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Influence of Corporate Social Responsibility on Corporate Financial Performance: A Case of KenGen Company

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Abstract

The aim of the study was to establish the relationship between corporate social responsibility and corporate financial performance of KenGen Company. The specific objectives were to examine effect of the economic corporate social responsibility on financial performance of KenGen Company, to determine effect of philanthropic corporate social responsibility on financial performance of KenGen Company and to establish the effect of environmental corporate social responsibility on financial performance of KenGen Company. The research design was a case study. The method was quite appropriate for the study because it assisted the researcher to establish the relationship between corporate social responsibility and corporate financial performance of KenGen Company. The population for this study was all levels of management and the employees at KenGen. This made a total target population of 586 respondents. Furthermore, the study adopted stratified sampling technique. The study divided the population into four strata; record managers, information technologists, clerical officers and the head of administration. The study used simple random sampling technique to select 30% of the respondents from each stratum. Thus, from the targeted population of 586, a sample of 176 was obtained, which was 30% of the total population. The study used a questionnaire as a data collection instrument. The questionnaire consisted of both open and closed-ended questions. The

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close-ended questions were used in an effort to conserve time; while the open-ended questions were used to encourage the respondent to give more in-depth details without feeling reluctant to disclose any information. The data collected was coded, quantified and analyzed quantitatively. By using descriptive statistics from SPSS, quantitative data was analyzed and presented in percentages, means, standard deviations and frequencies. The data was subsequently presented in tables, graphs and pie charts. This provided for an easier analysis and interpretation of the data inputted. The study found that economic social responsibility influence performance of the organization. The study also established that firm's choices about investing in socially responsible activities have an overall effect on firm's value thus increasing the performance. The study further found that philanthropic corporate social responsibility has enhanced performance of the organization. The study also established that investments in philanthropic CSR help firms develop new competencies, resources and capabilities that are manifested in firm's culture, technology, structure and human resources. The study concluded that environmental corporate social responsibility has influenced performance of the firm. Finally, the study concluded that good environmental management generates reputational advantage for a firm that leads to improved marketing and financial performance. From the findings and conclusion, the study recommended that the organization can influence its corporate organization performance by engaging in various Corporate Social responsibility activities and this will help it build a good reputation and thus, gain competitive advantage hence higher productivity.

Keywords: *economic corporate social responsibility, philanthropic corporate social responsibility, environmental corporate social responsibility*, co*rporate Financial Performance, KenGen Company.*

1.0 Introduction

1.1 Background of the Study

The Corporate Social Responsibility (CSR) concept begun in the 1920s. However, because of the great depression and World War II, it failed to become an important topic in the world of business until the 1950s.During the year 1953, the first scholarly contribution made by Bowen (1953), proposed the definition of CSR as, the obligation of business to pursue those policies, to make those decisions or to follow those lines of actions which are desirable in terms of the objectiveness and value of our society. Davis (1960) defined CSR as the decisions and actions taken by businessmen for reasons beyond the direct economic or technical interest of the firm at least partially. Corporate Social Responsibility sees a firm as a group of stakeholders whose aim is to handle their interests, needs and points of view. Managers, as a result, are given the task of managing relations with stakeholders by maximizing the social welfare of all of the company's constituents.

The evolution of corporate social responsibility is traced back to the nineteenth century, during this era there were enhanced concerns about the employee's welfare and firms focused on the societies ' effect (Carroll, 2012). Events such as the Great Depression and the Industrial

Revolution continued to propagate the trend, pushing firms to provide welfare, including food supplies and hospital construction According to Hay and Gray (2014), in relation to profit-maximizing leadership, the great depression led in the implementation of public trustee leadership. Over the past century, corporate social responsibility has become so popular. According to McWilliams, Siegel and Wright (2015), businesses around the globe are now incorporating CSR into all elements of their business. Corporate social responsibility has also shifted in latest years from being an insignificant notion to being one of the most orthodox and commonly accepted company world ideas (Carroll and Shabana, 2010).

