimize and reproduce values and perspectives that are not in the interest of developing economies. This is in terms of companies confronted with the challenge of how to balance the desire for global integration with the need for local responsiveness

1.1.1 CSR and Non-Financial performance

A lot of studies conducted have put more weight on the relationship between CSR and financial performance in their role towards enhancing the company's profitability. However, non-financial performance indicators play an important role in enhancing the overall goal of the business (Muthuri, 2013). Non-financial performance indicators include aspects such as intangible assets, companies reputation, employees satisfaction and easy access to financial services(Ittner & Larcker, 1998).

According to institutional theory (Campbell, 2007), it expresses that association are significantly affected by the institutional setting in which they work in. This suggests monetary execution clarifications, for example, money related execution and finishing are adequate to completely represent hierarchical CSR practices. The hypothesis further expresses that institutional condition considers establishments, for example, culture, guidelines and social standards which impact and are affected by entertainers' cooperations in an administration framework.

Levy (1999) in his book, Give and Take, underpins the similarity that corporate altruism and social activities are the center of business. He further puts accentuation that social undertakings must be steady with business goals for procuring benefits. Considered as a functioning wellspring of upper hand ,CSR can be a proactive business system and a successful advertising device that can make and continue aggressive edge(Maignan & Ferrell, 2001). Corporations have gone a step further from "doing good" to "doing better" and this is the road to "doing best" by building added

societal value(Wartick & Cochran, 1985). In some cases, however, company's management have resisted arguing that additional CSR investment is in consistent with profit maximization analogy.

Measures of financial performance are categorised into two. (Cochran & Wood, 1984). This incorporates financial specialist returns and bookkeeping returns. The fundamental thought basic financial specialist returns is that profits ought to be estimated from the point of view of the investors. Then again, the fundamental thought of utilizing bookkeeping returns as a proportion of money related execution is to concentrate on how company's profit reacts to various administrative arrangements.

According to (Windsor, 2006) ,proposed a concept of the link between CSR and financial performance through the visual of the four different four scenarios. The scenarios are as follows;

If financial performance increases at the same time as CSR, this results to a win-win situation regardless of the governments or ethical input.

If both CSR and financial performance fall at the same time, this results to a lose-lose situation. Therefore, the government input is likely to occur in order to counter the unwanted situation.

If financial performance increases when CSR decreases, public aversion toward companies can occur since environmental or social harm leads to profit for the companies.

If financial performance decreases while CSR increases, it creates a conflict in contrast to the previous example where companies become unwillingly to invest in CSR activities.

1.1.2 Corporate social Responsibility in Kenya

CSR in Kenya is still a work in progress with great strides being made. This is because of lack of a very comprehensive law that captures all sectors. Muthuri & Victoria (2011), in the article titled "An institutional analysis of corporate social responsibility in Kenya" discusses in totality how CSR has been manifested in Kenya. He stated that CSR has three determinants. First, we have regulative also known as legal systems. This entails rules, sanctions and regulations that are used to codify socially acceptable behaviour. Second, we have normative elements. This refers to the values and social norms that define the rules of engagement. Lastly, we have the cognitive element. Also known as cultural element, encompasses the shared beliefs that constitute responsible corporate behaviour.

He goes further to state that the government has been reluctant to enforce standards and regulations for fear of discouraging domestic investments. This has made the enforcement difficult hence many entities often take advantage to avert compliance. He goes ahead to state that the absence of a regulatory framework has made companies to seek to be responsible to the stakeholders needs. In turn, the stakeholders offer socio-political and cognitive legitimacy.

1.2 Problem statement

Albeit hypothetical and observational research regularly on the connection among CSR and budgetary execution frequently give various ends, for example, positive, negative, blended and no connection among CSR and organization's competitiveness, ways to deal with measure the organization's particular business effect of CSR are absent in the ebb and flow writing. In any case, such methodologies could reinforce the general CSR inclusion and bolster discerning choice—making.

The argument for a negative relationship of CSR initiatives is mainly based on the thinking of Milton Friedman. He argues that companies should have no social responsibility to the public or society since its main concern is to increase profits for itself and that of the shareholders. He further argues that it is the responsibility of the shareholders in their own private capacity to engage in social responsibility. Cheng et al (2014) argues that CSR can strengthen the relationship with a company's stakeholders. He further states that companies undertaking CSR initiatives often lowers its capital constraints through better access to bank loans which makes it easier to undertake strategic investments. McWilliams & Siegel(2000) expressed that despite the fact that it had been inferred that organizations may get monetary benefits from CSR activities, earlier examinations into the relations among CSR and CFP had been uncertain in showing the relations among CSR and CFP. A recent study conducted of the firms listed in the Korean exchange showed a partial positive relationship with the profitability and firms value in comparison to the CSR effort put(Cho, Chung, & Young, 2019).

Past studies have mainly been focusing on the main companies such as Safaricom which is a leading telecommunication company in the country with huge profits yearly which have gone broadly to disclose their CSR initiatives in their financial statements. This accounts to a smaller percentage of the total listed companies hence making the blanket conclusion be wrong. However,

the non-financial performance aspects such as easy access to finances have been forgotten whereas this play a very integral part in improving the company's bottom line.

1.3 Research Objectives

1. To establish the relationship between corporate social responsibility and non-financial performance of listed companies in Kenya.
2. To establish the various CSR initiatives used among listed companies Kenya

1.4 Research Questions

1. What is the relationship between corporate social responsibility and non-financial performance of listed companies in in Kenya?
2. What are some of the CSR initiatives implemented by companies used to enhance non-financial performance of listed companies in Kenya?

1.5 Scope of the study

This study is only focusing on the relationship between corporate social responsibility and non-financial performance of listed companies at Nairobi Security Exchange, whose main role is to provide mechanism through which companies can raise capital for expansion. There are a total of 64 listed companies which includes also companies in the NSE20

1.6 Significance of the study

This study is cross sectional study focusing on the relationship between corporate social responsibility and non-financial performance of companies at the NSE in Kenya for the financial year 2018-2019.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical framework, conceptual framework, and operationalization of variables. Specifically, the chapter discusses the stakeholder theory, the added value model and the multiple goal model.

2.2 Theoretical framework

2.2.1 Stakeholder Theory

According to Guay & Doh, (2006), a stakeholder can be practically defined as, an entity that is majorly outside the company that the firm is focused to influence and mainly impact the organization. The mostly commonly mentioned stakeholders of a company includes; government, company's employees, customers, regulatory agencies, political groups and activist, and competitors, in which are majorly recognised has having an influence or are affected by the organization operation and also determines the viability of a firm (Wu & Issa, 2013). There exists norms and values of a company's stakeholders which concerns issues that extends or are applied to individuals or organizations which generally have no direct influence on their own wellbeing. Bommer & Ellstrand, (1996) argues that the operations and marketing of a company has extend from the narrow customer orientation to relationships and benefits of different stakeholders' interests.

Until recent years, the core objective of a firms has been deemed as to generate profits by individuals and is obliged to the demand of its shareholders (Abdullah, 2004). This notion is slowly changing and generation of profits can no longer be deemed as the only objective of a company, as success of a company is seen as increasingly affected by the stakeholders' relationships, which has an arsenal of interests, in which the most vital being how companies faces the issues of social and environment (Adjaoud, Zeghal, & Andaleeb, 2007). This approach of stakeholders towards CSR pinpoints that, the interests of shareholders are not easily met without establishing and understanding the needs of other stakeholders. In that way, the organization's attention and interest has shift away from only focusing on profit maximisation (Bali & Dixit, 2016). By understanding this approach, the main challenge of the organisation lies in determining who they are solely

responsible towards and how the extend of the scope of responsibility is far (Eisenberg, Sundgren, & Wells, 1998).

According to Guay & Doh, (2006), how the firms are evaluated and viewed by its stakeholders determines all the other subsequent reactions towards the company's success. As such, it is of interest to the management to value the perception of the firm in terms of being socially responsible and ethically as CSR represents a vital blend and cooperation between the firm and its stakeholders (Guay & Doh, 2006).

For any organization to realise value, they have to consider the interest of all stakeholders. For the companies operating in the NSE market, all stakeholders interest can be met when nonfinancial performance measures are considered. The scope of the responsibility of management towards firm's CSR within the underling regulation and corporate mission can add value when nonfinancial performance measures are in consideration.

2.2.2 Added Value Model

Bhagat & Black, (1999) suggests that, added value model conceptualizes CSR to assess if environmental and social endeavours are avenues in realising increased profit. Proponents of Bhagat & Black model will in general recognize that contentions rise in business choices and they additionally accept that there are capacities to create new incomes in CSR ventures. This model will in general focus on issues like CSR values which helps in finding socially cognizant workers, overseeing negative dangers press and drawing in socially cognizant shoppers.

It is generally consented that, competitive advantage requires a fit between strategic actions and external environment in addition to superior firm's capabilities and resources in accordance to Mittal. It is argued that, strategic actions are driven by top management values in which it includes, social responsibility and commitment to profit (Bhagat & Black, 1999). However, it does not mean that increasing social responsibility is the easiest or best route for realising or creating value and profit. In finding this route, there has to be steps beyond the simplistic approach that CSR is inherently profitable. The key to success is found when competitive advantage is created with results in value creation, skilfully managed as per the strategic management theory. When consumers are willing to pay a premium for a company's product/service, value is created based on the firm's position in and involvement with specific respect to social issues. Worth creation

significantly happens when there is blend of company's assets in various new manners in order to build the potential profitability of the assets. Hence, value creation is majorly how the company is innovative. There is opportunity for innovation when CSR is put in consideration as outlined by Strategic management researchers.

The environmental and social endeavours undertaken by the firm which considerable contributes to the existing of the firm has no-monetary value that a firm can derive if clear nonfinancial performance metrics are conceptualized.

2.2.3 Multiple Goals Model

Finally, Redman, (2019) model for CSR imposes a role in corporate decision making for social values that is not necessarily aligned with the economic values. In this model, organizations have objectives past the acknowledged investor esteem in which it incorporates, the fortification of the network without acknowledging or regard to the money related addition. As indicated by Redman, the above model is believed to be by one way or another radical, albeit some corporate people have communicated support for it. Major aspects of Redman's model put more emphasis on the quality of life as the base-line of economic activity.

It is not necessary for the decision of the management to make an impactful economic gain if the decision does not utilise the concept of CSR. If CSR becomes the centre of the decision making, then there is a positive impact in the value of the firm. Without realising the monetary value of the CSR initiatives, there is ideas that non-monetary value can be achieved if the decision is grounded on the metrics of nonfinancial performance of existing listed firms in the NSE.

2.3 Empirical review

2.3.1 Corporate social responsibility

Studies have been formulated in regards to CSR for quite period of time, but still there is missing consensus on its definition and its principles, constructs and constituent dimensions (Guay & Doh, 2006).

There is great CSR perceptions and definition in a comprehensive literature review. For example, Cheah, Jamali, Johnson, & Sung, (2011) pinpoints that the core social responsibility of a business is to maximise on its profit. Also, Hamann, (2003) argues that 'the only social responsibility of a

company is to increase its profits' whilst staying 'within the confinement of the game'. objectively to that, Kilian & Hennigs, (2014) defers that CSR needs 'consideration of elements beyond the mere notion of economic, technical, and legal requirements of the company.' These two propositions are opposing. Different suggestions have been put across with some proposing that a company is responsible solely to its shareholders, while the others argues it is not only the interest of the shareholders that needs consideration but also the stakeholders.

To note, EU commission is the highest legislative body and defines CSR as 'actions by firms above and over their legal requirement towards the support of the society and environment' (Barako, Hancock, & Izan, 2006).

Perceptions of CSR vary considerably among companies, managers and individuals due to incoherent definitions of CSR (García-Benau, Sierra-Garcia, & Zorio, 2013). Is there any possibility of teaching ethical decision making? There has been some consensus emerging from CSR reviews. One of the outstanding CSR publications is that managers are supposed to focus majorly on multi-stakeholders' welfare instead of concentrating more on shareholders' wealth maximization (Abeysekera, 2010). By definition, stakeholders are individuals or groups who either benefits or are harmed due to company's activities (Dias, Rodrigues, & Craig, 2016). For this instance, the shareholders group is lesser than the stakeholders group in which the stakeholders are not for some case the providers of equity or investors in the company. In this case, the major key areas of CSR include but not limited to economic, environmental and societal (Morsing & Schultz, 2006).

There are several reasons that companies engage in CSR activities. These may range from being pure philanthropic to conformity to external institutional pressure in the environment and explicit positive returns such as stronger reputation and financial gains (Ogolla, 2013). The linkage established between purchase intention and increased awareness is the consumer's response to CSR activities. The following summarises the benefits accrued by being socially responsible from the Strategic management journal Strategic Management Journal; (1) Important source of competitive advantage, (2) ease in marketing of products or services, (3) quality employees, (4) utilisation of unforeseen opportunities, and (5) ease in attraction of resources. Rao & Tilt, (2016) also identified five potential benefits of CSR for companies: (1) Reduction of related risks

in CSR, (2) higher sales and market with an increase in revenue, (3) a positive impact on the employees' recruitment, retention and motivation (4) reduced cost and (5) a good image of the company's reputation.

CSR also has micro level effects apart from the realised above mentioned benefits at the firm level (Dalton, 1998). Klapper & Bauer, (1965) found that higher economic growth is a resultant effect of the bigger share of the socially responsible firms in the economy. Thus, corporate CSR assumes a critical job in the development of the economy.

2.3.2 Non-financial performance

One of the recent most important development in management accounting is the establishment of nonfinancial performance measures. The development and evolution of the measures have created criticism focused at the irrelevancy and obsolescence of the practices of management accounting in today's competitive environment (Klapper & Bauer, 1965). To overcome the inappropriateness of orthodox financial performance measures, the utilisation of nonfinancial performance measures has been advanced as a solution (Baysinger & Hoskisson, 2011). However, the employment of the nonfinancial performance measures is unlikely to succeed unless these measures are tied to the organizational goals and strategy (Hafsi & Turgut, 2013). The management, as agents of the organisation, are likely to direct their attention and efforts to only those performance measures which are tied to the company's vision. The value realisation effect will be lost if an organisation adopts one set of measure for its strategies while using a different set to measure organisational performance in the NSE market. Klapper & Bauer, (1965) note that 'if a company wants to succeed, it has to pursue objectives that will help them being socially responsible and at the same time gain maximum return on investment.' Hence, nonfinancial performance measures that are not directly aligned to the organizational objectives is likely to negatively affect the company in its performance in the NSE market. If the use of nonfinancial performance measures should be ultimately tied to company evaluation and rating, it is imperative that the company should be aware of consequences and changes of employing such measures.

It is not only time consuming and costly exercise in the implementation of new performance evaluation measures but may also lead to company repercussions which may be detrimental to its success and interests. Hence, the implementation should be undertaken when the resultant

consequences are well understood (Graham, Graziano, & Kelly, 2006). This study attempts to address this gap in the literature.

2.3.3 CSR and non-financial performance

The influence of CSR on firms' performance is a core issues in management and corporate governance, especially looking at nonfinancial performance measures. Rachael, (2015) upholds that being socially responsible attracts additional expenses hence being costly. Rachael, (2015) maintains that the additional expenses incurred by being socially responsible reduces firm's profits hence a company may seize from having competitive advantage (Rai, 2012).

Freeman in 1984 had an opposite view and introduced the stakeholder theory. In this theory, and other literature, it suggests that, the dissatisfaction of any stakeholder can deter firm's success by affecting its economic rents and compromising its future (Khan, 2010). CSR is prerequisite for securing the firm income profit. According to this theory, managers should take into account the interest of both individuals and groups who have great holding in the company (Kiliç, Kuzey, & Uyar, 2015) not necessarily just the shareholders (Barakat & Pérez, 2008) but also all the stakeholders that are involved. If this accounts and interests are taken into consideration, CSR will not only improve the satisfaction of this stakeholders but lead to improve nonfinancial performance of listed companies in Kenya (Keluarga, 2016).