1.1.1 Corporate Social Responsibility

Today, particularly in emerging economies, the world is experiencing a drastic rise in CSR operations. Tsoutsoura (2014) pointed out that today more than half of the 1000 fortune businesses are issuing reports on corporate social responsibility (CSR). Similarly, a study conducted by Klynveld Peter Marwick Goerdeler International (KPMG) (2013), which looked at worldwide trends in CSR, found that 71% of businesses in Pacific Asia are reporting and publishing CSR accounts, 76% in America and 73% in Europe. The study also showed the greatest development since 2011 at 53% in India, 46% in Chile, 37% in Singapore, 25% in Australia, 19% in Taiwan, and 16% in China (KPMG, 2013). Despite the rise in its global popularity scholars still differ on whether companies should adopt CSR and whether or not CSR leads to higher financial performance. Hernandez Murillo and Martinel (2013) state that CSR activities may provide an additional benefit to the company. Studies have linked a number of benefits to CSR. CSR's most researched and widely accepted benefits are mostly human resource, talented management, firm reputation, branding, and cost savings for operation (McEtheny, 2014).).

In developed countries, the concept of CSR is widely accepted recognized. According to Quanzi, Rahman and Keating, (2013) due to high community expectations of socially responsible conduct, CSR is more applicable to corporations operating in developed countries. A study conducted by KPMG (2011) stated that Europe is taking the lead in reporting CSR operations, although other nations in the region are catching up rapidly. survey also indicated that in the year 2011, 71% of European companies reported on CSR while America came second with 61%. The study also stated that CSR was reported by nearly 60 percent of Chinese. Qui performed an empirical research b between CSR and Chinese listed companies ' economic results in 2012. The research included 839 listed Chinese companies. The study findings indicated that the implementation of CSR on shareholders and employees had a positive impact on the financial performance of the company, on the other hand the implementation of CSR on other stakeholders had no significant impact on the financial performance of the listed Chinese companies. Qui concluded that there is still no optimistic CSR situation in China.

Most African companies showed little interest in the idea when CSR was implemented in Africa. It was said that "CSR is a theme that the countries of the North generally insert into the countries of the South (Huppert's, 2014). In 2010, Forstater, Zadek, Yu, Guang, Hong and George described the evolution of CSR in Africa in terms of generations in their study, first generation, CSR was conducted for a specific purpose only, such as responding to environmental and social issues and business-threatening challenges. Companies took a more competent approach to CSR in the second generation; firms became more dedicated to the idea and began reporting on CSR results. In the third generation, it was no longer a question of managing the adverse effects that businesses concentrated on constructing and aligning their businesses to guarantee that they have a beneficial effect on individuals and the environment around them.

A number of CSR studies were conducted in Africa to establish the relationship between CSR and financial performance; the results of these studies are still conflicting. Usman and Amran (2014) conducted a study of 68 Nigerian stock exchange companies; the study sought to determine whether there was a relationship between CSR and these companies ' financial performance. The study concluded that, using CSR indexes and financial performance measures, human resource disclosures, product disclosure, customer disclosures and disclosure of community involvement were found to improve financial performance from the regression analysis. The results also reveal a negative relationship between environmental disclosure and financial performance, indicating that disclosure of the company's environmental impact information in Nigeria could destroy value. The World Bank (2013) in South Africa highlighted a number of corporate financial failures and irregularities, which were blamed on the weak structure of CSR.

Forstater et al. (2013) avert that Kenya's CSR operations focus on education, agriculture, and food security, underprivileged kids, and HIV / AIDS. Multinational companies in Kenya are at the forefront when it comes to involving CSR. Most local firms regarded CSR only from a philanthropic view (Ufadhili confidence, 2008). Companies have only lately shifted to incorporate and align CSR with their mission and vision of the business. The transition saw both foreign and local companies focus on performance driven CSR primarily for-profit maximization and increased competitiveness (Federal Ministry for Economic Cooperation and Development, 2011).

Tsoutsoura (2014) established that the usual difference in the way companies implement CSR. The difference depends on factors such as the size of the organization, stakeholder demands, organizational culture, and the company's historical involvement in CSR. The major CSR initiatives in Kenya include Equity Bank's Wings to Fly Foundation; Rhino Cement Foundation, Bamburi Rugby Super Series, and Standard Chartered Bank Kenya Marathon. This research concentrated on the company Safaricom Limited. Like many firms in Kenya Safaricom Limited Company, corporate social responsibility has not been left out. Most of the corporate social responsibility activities of Safaricom are carried out through the Safaricom Foundation, the Foundation is structured in that its operations are divided into 10 areas, including Sports, Health Education, Education, Disaster Relief, Water, Economic Empowerment, the MPESA Foundation and World of Difference, among others.