As is evident, Barakat & Pérez, (2008) suggests both extreme relationship between CSR and nonfinancial performance. To which effects prevails? Is the question that arises. An empirical literature can be driven to answers these questions that arises. Brown, (1394) study pinpoints to an agreed connection among CSR and nonfinancial execution, proposing that, being socially mindful has an immediate positive effect in the organization's productivity. On the off chance that truly there is a constructive outcome among CSR and nonfinancial execution, at that point socially dependable ventures have an immediate positive connect to the investors' worth (Dias et al., 2016), being that CSR is favourable to the returns on the shareholders' investment.

Some studies point out that, there is a negative relationship between CSR and nonfinancial performance. Barakat & Pérez, (2008) study found out that, social responsibility incurs costs and negatively affects the profitability of the company. In Friedman's view, the sole responsibility of a firm is to generate profit and being socially responsible is an irresponsible behaviour.

Whatsoever, the negative link between CSR and nonfinancial performance does not have to necessarily mean that the firm has to abandon the social responsibility of the corporate action. The management believes that even if it is expensive to be socially responsible, the action of it makes the company to be good corporate citizens (Dias et al., 2016).

Another relationship established is that there is no relationship between CSR initiatives and nonfinancial performance. Dias et al., (2016) found out that within the search of being socially responsible, the profitability of the company does not improve and on the other hand, it does not either deteriorate. The negative and the positive effects of the CSR and nonfinancial performance apparently cancel out. This study is therefore aimed at operationalisation and measurement issues of the CSR initiatives and nonfinancial performance.

2.4 Research gap

This study draws a relationship between CSR initiatives and non-financial performance of listed companies in Kenya. Most studies (Baysinger & Hoskisson, 2011; Kilian & Hennigs, 2014; Abeysekera, 2010) concentrate on the relationship between CSR initiatives and financial performance putting more emphasis on financial performance hence creating a gap for the nonfinancial performance measures for the listed companies in NSE. This study has looked into one theory and two models which includes; stakeholder theory, added value model and multiple goal model respectively. There are many other factors affecting CSR initiatives and non-financial performance but this study will concentrate on metrics and measures such as; Local community partnership, employees and customer relationship, environmental sustainability and Socially responsible investment for the CSR activities and friends notoriety, client impact and worth, intensity, and advancement for non-money related execution.

2.5 Conceptual framework

As Beckman & Cook, (2007) definition: The conceptual framework “it is the one that lays the stage” for the organization of the research questions and propels the researcher towards examination of the problem statement.

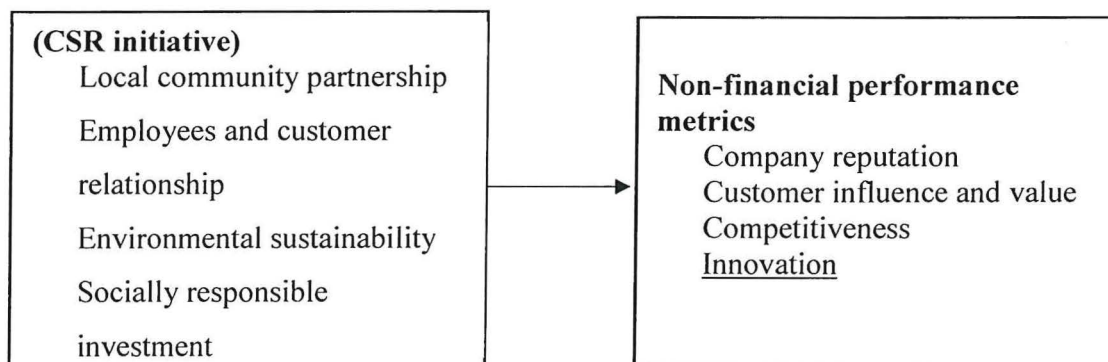
There is increasing concern on firms’ CSR initiative and the need for non-financial performance. The main problem that arises is how can we draw a relationship between CSR initiatives and non-financial performance of listed companies in Kenya. Hence, this research claims that the

relationship between CSR initiatives and non-financial performance is vital for the success of listed companies in Kenya. CSR initiatives can be viewed as firms' carrying out its business ethically, in which it includes taking account of; environment, social and economic impact with the consideration of human rights while non-financial performance are quantitative measures metrics that cannot be expressed in terms of monetary values but those metrics that lead to achievement of goals i.e. Innovation, firm's reputation, customer influence and value and competitiveness.

Notice that the variables of the study are two: 1) CSR initiative and 2) non-financial performance. The first is an independent variable while the latter is the dependent variable. Both of these variables are not easy to measure. It takes a deeper analysis to quantify the data that is collected from observing the variables.

Supposing other things that can influence the variables are held constant, it will be feasible to connect on these two variables and assert that actually, there is a relationship between CSR initiatives and non-financial performance of listed companies in Kenya. To understand more about these case, a correlation analysis will be dealt with to exhibit whether the interrelationship is notable or not.

Figure 2.1: Conceptual framework



Source 1.1: Author (2019)

2.6 Operationalization

Therefore, in this research "CSR initiative" is operationally defined in terms of listed companies in Kenya as firms taking account of their environment, social and economic impact and consideration of human rights. While "Non-financial performance" is operationally defined as the

quantitative measures metrics that cannot be expressed in terms of monetary values but those metrics that lead to achievement of goals.

Table 2.1: Operationalization of the study

Variables	Constructs	Operation Definition	Measurement Indicator
Independent Variable (CSR initiatives)	Local Community partnership	Collaborative relationship between organization and community	Five point Likert scale 1-Strongly Disagree 2-Disagree 3-Somewhat agree 4-Agree 5-Strongly agree
	Employees and customer relationship	Interactions and relations of creating value for the company	Five point Likert scale 1-Strongly Disagree 2-Disagree 3-Somewhat agree 4-Agree 5-Strongly agree
	Environmental sustainability	The maintenance of the factors and practices that contribute to the quality of the environment in the long run	Five point Likert scale 1-Strongly Disagree 2-Disagree 3-Somewhat agree 4-Agree 5-Strongly agree

	Socially responsible	Acknowledging and remaining accountable for the impact of one's choices on the larger world	Five point Likert scale 1-Strongly Disagree 2-Disagree 3-Somewhat agree 4-Agree 5-Strongly agree
Dependent Variable (Non-financial performance)	Company reputation	The collective assessment of a corporate's past actions and the ability of the company to deliver improving results.	Five point Likert scale 1-Strongly Disagree 2-Disagree 3-Somewhat agree 4-Agree 5-Strongly agree
	Customer influence and value	Customer monetary contribution to the firm	Five point Likert scale 1-Strongly Disagree 2-Disagree 3-Somewhat agree 4-Agree 5-Strongly agree
	Competitiveness	Being good or better than others of a comparable nature	Five point Likert scale 1-Strongly Disagree 2-Disagree 3-Somewhat agree 4-Agree 5-Strongly agree
	Innovation	The introduction of something new	Five point Likert scale 1-Strongly Disagree

			2-Disagree 3-Somewhat agree 4-Agree 5-Strongly agree
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Source: Author (2019)

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section talks about the examination philosophy that is utilized to do the study and what educated the determination regarding; the exploration plan, the objective populace, the example size, the testing system, and information assortment technique, the exploration instruments for information assortment, the moral contemplations and the information investigation strategies.

3.1 Research design

Descriptive cross-sectional research designs is adapted to achieve the object of the research. Descriptive research design is employed since it is evidential that the research is quantitative in nature and can use numerical values. To describe phenomena associated with a certain population, descriptive research study is used to estimate proportions of the population that had certain characteristics (Kothari, 2004). The adoption of explanatory research design is employed because there is an implication that when there is a change in one variable it causes a change in the other variable

3.2 Target population and sampling Technique

3.2.1 Target Population

The population under study consists of firms that are listed in the NSE by 2019. The target population which were considered were 64 firms operating in various industries of the Kenyan market.

3.2.2 Sample Frame

This is an index, a list or a directory in which a sample size can be drawn from (Kothari, 2004). A sampling frame is an index of all items in which a representative sample is drawn from for the purpose of the study. In this study, the sample frame is 64 firms listed in the NSE Kenya. This firm's sample study will include the marketing department who are directly involved with the implementation of marketing CSR strategies. The showcasing office, popularly known as the marketing additionally fills in as the essence of the organization, planning and delivering all

materials speaking to the organization and furthermore make an all-encompassing picture that speaks to the organization in a positive light.

3.2.3 Sampling technique

A sample is a proportion of the population of study. The aim of sampling is to grasp an understanding of some of the characteristics or attributes of the entire population based on the features of the sample of interest. The study employees a census design because it provides a true measure of the population under study with zero sampling errors.

3.3 Data collection

3.3.1 Data collection instruments

According to Kothari, (2004) questionnaires are very economical in terms of energy, finance and time and also it yields a quantitative data which is easy in collection. In this research, questionnaires were employed to capture the different variables under the study. As a research instrument, a questionnaire helps in gathering data over a large sample with a view of translating research objectives into specific research questions. Since confidentiality is upheld in the data collection using questionnaire, there is reduction of biasness, since the questions are presented in a paper form as compared to the other forms of data collection. An additional of secondary sources were used to collect pertinent data for the study. These secondary data include but not limited to; The NSE Handbooks (2013-2019), NSE annual publications, and Firms annual reports.

3.3.2 Data collection procedures

There will be self-administration of the questionnaire, meaning that the respondents filled questionnaire by themselves. To facilitate the operations of collection of data, a letter from Strathmore University will be used for introduction, the questionnaires will be delivered both through the email and walk-ins. The organization marketing department will be contacted and at least the respondents will be given a week to fill the delivered questionnaires. Then the researcher will collect the questionnaire after at least a week through follow-up calls or even walk-ins as for the purpose of analysis. The questionnaire that is used for the purpose of collecting data will be structured in the following three ways; (1) Section 1; containing questions in regards to the respondent demographic, (2) Section 2; covers objective one (types CSR initiatives) and lastly (3) Section 3; covers objective 2 (non-financial performance measures).

3.4 Research quality

There are two aspects that are used to determine research quality; the reliability and validity of the findings and of the research techniques used. According to Kothari, (2004), reliability is the magnitude to which consistency exists in the study result over time. Therefore, this study embraces descriptive and explanatory as a research design and uses techniques like questionnaire and secondary data collection methods that aids in yielding sound result to be reliable and able to be generalized for future reference. Also, this research will preserve credibility to assess whether or not the representation of data fits the opinions of the participants studied, whether the findings hold true.

As Kothari, (2004) elaborated, validity explains whether the research measures what it aimed to measure. Therefore, evaluation techniques will be used.

3.5 Data analysis and presentation

The data in this study will be collected using questionnaires. The data will consist of both qualitative and quantitative. The qualitative data analysis was involved in explaining different information obtained through the empirical literature, this includes explanation of the findings while quantitative data analysis was done through the data obtained from the field of study. The analysis was done by the help of Microsoft excel. The data from the questionnaire was coded into common compositions to facilitate analysis. The data then was entered into Microsoft excel to generate statistical output. Descriptive and inferential technique was employed to analyse data collected where statistical measure of central tendency like mean, standard deviation was utilized to analyse objective one and two of the study. A factor analysis will be conducted to determine how CSR initiatives and nonfinancial performance of listed companies in NSE are related. A regression model will be used. Charts, graphs and tables was used to represent the information.

3.6 Ethical consideration

According to Kenya data protection act, the following will be considered during the collection of data; the researcher would not be subjected to any harm, there will be dignity for the participants, full consents will be obtained from the participant before the data collection, there is protection of the privacy of the participant and also confidentiality. The research also has no deception of the

research objective and questions. The research avoids biasness of the primary data presentation and findings.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

The general objective of the research was to examine the relationship between CSR initiatives and non-financial performance of listed companies in Kenya. This chapter presents the findings of the study and the analysis. The findings were presented using the frequency tables, pie charts and graphs and the data summarized into percentages, frequencies, mean standard deviation and correlation. These discusses the background information, CSR initiatives and nonfinancial performance analysis.

4.1 Background Information

The aim of the study was to obtain CSR performance information on the respondents; Marketing managers, marketing assistants and others within the companies. The findings are presented in the subsequent sub-sections.

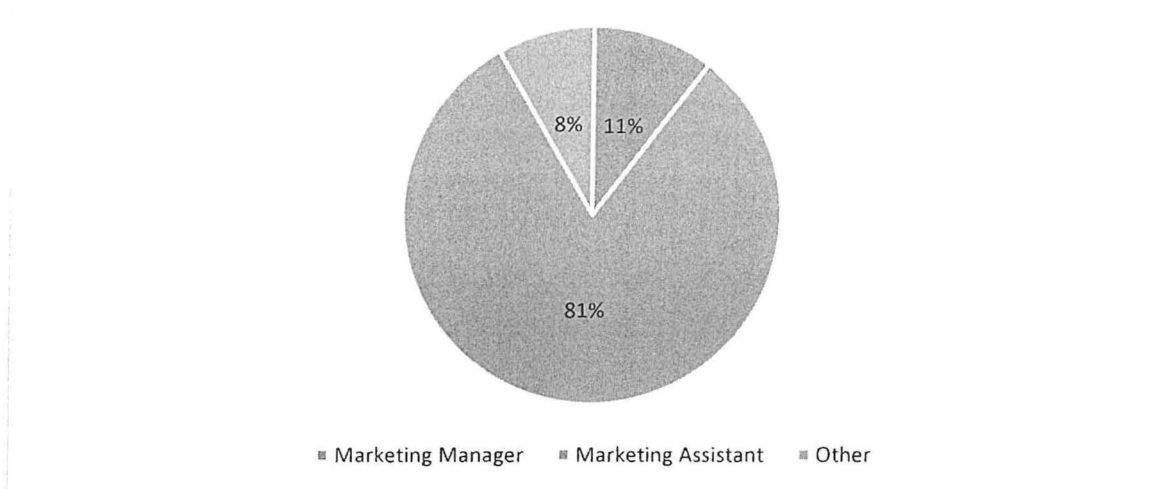
4.1.1 Demographic Information of Respondents

The demographic information collected by the researcher entailed position held within the organization and other background information and summarized below.

4.1.1.1 Employment Position

Figure 4.1 reveals that 39(81%) of the respondents were marketing assistants, 5(11%) of the respondents were marketing managers, 4(8%) of the respondents representing were considered as others. This depicts that most of the organization in NSE prefers Marketing assistants to come up with ideas for CSR initiatives while Marketing managers are involved with decision making and strategizing in regards to what initiative should be undertaken while other members “others” closely related to the department helps in strengthening and implementation of the ideas.

Figure 4.1: Position of employment

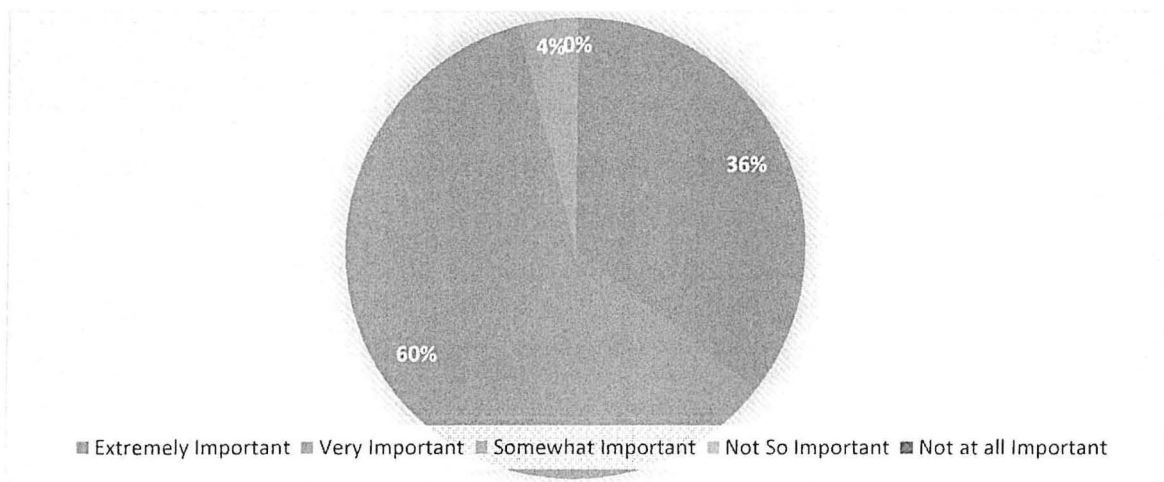


Source: Researcher (2019)

4.1.1.2 Corporate CSR activities

Figure 4.2 shows the extent to which CSR activities are prioritized in the NSE companies. this depicts that 29(60%) consider CSR activities very important, 17(35%) extremely important, 2(4%) somewhat important, 0(0%) not so important and 0(0%), not at all important. this shows that data CSR activities are very important for firms' non-financial performance.

Figure 4.2: Extent to CSR activities



Source: Researcher (2019)

4.1.1.3 Knowledge regarding CSR initiatives

Table 4.1 shows that most of the NSE firms level of knowledge regarding CSR initiatives is as follows; well versed with CSR concept 33(69%), Familiar with CSR topics 11(23%), basic understanding about this concept 4(8%), heard the name but don't know exactly what it is 0(0%), don't know what it is 0(0%). This shows that many NSE firms are more well versed with the knowledge in regards to CSR initiatives with an understanding of the CSR concepts.

Table 4.1: Summary of knowledge regarding CSR initiatives

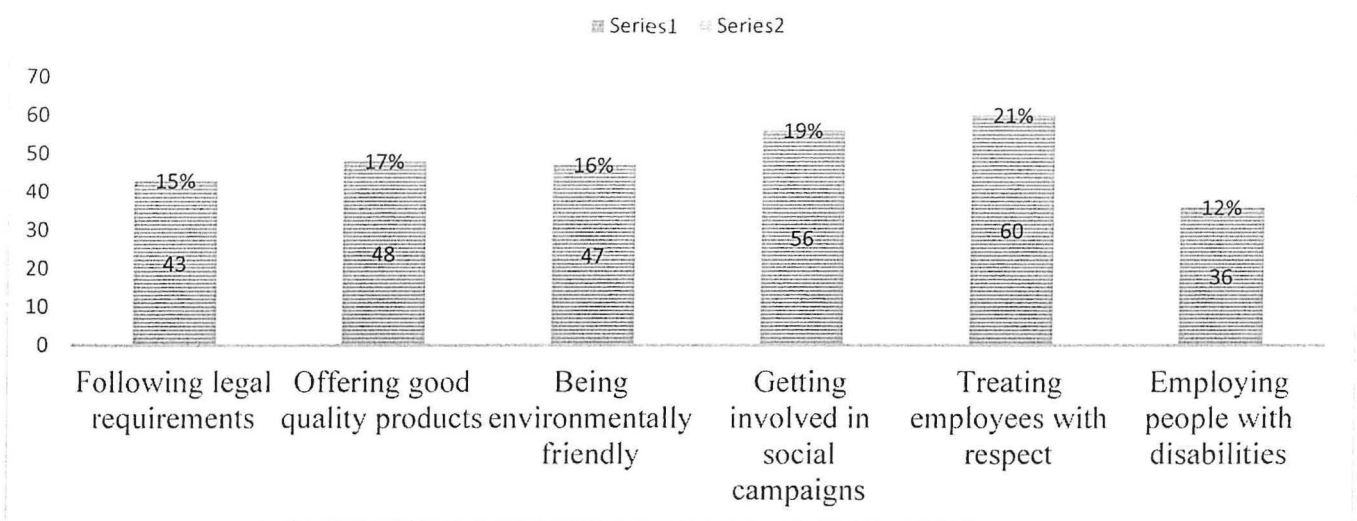
	Frequency	Percentage
I don't know what it is	0	0%
I have heard the name but I don't know exactly what it is	0	0%
I have basic understanding about this concept	4	8%
I am familiar with CSR topic	11	23%
I am well versed in CSR concept	33	69%

Source: Researcher (2019)

4.1.1.4 Companies Responsibilities

Figure 4.3 shows that NSE firms' responsibilities in following legal requirements 43(15%), offering good quality products 48(17%), being environmentally friendly 47(16%), getting involved in social campaigns 56(19%), treating employees with respect 60(21%), and employing people with disabilities 36(12%) respectively. This shows that most of the NSE companies show corporate responsibility by treating employees with respect.

Figure 4.3: Responsibilities of firms

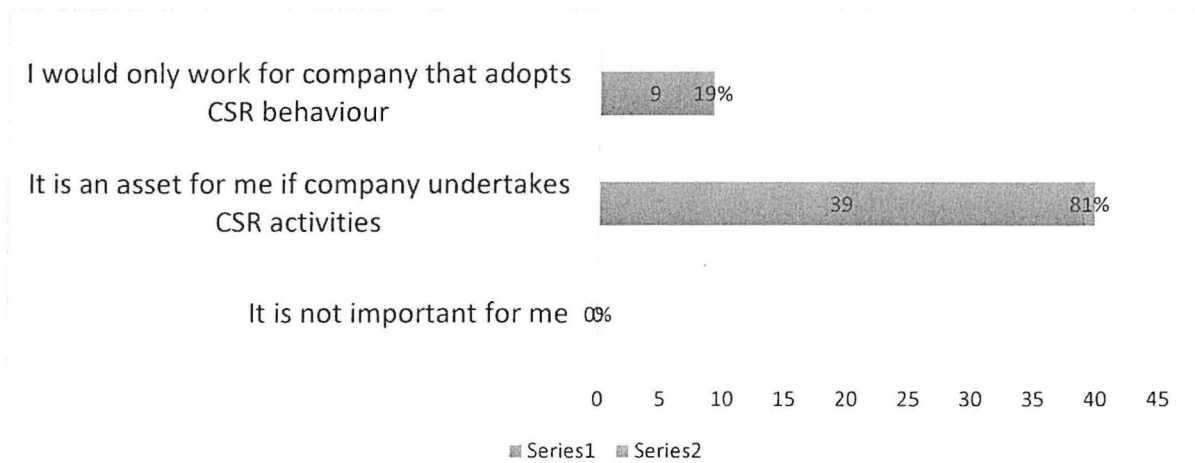


Source: Researcher (2019)

4.1.1.5 Attention to CSR policies

Figure 4.4 shows that most employees of the NSE firms put more attention to work for a company that adapts CSR behavior 9(19%), as an asset for them if a company undertakes CSR activities 39(81%), and not important to them 0(0%). This shows that most employees will consider CSR activities as an asset to them if a company undertakes it.

Figure 4.4: Attention to CSR policies

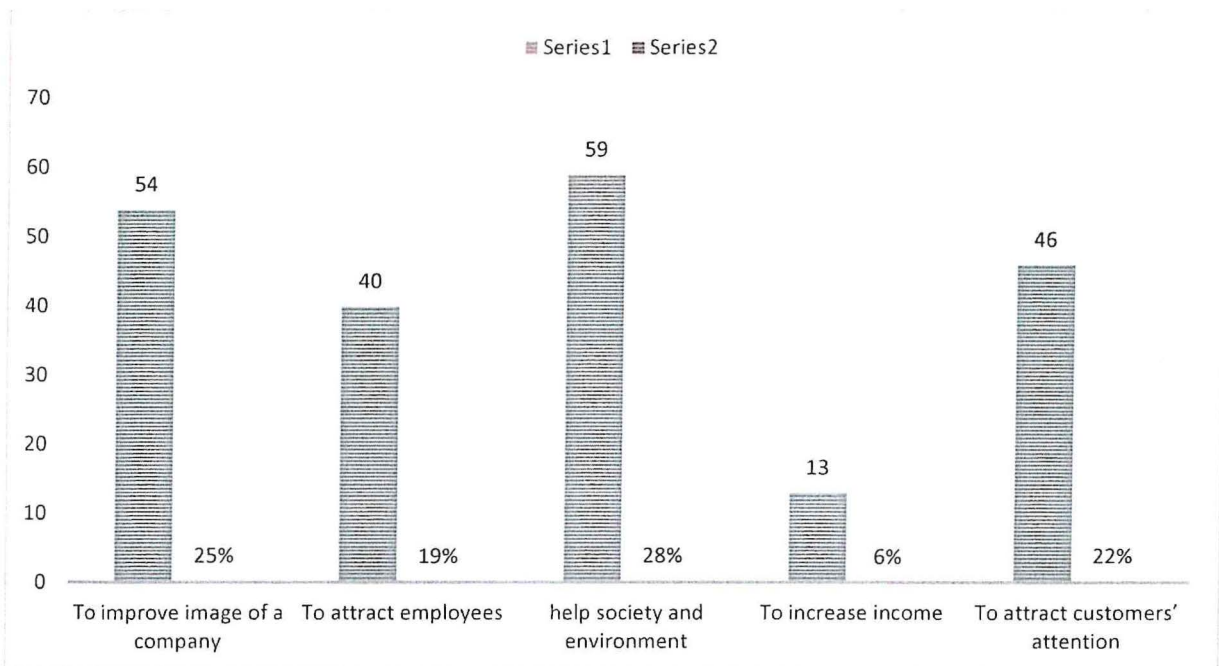


Source: Researcher (2019)

4.1.1.6 Reasons for Involvement into CSR

Figure 4.5 shows that NSE firms get involved into CSR to improve image of the company 54(25%), to attract employees 40(19%), to help the society and environment 59(28%), to increase income 13(6%), and to attract customers' attention 46(22%). This shows that the major reasons for NSE firms to be involved into CSR (1) is to help the society and environment and (2) to improve the image of the company.

Figure 4.5: Reasons for involvement into CSR

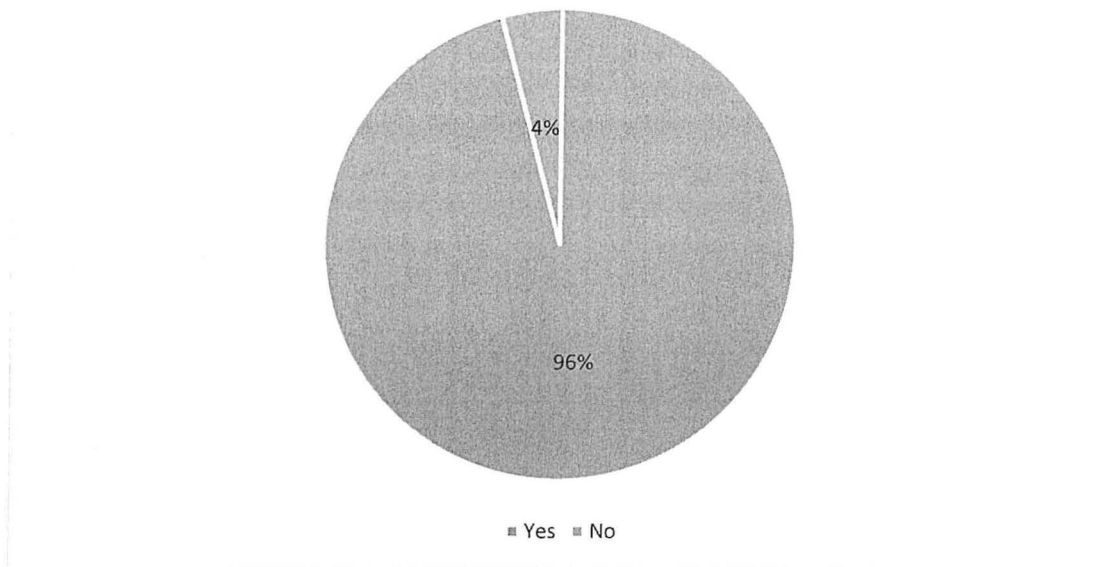


Source: Researcher (2019)

4.1.1.7 CSR programs with Business objectives

Figure 4.6 shows that 96% of the respondents consider that CSR programs undertaken by their companies are in line with their business objectives while 4% of the respondents do not agree with that. This shows that a high number of the NSE companies are actual operating CSR programs in alignment with their business objectives.

Figure 4.6: CSR programs v/s business objectives



Source: Researcher (2019)

4.1.1.8 CSR programs with respect to nonfinancial performance

The respondents were also requested to express their opinion concerning CSR programs on various aspects of nonfinancial performance.

The responses were as show in table 4.2 the average CSR programs with mutual trust and respect is 9.6 while the Standard deviation of the same is 16.10, the average CSR programs with respect to interaction of employees and customers is 9.6 with a standard deviation of 9.63, on average the CSR programs agreement is 9.6 while its standard deviation is 3.36, the average CSR programs with respect to employees offering time for the CSR initiatives is 9.6 with a standard deviation of 6.47. The standard deviation was used to depict the variance in responses received.

Table 4.2: Summary of CSR programs with respect to nonfinancial performance

	Mean	Standard deviation
CSR programs mutual trust and respect	9.6	16.10
CSR programs with interaction of employees and customers	9.6	9.63
CSR programs agreement	9.6	3.36

CSR programs with employees offering time	9.6	6.47
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Source: Researcher (2019)

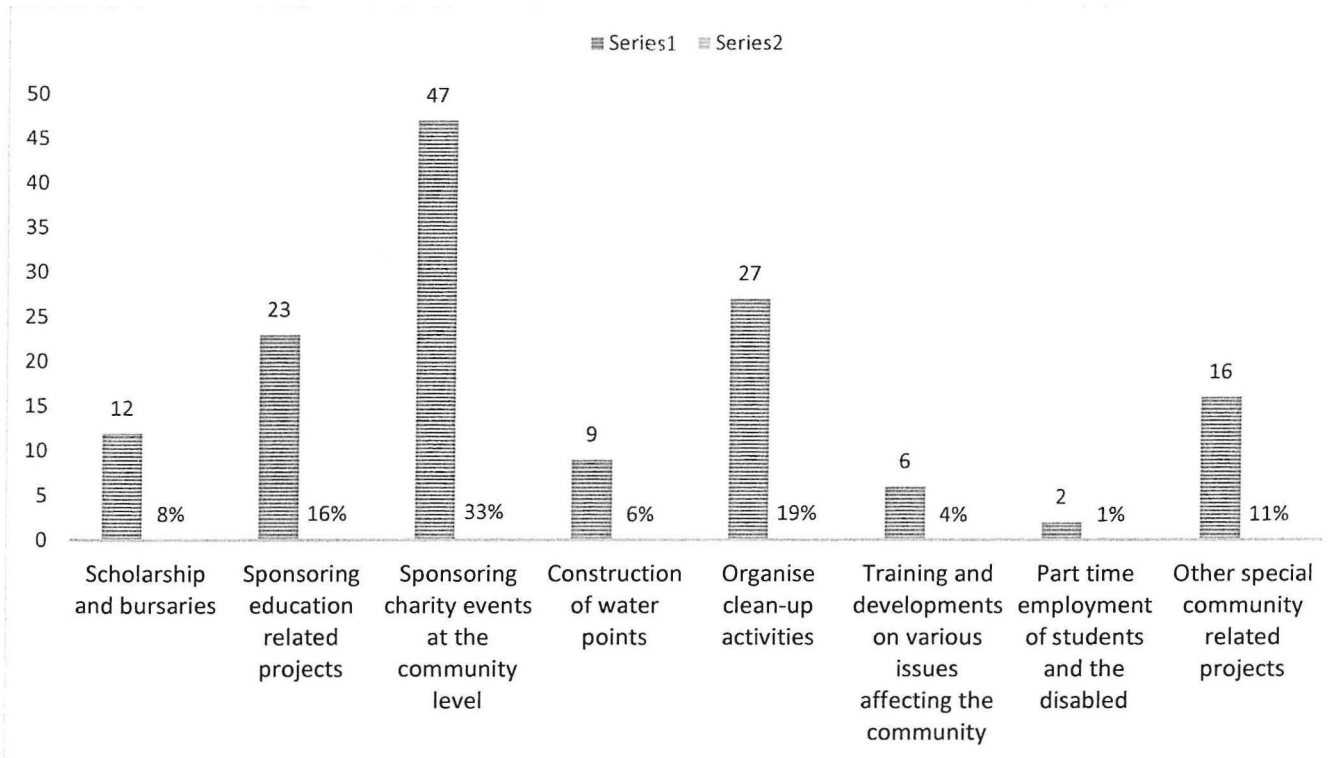
4.2 CSR Initiatives

4.2.1 Local community partnership

4.2.1.1 CSR programs with Local community partnership

Table 4.7 shows that most of the NSE firms CSR programs in relation to local community partnership is as follows; Scholarship and bursaries (8%), sponsoring education related projects (16%), sponsoring charity events at the community level (33%), construction of water points (6%), organizing clean-up activities (19%), training and developments on various issues affecting the community (4%), part-time employment of students and disable (1%), and other special community related projects (11%). This shows that most of NSE firms are sponsoring charity events at the community level in line with their business objectives.

Figure 4.7: CSR programs with Local community partnership



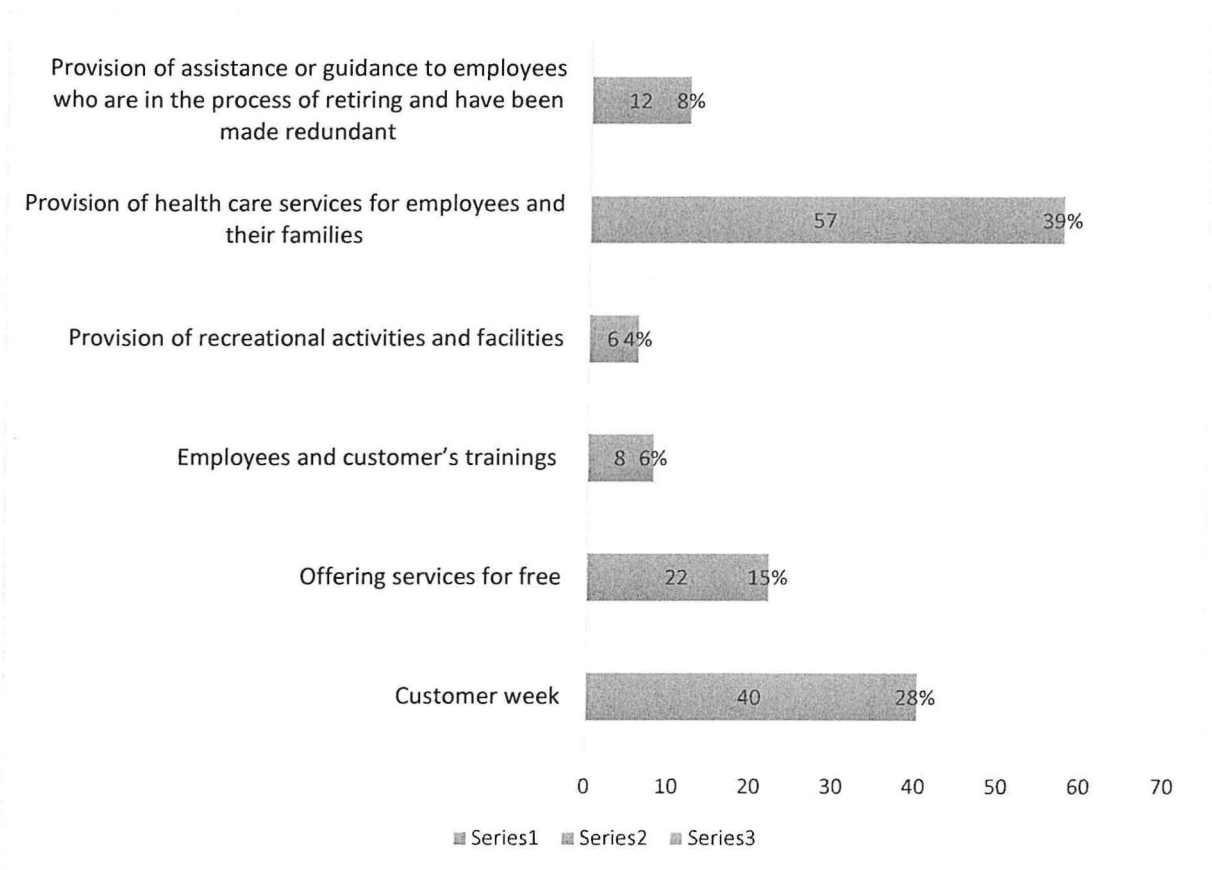
Source: Researcher (2019)

4.2.2 Employees and customer relationship

4.2.2.1 CSR programs with engagement with employees and customers

Table 4.8 shows that most of the NSE firms level of engagement with employees and customers as a form of CSR initiative is as follows; provision of assistance or guidance to employees who are in the process of retiring and have been made redundant (8%), provision of health care services for employees and their families (39%), provision of recreational activities and facilities (4%), employees and customer's trainings (6%), offering services for free (15%), and customer week (28%). This shows that most of NSE firms are provide health care services for their employees and their families.

Figure 4.8: CSR programs with engagement with employees and customers

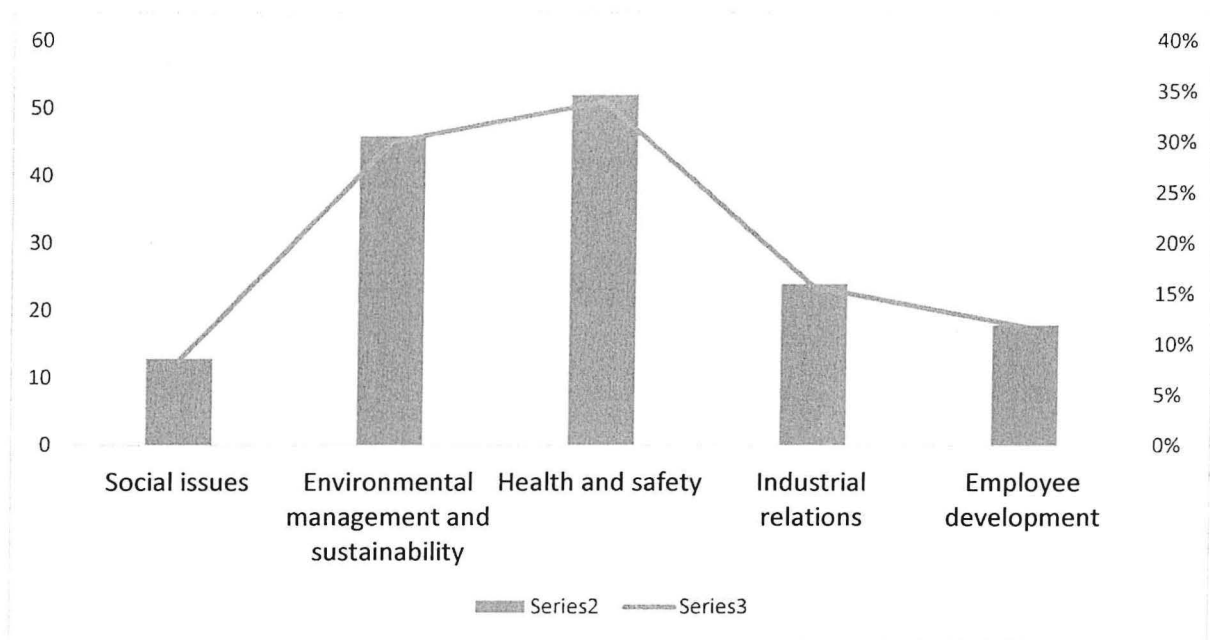


Source: Researcher (2019)

4.2.2.2 CSR programs with level of knowledge

Table 4.9 shows that most of the NSE firms level of knowledge regarding CSR initiatives is as follows; social issues (8%), environmental management and sustainability (30%), health and safety (34%), industrial relation (16%)s, and employee development (12%). This shows that most of NSE firms are involved in environmental management and sustainability.

Figure 4.9: CSR programs with level of knowledge



Source: Researcher (2019)

4.2.3 Environmental sustainability

4.2.3.1 CSR Initiatives with environmental sustainability

The respondents were also requested to express their opinion concerning CSR programs on various aspects of nonfinancial performance.

The responses were as show in table 4.3 the average of Environmental policies and legal compliance is 9.6 while the Standard deviation of the same is 15.55, the average of Environmental educational programs is 9.6 with a standard deviation of 13.09, on average the Quality of the environment is 9.6 while its standard deviation is 16.67. The standard deviation was used to depict the variance in responses received.

Table 4.3: CSR Initiatives with environmental sustainability

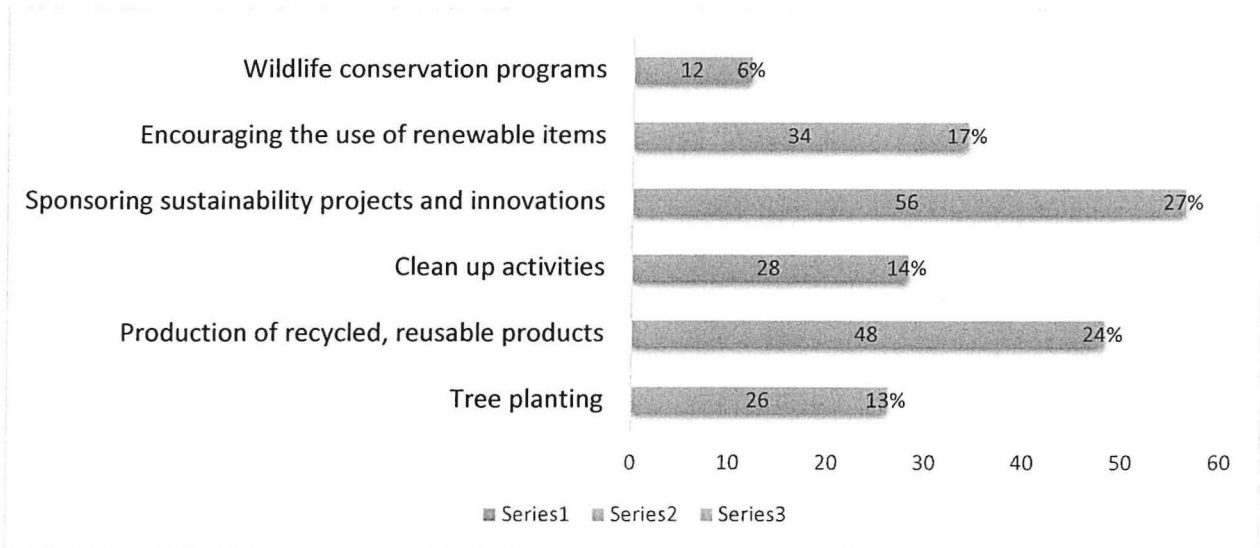
	Mean	Standard deviation
Environmental policies and legal compliance	9.6	15.55
Environmental educational programs	9.6	13.09
Quality of the environment	9.6	16.67

Source: Researcher (2019)

4.2.3.2 CSR initiatives and environmental sustainability

Table 5.0 shows that most of the NSE firms forms of environmental sustainability that they engage in as a form of CSR initiatives is as follows; wildlife conservation programs (6%), encouraging the use of renewable items (17%), sponsoring sustainability projects and innovations (27%), clean-up activities (14%), production of recycled, reusable products (24%) and tree planting (13%). This shows that most of NSE firms are sponsoring sustainable projects and innovation as they produce recycled and reusable products.

Figure 5.0: CSR initiatives and environmental sustainability



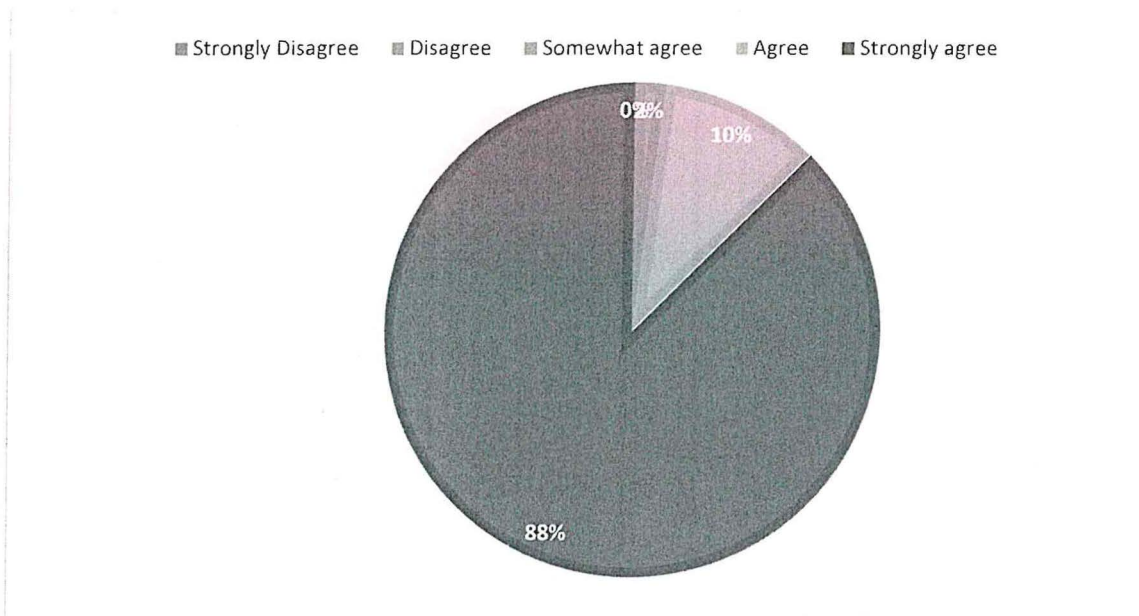
Source: Researcher (2019)

4.2.4 Socially responsible

4.2.4.1 Ethical and moral requirements

Table 5.1 shows that most of the NSE firms level of agreement on undertaking CSR to meet the ethical and moral requirements is as follows; strongly agree (88%), agree (10%), somewhat agree (2%), disagree (0%) and strongly disagree (0%). This shows that most of NSE firms are undertaking CSR to meet the ethical and moral requirements.

Figure 5.1: Ethical and moral requirements

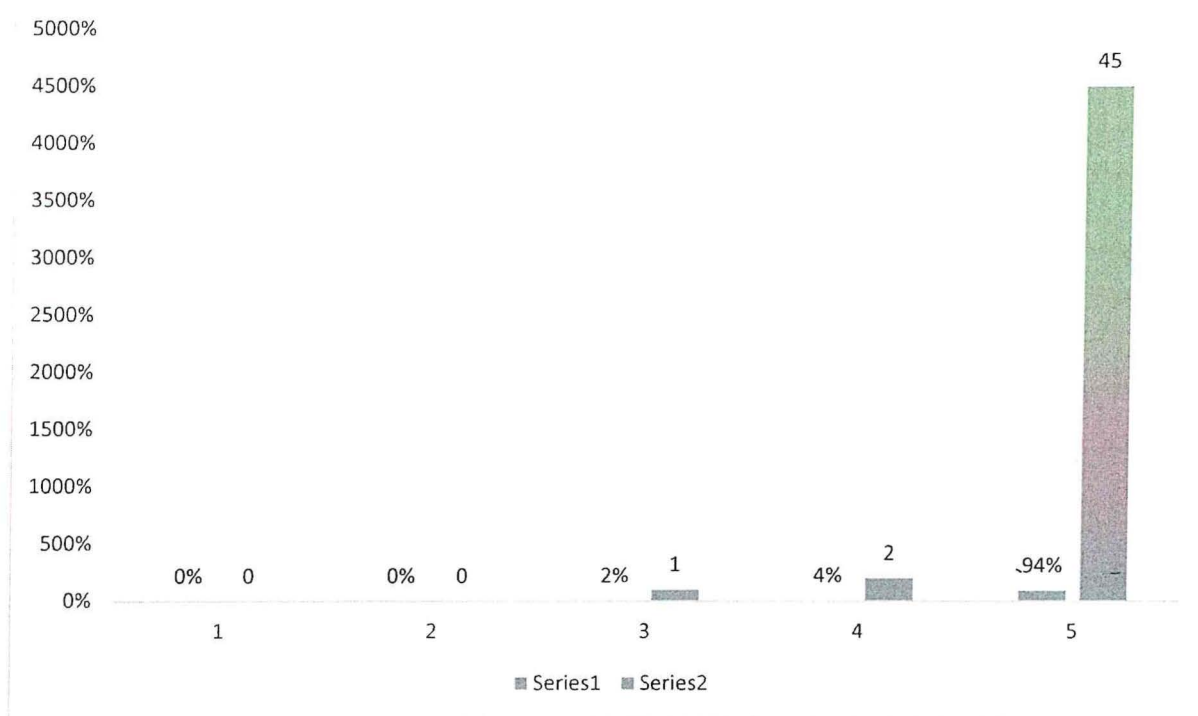


Source: Researcher (2019)

4.2.4.2 Socially responsible activities

Table 5.2 shows that NSE firms level of agreement to engage in socially responsible activities is as follows; strongly agree (94%), agree (4%), somewhat agree (2%), disagree (0%) and strongly disagree (0%). This shows that most of NSE firms strongly agrees in engaging in socially responsible activities.

Figure 5.2: Socially responsible activities

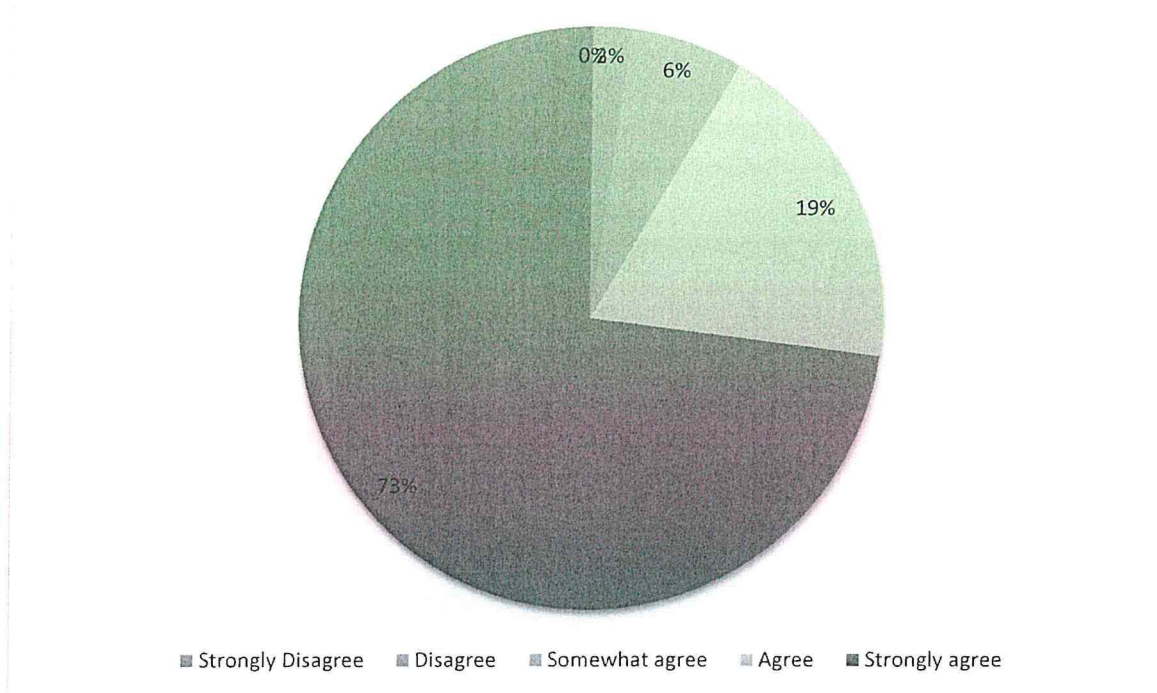


Source: Researcher (2019)

4.2.4.3 Acknowledgement and accountability

Table 5.3 shows that most of the NSE firms’ agreement on acknowledgement and remaining accountable for the impact of the company’s choices on the larger world is as follows; strongly agree (73%), agree (19%), somewhat agree (6%), disagree (2%) and strongly disagree (0%). This shows that most NSE firms strongly agrees to acknowledge and remaining account on their choices on the larger world.

Figure 5.3: Acknowledgement and accountability



Source: Researcher (2019)

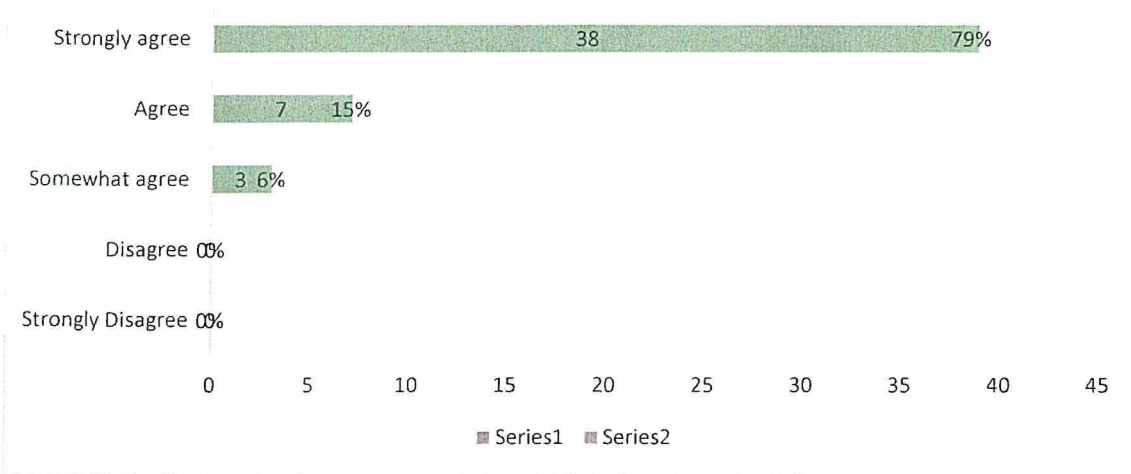
4.3 Non-financial performance

4.3.1 Company reputation

4.3.1.1 CSR practices and company's image

Table 5.4 shows that most of the NSE firms level of agreement on CSR practices to influence company's image is as follows; strongly agree (79%), agree (15%), somewhat agree (6%), disagree (0%) and strongly disagree (0%). This shows that most of NSE firms strongly agrees to CSR practices to influence their company's image.

Figure 5.4: CSR practices and company's image

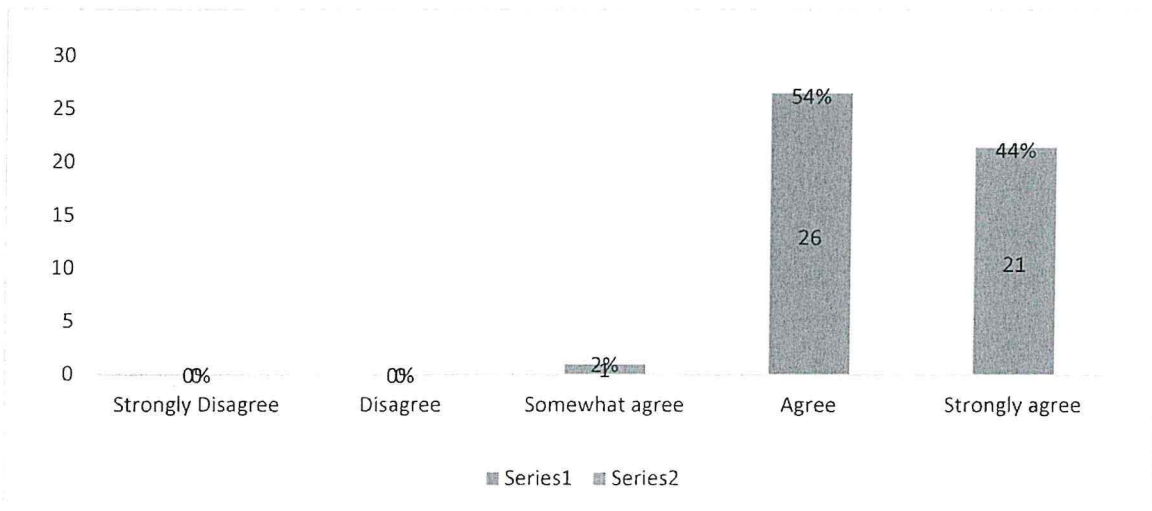


Source: Researcher (2019)

4.3.1.2 Brand differentiation

Table 5.6 shows that NSE firms level of agreement on the programs that help them to differentiate between their brand against the rest of the brand is as follows; strongly agree (44%), agree (54%), somewhat agree (2%), disagree (0%) and strongly disagree (0%). This shows that most of NSE firms agrees that the CSR programs help them to differentiate their brand.

Figure 5.6: Brand differentiation

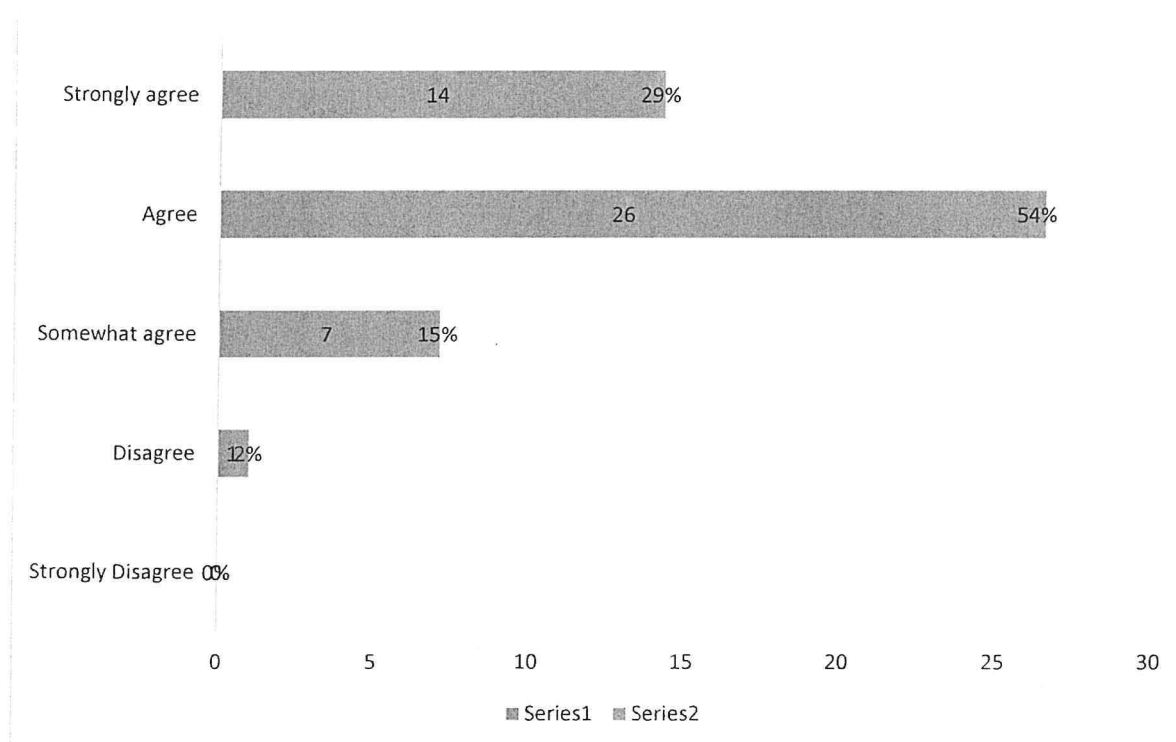


Source: Researcher (2019)

4.3.1.3 Assessment of results and past actions

Table 5.7 shows that NSE firms level of agreement on collectively assessing their past actions and the ability to deliver improving results is as follows; strongly agree (29%), agree (54%), somewhat agree (15%), disagree (2%) and strongly disagree (0%). This shows that most of the NSE firms agrees to collectively assessing their past actions and the ability deliver improving results.

Figure 5.7: Assessment of results and past actions



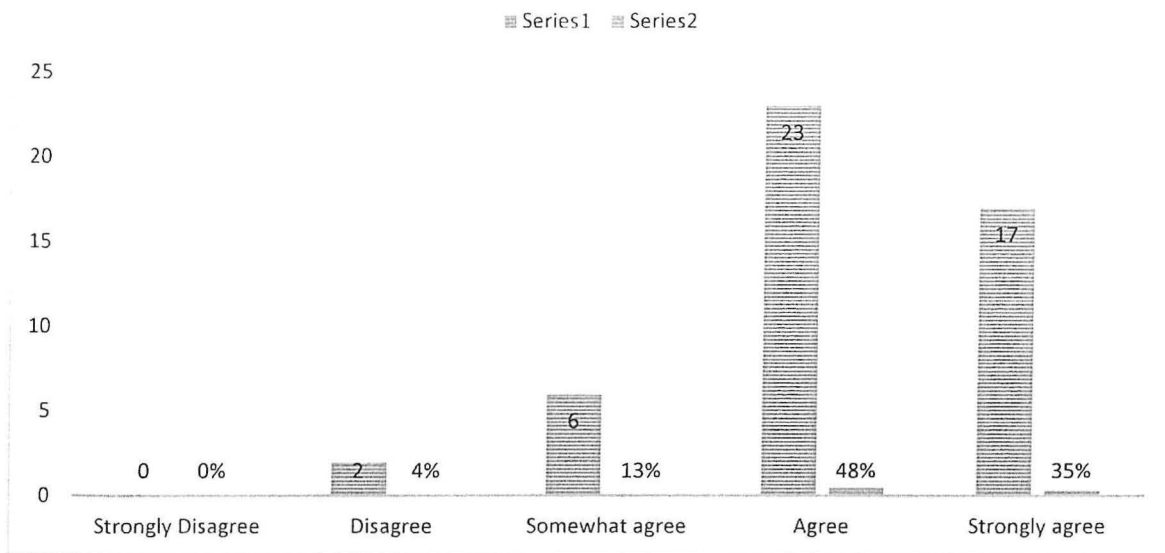
Source: Researcher (2019)

4.3.2 Competitiveness

4.3.2.1 Competitiveness and CSR activities

Table 5.8 shows NSE firms' competitiveness as a result of engagement in CSR activities is as follows; strongly agree (35%), agree (48%), somewhat agree (13%), disagree (4%) and strongly disagree (0%). This shows that most of NSE firms agree to firms' competitiveness as a result of engagement in CSR activities.

Figure 5.8: Competitiveness and CSR activities

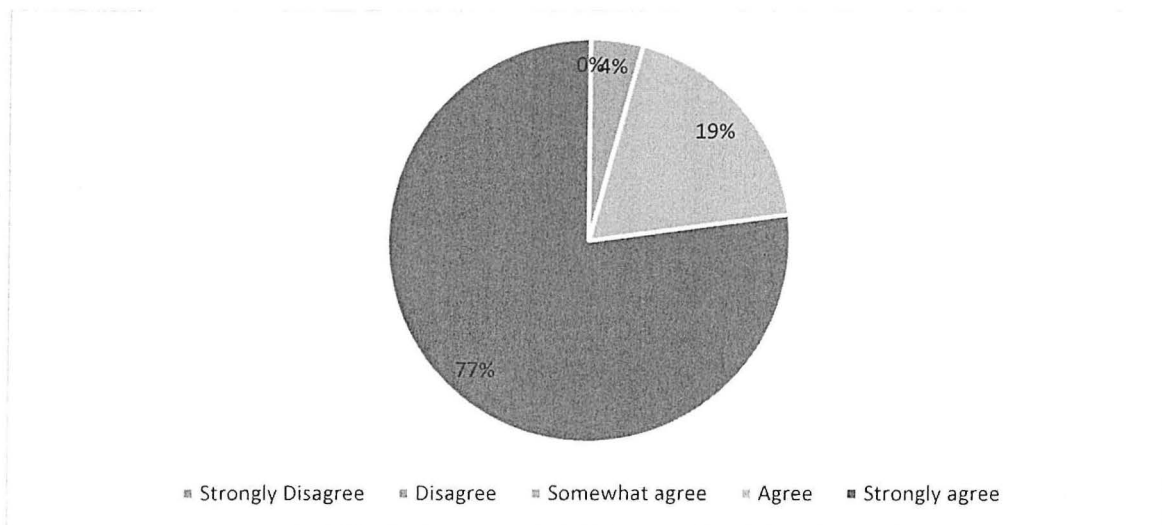


Source: Researcher (2019)

4.3.2.2 Responsible business behaviors

Table 5.9 shows that most of the NSE firms level of agreement on consideration of responsible business behavior to reduce cost of running the business is as follows; strongly agree (77%), agree (19%), somewhat agree (4%), disagree (0%) and strongly disagree (0%). This shows that most of NSE firms consider responsible business behavior to reduce cost of running the business.

Figure 5.9: Responsible business behaviors

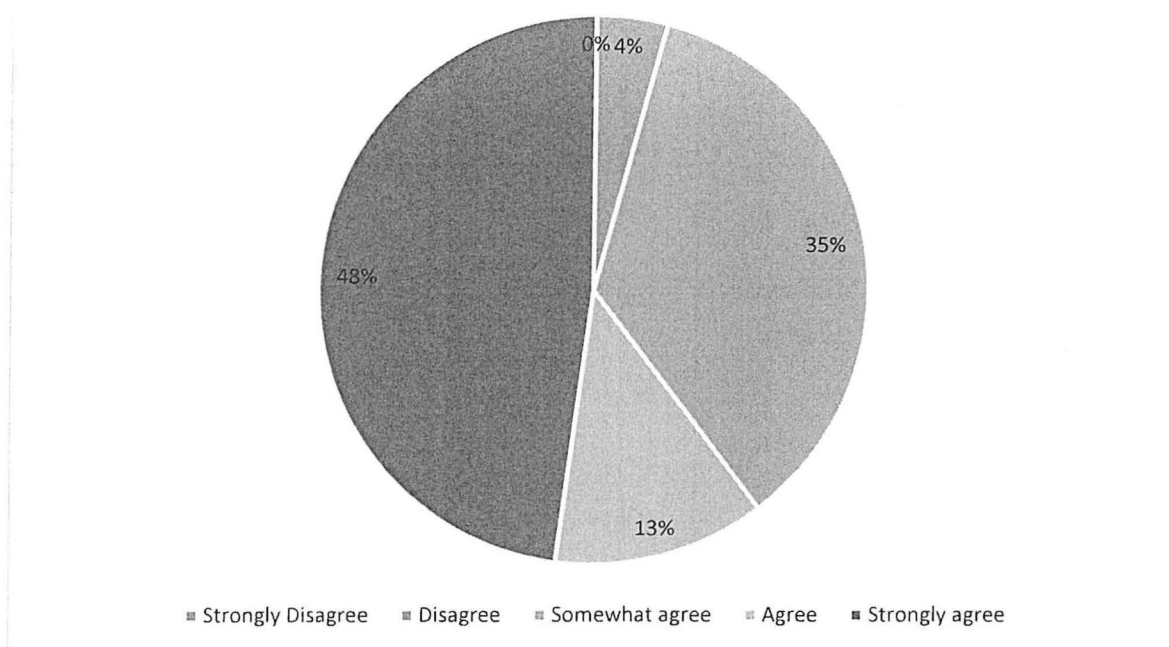


Source: Researcher (2019)

4.3.2.3 CSR programs and loyalty

Table 6.0 shows that most of the NSE firms level agreement to customer loyalty as a result of CSR programs to the society is as follows; strongly agree (48%), agree (13%), somewhat agree (35%), disagree (4%) and strongly disagree (0%). This shows that most of NSE firms strongly agree to customer loyalty as a result of CSR programs to the society.

Figure 6.0: CSR programs and loyalty

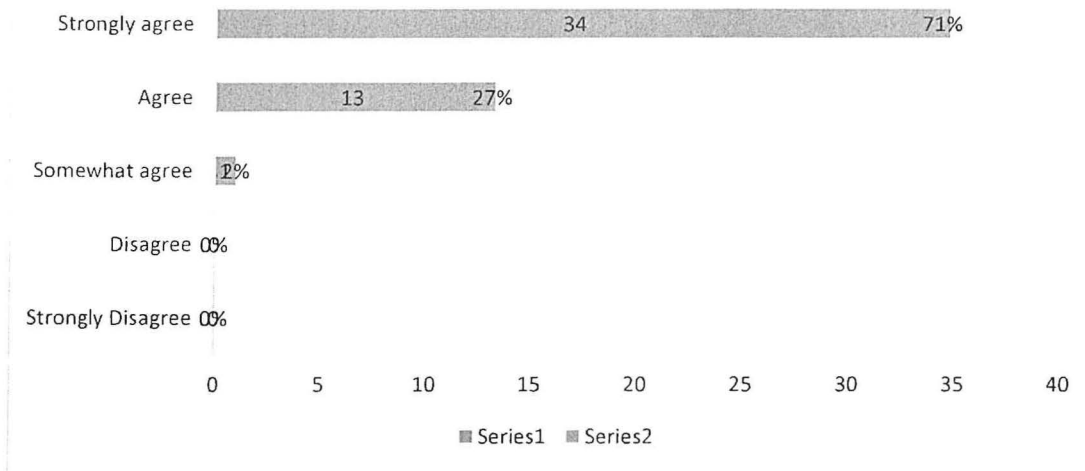


Source: Researcher (2019)

4.3.2.4 CSR programs and brand growth

Table 6.1 shows that most of the NSE firms level of agreement to attribute company's brand growth as a result of CSR programs and initiatives is as follows; strongly agree (71%), agree (27%), somewhat agree (2%), disagree (0%) and strongly disagree (0%). This shows that most of attribute their brand growth as a result of CSR programs and initiatives.

Figure 6.1: CSR programs and brand growth

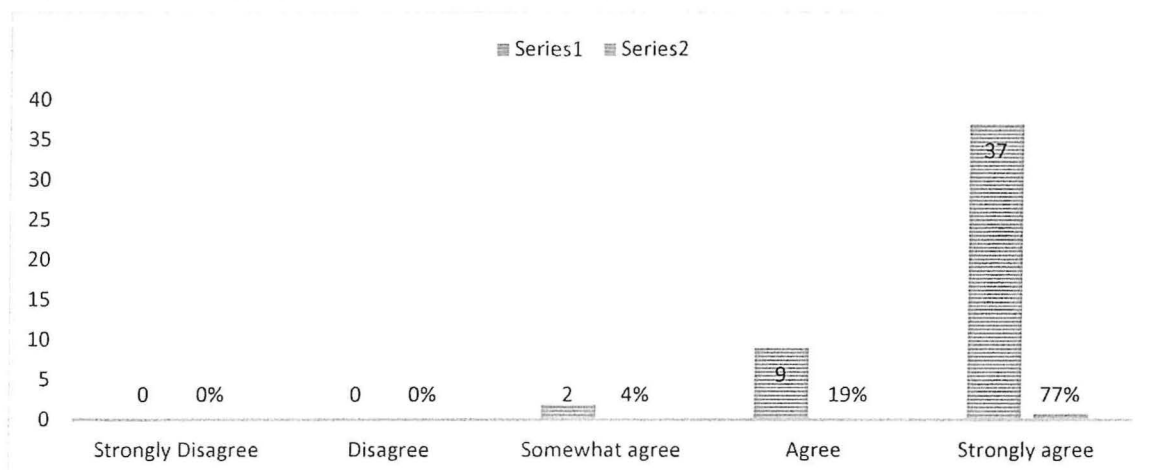


Source: Researcher (2019)

4.3.2.5 CSR programs with Business objectives

Table 6.2 shows that most of the NSE firms level of agreement on engaging employees in formulating CSR programs and effective new changes to the already existing programs is as follows; strongly agree (77%), agree (19%), somewhat agree (4%), disagree (0%) and strongly disagree (0%). This shows that most NSE firms strongly agrees on engaging employees in formulating CSR programs and effective new changes to the already existing programs.

Figure 6.2: CSR programs with Business objectives



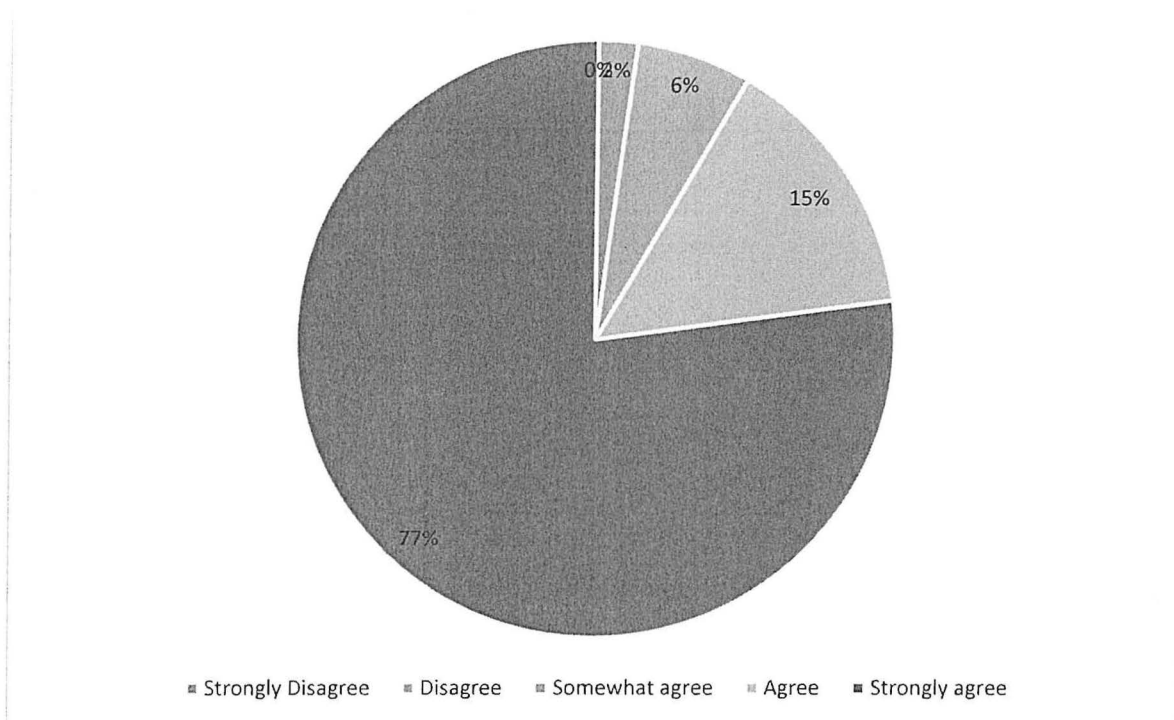
Source: Researcher (2019)

4.4.1 Innovation

4.4.1.1 Programs evolvement and adaptation

Table 6.3 shows that most of the NSE firms' evolvement and adaptation of innovation programs on a continuous basis is as follows; strongly agree (77%), agree (15%), somewhat agree (6%), disagree (2%) and strongly disagree (0%). This shows that most of NSE firms are evolving and adapting innovation programs on a continuous basis.

Figure 6.3: Programs evolvement and adaptation

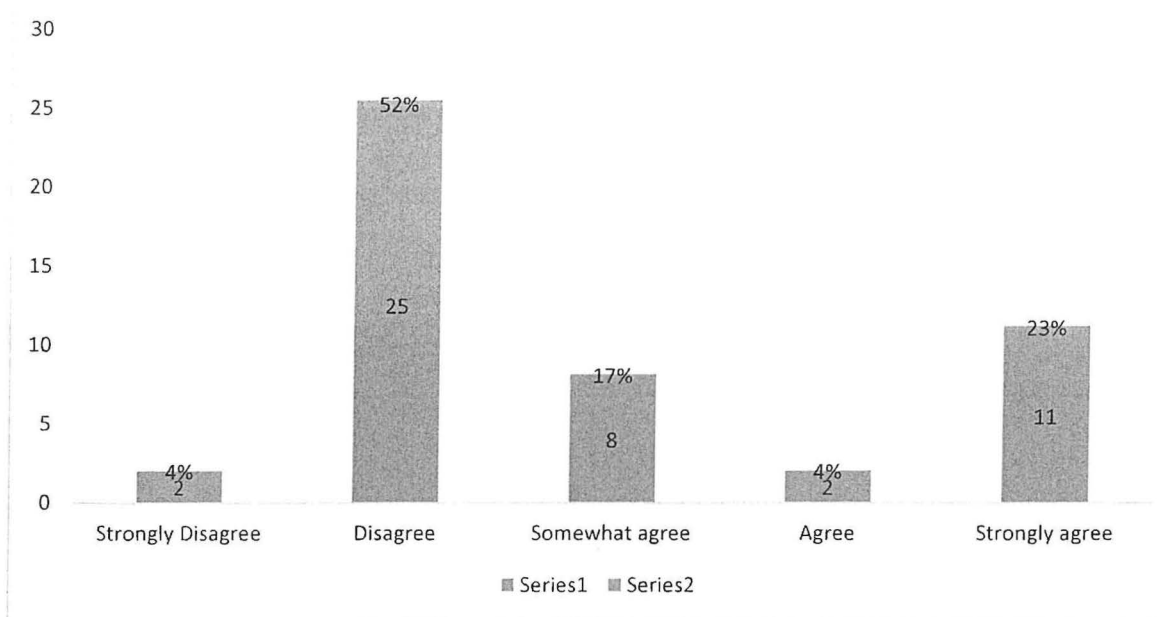


Source: Researcher (2019)

4.4.1.2 Innovation and profitability

Table 6.4 shows that most of the NSE firms are in quest for an introduction of something new that does not directly translate to profits but rather an act of CSR as follows; strongly agree (23%), agree (4%), somewhat agree (17%), disagree (52%) and strongly disagree (4%). This shows that most of NSE firms are not in a quest for introduction of something new does not directly translate to profits but rather an act of CSR.

Figure 6.4: Innovation and profitability

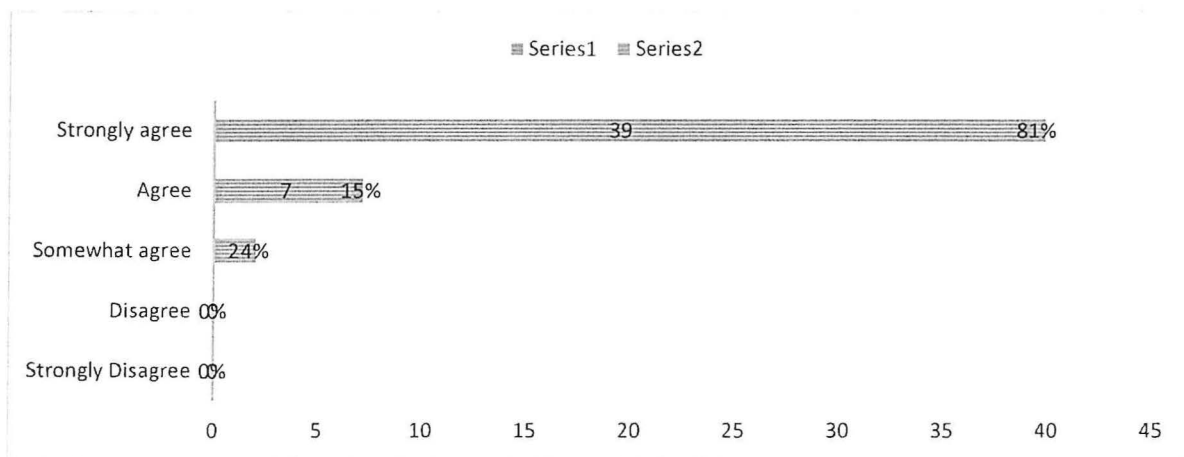


Source: Researcher (2019)

4.4.1.3 competitiveness in innovation

Table 6.5 shows NSE firms level of competitiveness in innovation as follows; strongly agree (81%), agree (15%), somewhat agree (4%), disagree (0%) and strongly disagree (0%). This shows that most of NSE firms competitiveness is as a result of innovation.

Figure 6.5: competitiveness in innovation



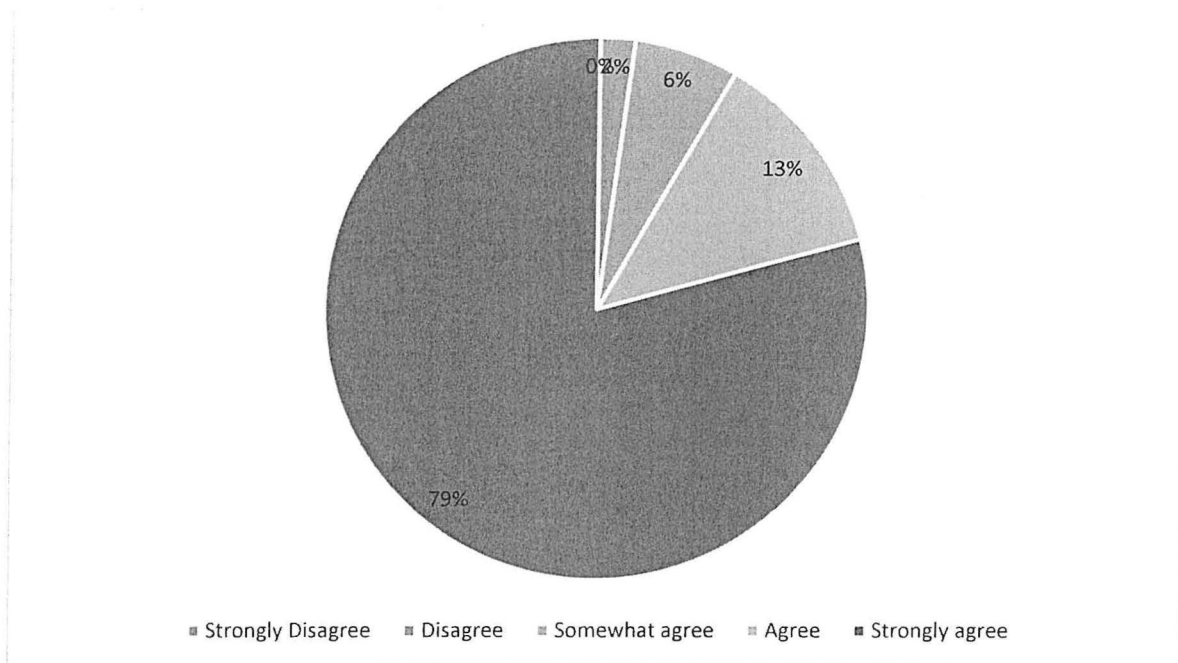
Source: Researcher (2019)

4.4.2 Customer influence and value propositions

4.4.2.1 CSR initiatives and number of customers

Table 6.6 shows that most of the NSE firms CSR initiatives increasing the number of customers towards the organization as compared to the previous period as follows; strongly agree (79%), agree (13%), somewhat agree (6%), disagree (2%) and strongly disagree (0%). This shows that most of NSE firms CSR initiatives increases the number of customers in an organization.

Figure 6.6: CSR initiatives and number of customers

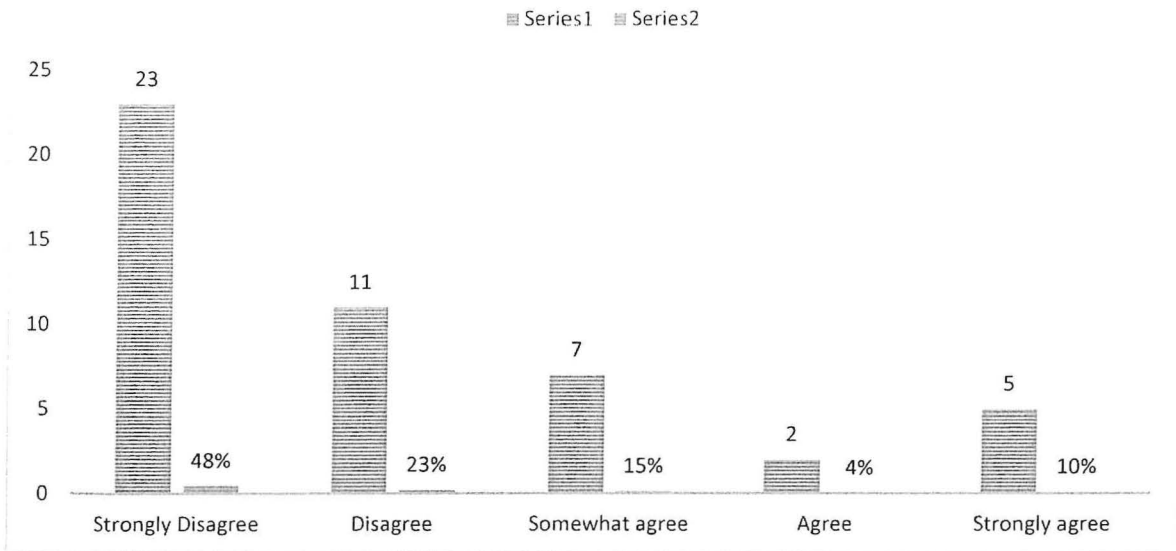


Source: Researcher (2019)

4.4.2.2 CSR programs and quality

Table 6.7 shows that most of the NSE firms consider CSR programs to have affected the quality of products being offered to the customers as follows; strongly agree (10%), agree (4%), somewhat agree (15%), disagree (23%) and strongly disagree (48%). This shows that most of NSE firms do not consider CSR programs to affect the quality of products being offered to the customers.

Figure 6.7: CSR programs and quality

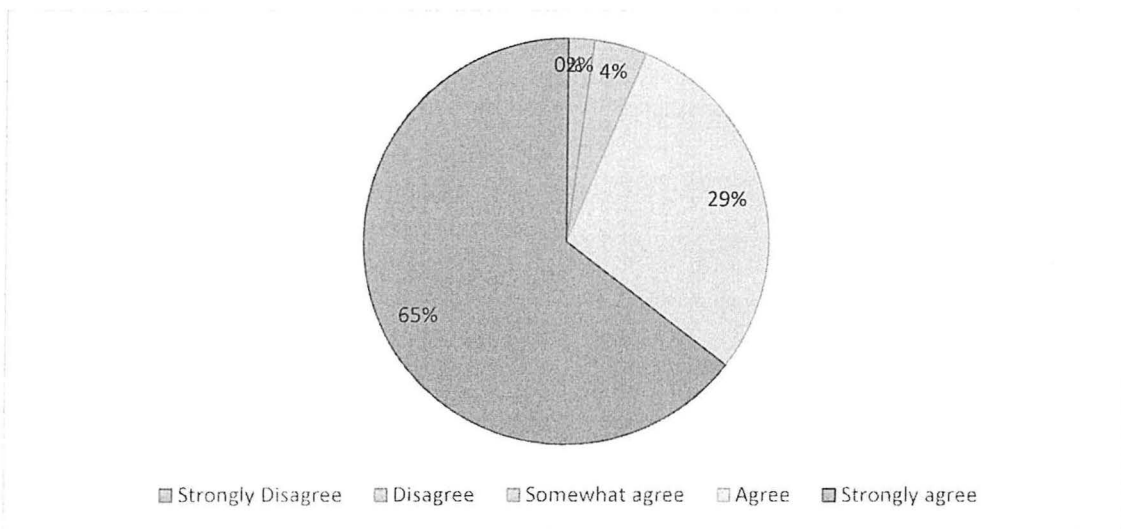


Source: Researcher (2019)

4.4.2.3 Customer engagement and inspiration

Table 6.8 shows that most of the NSE firms’ CSR programs engages and aspires customers to involve themselves with the company as follows; strongly agree (65%), agree (29%), somewhat agree (4%), disagree (2%) and strongly disagree (0%). This shows that most of NSE firms have programs that engages and inspires their customers to involve themselves with the company.

Figure 6.8: Customer engagement and inspiration

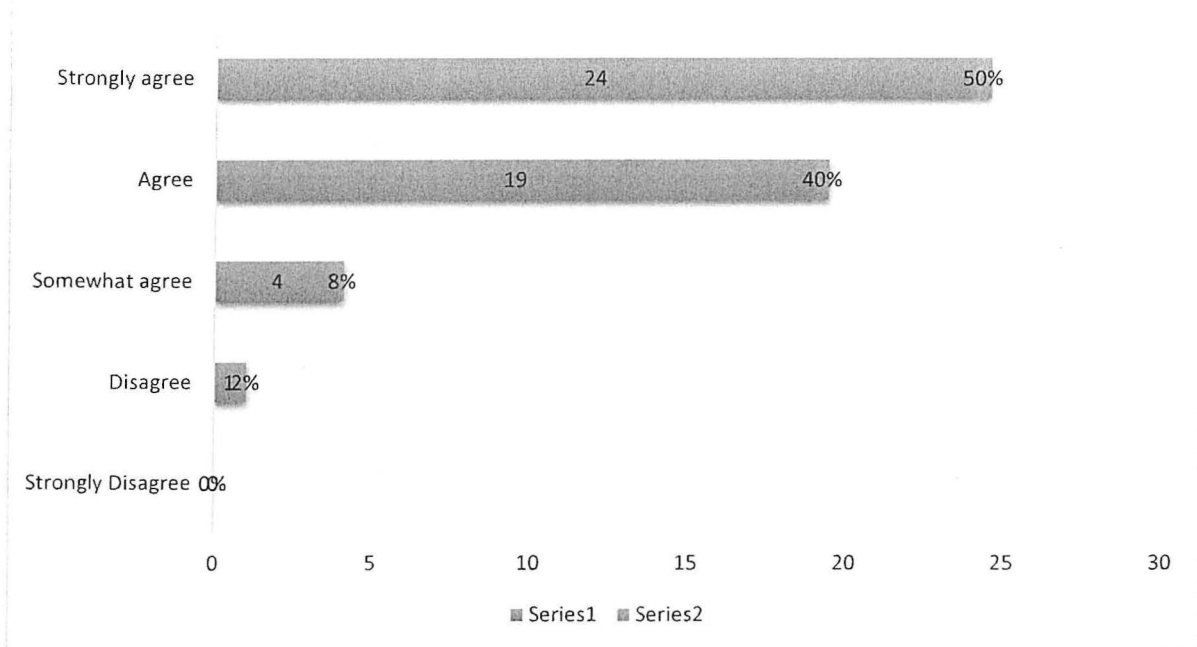


Source: Researcher (2019)

4.4.2.4 Customer attitude and retention

Table 6.9 shows that most of the NSE firms consider CSR in their company to affect customer attitude and retention as follows; strongly agree (50%), agree (40%), somewhat agree (8%), disagree (2%) and strongly disagree (0%). This shows that most of NSE firms are considers CSR to affect their customer attitude and retention.

Figure 6.9: Customer attitude and retention



Source: Researcher (2019)

4.5 Inferential Analysis

The research conducted inferential analysis that sought to describe nature of relationship between the study's explanatory variables and the dependent variables. The researcher however also determined the validity of the research model applied. Tests including the goodness of fit, and multcollinearity were carried out on the research model.

4.5.1 Correlation Analysis

Correlation analysis was conducted to establish the relation between social media platforms and talent acquisition process. The results are summarized in table 4.4

From the results, the value of $P=0.2179$ implying that employee and customer relationship has a weak positive correlation with local community partnership, a $P=0.2884$ of environmental

sustainability has a weak positive correlation with local community partnership and a weak positive correlation with employees and customer relationship (P=0.3499). social responsibility had a value P=0.2752 implying that social responsibility has a weak positive correlation with local community partnership and values of P=0.7036 and P=0.3429 implying that social responsibility has a strong positive correlation with employees and customer relationship and a weak positive correlation with environmental sustainability respectively. Company reputation have P=0.1161 which implies that company reputation has a weak positive correlation with local community partnership while values of P=0.1185, 0.6705 and 0.5673 weak positive correlations with employees and customer relationship but a strong positive correlation with environmental sustainability and social responsibility respectively. A value of P=0.7304, 0.5068, 0.3565, 0.8152 and 0.5173 shows that competitiveness has a strong positive correlation with local community partnership, employees and customer relationship, and a weak positive correlation with environmental sustainability with a stronger positive correlation with social responsibility and company reputation respectively. A value of P=0.2892, 0.7238, 0.3018, 0.9976, 0.5105 and 0.8163 shows that Innovation has a weak positive correlation with local community partnership, a strong positive correlation with employees and customer relationship, and a weak positive correlation with environmental sustainability with a stronger positive correlation with social responsibility, company reputation and competitiveness respectively and a value of P=0.2952, 0.7319, 0.2824, 0.9950, 0.4834, 0.8155 and 0.9995 indicating that customer influence and value propositions to customers has a weak positive correlation with local community partnership, a strong positive correlation with employees and customer relationship, and a weak positive correlation with environmental sustainability with a stronger positive correlation with social responsibility, a weak positive correlation with company reputation and a strong positive correlation with competitiveness and innovation respectively. This further shows that, the higher the CSR initiatives the higher the non-financial performance. CSR initiatives and non-financial performance moves in a tandem.

Table 4.4: Correlation analysis summary

	Local community partnership	Employees and customer	Environmental sustainability	Socially responsible	Company reputation	Competitiveness	Innovation	Customer influence and value
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		relationship						propositions to customers
Local community partnership	1							
Employees and customer relationship	0.2179	1						
Environmental sustainability	0.288437	0.349944	1					
Socially responsible	0.275189	0.703577	0.342913	1				
Company reputation	0.116114	0.118479	0.69052	0.567315	1			
Competitiveness	0.730382	0.506757	0.356478	0.815175	0.517343	1		
Innovation	0.289155	0.723753	0.301832	0.997642	0.510496	0.816274	1	
Customer influence and value propositions to customers	0.295151	0.731929	0.282356	0.994962	0.48341	0.815481	0.999496	1

Source: Researcher (2019)

4.5.2 Regression Analysis

A multivariate regression analysis was carried out to show the importance of each of the independent variables with respect to the level of adoption of automated supply chain management. The regression model applied was as given below;

$$Y = C_0 + C_1X_1 + C_2X_2 + C_3X_3 + C_4X_4 + e$$

Where; Y – Non-financial performance

C₀ - Constant

X₁ – Local community partnership

X₂ – Employees and customer relationship

X₃ – Environmental sustainability

X₄ – Socially responsible

e – Error term

The ANOVA findings (p value of 0.8117) in Table 4.5 Reveals that there is correlation between the predictor variables (Local community partnership, employees and customer relationship, environmental sustainability and socially responsible) and response variable (Non-financial performance).

Table 4.5: ANOVA analysis

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4	673.2019	168.3005	70.38824	0.002689
Residual	3	7.173094	2.391031		
Total	7	680.375			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	0.2867	1.102982	-0.25996	0.811716
Local community partnership	0.0734	0.04299	1.706639	0.186429
Employees and customer relationship	-0.0765	0.040613	-1.8835	0.156155

Environmental sustainability	0.0546	0.031179	1.750813	0.178279
Socially responsible	0.8298	0.069354	11.9648	0.001256

Source: Researcher (2019)

From table 4.4, the established regression equation of the study is;

$$Y = 0.2867 + 0.0734X_1 - 0.0765X_2 + 0.0546X_3 + 0.8298X_4 + e$$

The constant = 0.2867, reveals that if Local community partnership, employees and customer relationship, environmental sustainability and socially responsible were all rated zero, then the Non-financial performance would be 0.2867. similarly, $X_1 = 0.0734$, showing that one unit change in local community partnership would result in an increase of Non-financial performance by 0.0734, $X_2 = -0.0765$, showing that one unit change in employees and customer relationship would result in a decrease of Non-financial performance by 0.0765, $X_3 = 0.0546$, showing that one unit change in environmental sustainability would result in an increase of Non-financial performance by 0.0546, $X_4 = 0.8298$, showing that one unit change in socially responsible would result in an increase of Non-financial performance by 0.8298.

4.5.3 Multicollinearity Test

A multicollinearity was effected to measure the existence of association between the explanatory variables. Gujarati argues that when VIF values exceeds 10, there exists a problem with multicollinearity. Table 4.6 shows that there was multicollinearity among the variables measured in the study except for socially responsible. This is depicted by the VIF values that are less and greater than 10 (1.1759, 1.6309, 1.2397 and 21.9005), Local community partnership, employees and customer relationship, environmental sustainability and socially responsible respectively. This shows that socially responsible has a high correlation with non-financial performance hence a problem with multicollinearity.

Table 4.6: Summary of multicolinearity

Variable	Variance Inflation Factor (VIF)
Local community partnership	1.1759
Employees and customer relationship	1.6309
Environmental sustainability	1.2397
Social responsibility	21.9005

Source: Researcher (2019)

4.5.5 Goodness of Fit Statistics

The study sought to determine the strength between the dependent and independent variables.

The findings in table 4.7 Depicts that the coefficient of determination ($R = 0.9754$) which refers to the proportionate change in the dependent variable that is explained by the changes in the independent variables: Local community partnership, employees and customer relationship, environmental sustainability and socially responsible of up to 9.754% of the relationship between CSR initiatives and non-financial performance while the un-researched aspects explain up to 90.246% of the variations in successful examine the relationship between CSR initiatives and non-financial performance for the listed companies in NSE. The P – value of 0.8117 (greater than 0.05) signifies that the level of adoption of CSR initiative on non-financial performance of NSE companies is still lower at a significant level of 95% confidence level. From the results, the study accepts the alternative hypothesis and concludes that there is an autocorrelation problem in the study model adapted.

Table 4.7: Goodness of fit test

Model	R Squared	Adjusted R Square	Std. Error of the Estimate	Sig. F Change	P Value
1	0.9895	0.9754	1.5463	0.0027	0.8117

Dependent variable: Non-financial performance

Independent variables: Local community partnership, employees and customer relationship, environmental sustainability and socially responsible

Source: Researcher (2019)

4.6 Summary of Chapter

The study general objective was to examine the relationship between CSR initiatives and non-financial performance of listed companies in Kenya. The study obtained data from two variables namely CSR initiative and non-financial performance. The data was collected and analyzed from 48 NSE firms in Kenya. The findings reveal that CSR initiatives have positive impact on non-financial performance of listed companies in Kenya. Generally, the measured variables explain up to 9.754% of CSR initiatives is adapted in NSE firms in Kenya.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The section generally summarizes the finding and discussions derived from the data analyzed in the previous chapter. This chapter is therefore presents research purpose and methodology, summary findings, conclusions, recommendations, limitations of the study, suggestions for further studies and summary.

5.1 Research Purpose and Methodology

The study was carried out to examine the relationship between CSR initiatives and non-financial performance of listed companies in Kenya. The research used descriptive research approach in analyzing the results from 48 NSE companies in Kenya. Correlational and regression analysis methods were also applied in establishing the relationship between the variables under study. The reliability of the study model was conducted using multcollinearity and goodness of fit statistics test.

5.2 Summary of Findings

The findings indicate that most of the NSE firms in Kenya have not implemented the use of CSR initiatives in achieving non-financial performance. The conducted analysis identified the benefits of using CSR initiatives for organizational non-financial performance. The research further indicates that most of the NSE firms have programs that engages and inspires their customers to involve themselves with the company. Practically, the research lacks proper guidelines on the formation of an effective framework in implementing social media platforms in talent acquisition process (Muthuri, 2013). (Carroll, 2016) provided empirical evidence to show y the benefits of using CSR initiatives. Their research approach was based on qualitative methodology and provided clear social benefits of CSR programs implementation. However, they questioned if CSR programs do affect the quality of products or services being offered to the customers. Therefore, this research has outlined the benefits of CSR initiatives when viewed from the nonfinancial performance of listed companies in NSE. From the analysis we can see that; NSE firms are sponsoring sustainable projects and innovation as they produce recycled and reusable products. (Cho, Chung, & Young, 2019) analyzed the experience of employees in the implementation of CSR initiatives in

nonfinancial performance of a company. Their research showed the importance of CSR programs and identified that there is a lack of proper practices, which could be implemented for sustainable nonfinancial performance.

This paper contributes to CSR theory by providing strategies of how to use CSR programs to achieve effective nonfinancial performance. Currently NSE firms are sponsoring charity events at the community level in line with their business objectives, however the magnitude of the involvement is still lower. By implementing CSR programs in business operations, there will be increased level of mutual trust and respect between the firm and the community as they engage in a collaborative in achieving shared community goals. The proposed framework describes vital components, which must be taken into consideration to successfully impacting the nonfinancial performance of NSE firms. From a more practical perspective, the framework provides guidelines of how to integrate CSR dimension with nonfinancial performance. However, in the future effective utilization of CSR concepts for nonfinancial performance could be implemented to achieve long term competitive advantage.

The NSE firms recorded low performance in increase of income for the reasons of NSE involvement in CSR initiatives. This therefore depicts that, there is low practices that efficiently utilizes CSR initiatives in nonfinancial performance. The data collected from the respondents is deemed reliable. Majority of the firms operates within Kenya with some having head offices outside the country. These findings enhance the reliability of the data obtained from the sample of 48 NSE firms in Kenya, since most the firms have at least implemented the CSR programs in their business operations. The findings indicate that most of the underutilization of CSR initiatives in nonfinancial performance of listed companies is as a result of inability of CSR programs to be reliable to give quality relationship between employees and customers.

It was evident from the findings that the adaption of CSR programs in nonfinancial performance is an issue of concern for most of NSE firms in Kenya. However, the results further indicate that if proper measures with efficient internal control are put in place, then the adaption is likely to reduce policies and legal compliance burden and sustainability can be achieved for the firms' competitive advantage.

5.3 Conclusion

- i. From the findings, the study concluded that, the higher the CSR initiatives the higher the non-financial performance. CSR initiatives and non-financial performance moves in a tandem.
- ii. The study also concluded that the level of adoption of CSR initiatives in nonfinancial performance is still lower. This can be enhanced by the management in effectively and efficiently utilizing CSR programs with the right goal of achieving a nonfinancial performance for social benefits rather than economic.
- iii. The researcher concluded that most of NSE firms have programs that engages and inspires their customers to involve themselves with the company. However proper implementation of the framework with adequate guideline policies for the programs still lacks. The study also concluded that, NSE firms can tailor CSR programs to positively affect their customer attitude and retention only if the firms have proper guidelines on the programs application.

5.4 Recommendations

The study recommends that NSE firms in Kenya should deliberately be involved in developing and implementing CSR initiatives in their nonfinancial performance. This will enhance their competitive advantage since local community partnership, employees and customer relationship, social responsibility, environmental sustainability, company reputation, innovation and customer influence will greatly be met and the organizational objective to attain nonfinancial performance will be achieved.

5.5 Limitations of the Study

In seeking to achieve its major objective of examining the relationship between CSR initiatives and non-financial performance, the study had the following limitations;

- i. CSR initiatives is a matter of interest to all sectors within the country. The research however was limited to NSE firms within Kenya.
- ii. Also nonfinancial performance is an overall concern to all organizations and individuals in the country, however the research only utilized NSE firms level of adaption of CSR programs in achieving nonfinancial performance.

- iii. The developed framework does not consider external factors, such as policies, as well as behaviors of individual members and how their decisions can affect the effectiveness of the proposed strategies.

5.6 Suggestions for Further Studies

The study sought to examine the relationship between CSR initiatives and non-financial performance of listed companies in Kenya hence a complexity theory approach should be used in the future research to validate the proposed strategies for organizations overall performance achievement.

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Appendix 1: Questionnaire

SECTION 1

Background Information

What is your designation?

Marketing Manager

Marketing assistant

Other

Corporate CSR activities encompasses the various ways companies addresses societal challenges e.g donations, provision of scholarships etc. To what extent are CSR activities prioritized in your company?

Extremely important

Very important

Somewhat important

Not so important

Not at all important

What is your level of knowledge regarding Corporate Social Responsibility (CSR)?

I don't know what it is

I have heard the name but I don't know exactly what it is

I have basic understanding about this concept

I am familiar with CSR topic

I am well versed in CSR concept

Does your company publish Corporate Social responsibility report?

Yes

No

What makes company responsible in your opinion?

Following legal requirements

- Offering good quality products
- Being environmentally friendly
- Getting involved in social campaigns
- Treating employees with respect
- Employing people with disabilities

How much attention do you pay to CSR policy of a company as an employee?

- It is not important for me
- It is an asset for me if company undertakes CSR activities
- I would only work for company that adopts CSR behaviour

What are the most important reasons for companies to get involved in CSR activities in your opinion?

- To improve image of a company
- To attract employees
- help society and environment
- To increase income
- To attract customers' attention

Are the CSR programs undertaken with the company in line with the business core objective?

- Yes
- No

Are you keeping track, measuring and reporting the impact of your CSR activities?

- Yes
- No

SECTION 2

Variable 1: CSR Initiative

This section of the questionnaire seeks to pose questions on the various CSR initiatives the company participates in.

Local community partnership

What forms of local community partnerships do you engage in as a form of CSR initiatives

- Scholarship and bursaries
- Sponsoring education related projects
- Sponsoring charity events at the community level
- Construction of water points
- Organise clean-up activities
- Training and developments on various issues affecting the community
- Part time employment of students and the disabled
- Other special community related projects

Which ones?.....

Are levels of mutual trust and respect increasing between the organization and the community as they participate in collaborative activities to achieve shared community goals?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

-

Employees and customer relationship

Which ways do you engage with employees and customers as a form of CSR initiative?

- Customer week
- Offering services for free
- Employees and customer's trainings
- Provision of recreational activities and facilities
- Provision of health care services for employees and their families
- Provision of assistance or guidance to employees who are in the process of retiring and have been made redundant

On which topics do you engage in training as part of your CSR initiative?

- Social issues
- Environmental management and sustainability
- Health and safety
- Industrial relations

Employee development

Others?

If you ticked others, kindly state some of the training areas.....

Is there an interactions and relations between Employees and customer of creating value for the company?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Do you engage your customers and employee in coming up with the CSR programs every time?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Employees often offer part of the time or resources toward the company's CSR programs?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Environmental sustainability

Does your company have a formal environmental policy, which includes a commitment to legal compliance, continuous measurement and continuous improvement in environmental performance?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Does your organisation engage in environment education programs, awards and studies that benefit the community at large?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Which forms of environmental sustainability do you engage in as a form of CSR initiatives

Tree planting

Production of recycled, reusable products

- Clean up activities
- Sponsoring sustainability projects and innovations
- Encouraging the use of renewable items
- Wildlife conservation programs
- Others?

If you ticked others, kindly mention.....

Do you conform to the maintenance of the factors and practices that contribute to the quality of the environment in the long run?

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Strongly Disagree | Disagree | Somewhat agree | Agree | Strongly agree |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Socially responsible

Your organisation activities meeting all the legal social requirements?

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Strongly Disagree | Disagree | Somewhat agree | Agree | Strongly agree |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

All your organisations undertaking meets the ethical and moral requirements?

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Strongly Disagree | Disagree | Somewhat agree | Agree | Strongly agree |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The organisation engages in socially responsible activities?

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Strongly Disagree | Disagree | Somewhat agree | Agree | Strongly agree |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Do you acknowledge and remain accountable for the impact of your company's choices on the larger world?

- | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Strongly Disagree | Disagree | Somewhat agree | Agree | Strongly agree |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

SECTION 3

Variable 2: Non-financial Performance

This section of the questionnaire seeks to deduce the relationship between the CSR initiatives and its effects to the organisation non-financial performance .

Company reputation

Are you publicizing your CSR initiatives through multiple channels?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Does CSR practices influence company's public image in your opinion?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
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Does the program help differentiate your company brand against the rest of the brands?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Does the program help bolster your company reputation?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you collectively assess the corporate's past actions and the ability of the company to deliver improving results?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Does CSR initiatives enhance both retention and attraction of employees through engaging and inspiring them?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Competitiveness

Do you term your company competitive as a result of engagement in CSR activities?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you consider responsible business behaviour to reduce cost and risks of running your business?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Are you customers loyal as a result of your CSR programs to the society?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Do you attribute your brand growth as a result of the CSR programs and initiatives?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Do you engage your employees in formulating CSR programs and effective new changes to the already existing programs?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Innovation

Are you evolving and adapting the program on a continuous basis?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Is your organization in a quest for an introduction of something new that does not directly translate to profits but rather an act of CSR?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Are innovations competitive in the market?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Customer influence and value propositions to customers

Has CSR initiatives increased the number of customers towards your organization compared to the previous periods?

Strongly Disagree Disagree Somewhat agree Agree Strongly agree

Do you consider CSR programs to have affected the quality of products being offered to the customers?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do the programs engage and inspire customers to involve themselves with the company?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you consider CSR in your company to affect customer attitude and retention?

Strongly Disagree	Disagree	Somewhat agree	Agree	Strongly agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Final 3 VOR

ORIGINALITY REPORT

20%

SIMILARITY INDEX

13%

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PUBLICATIONS

16%

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