1.1.2 Organization Performance.

According to Griffins (2014) organizational performance refers to organization's aptitude to obtain and exploit resources to meet its set firm objectives. Organization performance is a display which measures how well an initiative attains their goals. According to Robbins and Coulter (2013) to measure firm performance, the firms' competencies and accomplishment of the set goals is assessed. On the other hand, Ricardo and Wade (2014) indicate that firm performance is the meeting of the set organizational goals and objectives for a given period of time which is equivalent to efficiency, effectiveness and economy, quality, consistent behavior and normative measures. Measuring firm performance can also be achieved using the balanced scorecard which measures firm's learning and growth, internal business processes, financial performance and customer performance (Kaplan and Norton, 2013). The triple bottom line performance measurement also focuses on the corporate economic, environmental and social performance (Norman and MacDonald, 2014). Performance is a function of several factors key among them competitive strategies, but this can also be influenced by information system and supply chain management practices.

1.1.3 KenGen Company

Kenya Electricity Generating Company (KenGen) is a limited liability company, registered under the Company Act. The Company was incorporated in 1954 as Kenya Power Company Limited (KPC) renamed KenGen in 1997 following implementation of the reforms in the energy sector. The core business is to develop, manage and operate power generation plants to supply electric power to the Kenyan market, and in future, to supply power to the Eastern Africa region. KenGen is a Public Listed Company, quoted on the Nairobi Stock Exchange with the ownership structure being 30% private and 70% Government. KenGen's vision is to be the market leader in providing the region of Eastern Africa with reliable, secure, quality and competitively priced electric energy.

The mission is to generate competitively priced electrical energy efficiently using state-of - the-art technology, skilled and motivated human resources to ensure financial success. By undertaking the least expensive, eco-friendly, capacity development, they will attain market leadership. The key values that guide the company's implentation of these strategic statements are integrity, professionalism, team spirit, and safety culture. The strengths of KenGen include a big fixed asset base, industry experience (over 50 years), qualified workforce, competitive cost, business process ISO certification and diverse power generation methods.

The weaknesses include inadequate financial base, aging of generation plants that make them expensive to run, low production capacity during adverse hydrology periods, and regulated tariffs. Opportunities include a broad market base, big untapped renewable energy resources, the prospect of less expensive fuel (coal) and liquefied natural gas (LGN), offshore investment opportunities, access to regional markets such as links with the Southern Africa Power Pool, capacity to provide consultancy services, and the opportunity to benefit KenGen from carbon trading through the Clean Development Mechanism (CDM).

1.2 Research Problem

Despite many discussions about corporate social responsibility, not much is known about corporate social responsibility and financial performance of the firm (Balmer and Greyser, 2016). In their suggestions, Cochran and Wood (2014) called for more empirical evidence on the relationship between corporate social responsibility and financial performance. Since then a number of researches have been performed on distinct sectors on corporate social responsibility and the financial performance of the firm, however, the findings of these research do not seem to agree, there are still conflicting outcomes.

A number of studies on the relationship between corporate social responsibility and financial performance have shown that the variables have a positive relation. This implies a rise in the operations of corporate social responsibility will result in a rise in the company's economic performance. A negative relationship between corporate social responsibility and financial performance has also been shown by some studies. Garriga and Melle (2014) asserted that corporate social responsibility, at least in the long run term, improves financial performance

Griffin and Mahon (2013) summarized 66 results on the relationship between corporate social responsibility and financial performance; their findings showed that 33 results indicated a positive relationship and 20 indicated a negative relationship. In his study, Serafiem (2010) also observed that some initiatives of corporate social responsibility are costly and can have a negative impact on the profit margin of the firm. A Margolis & Walsh (2013) study concluded that the relationship between corporate social responsibility and financial performance is positive.

Most Kenya studies tend to focus on the relationship between corporate social responsibility and financial performance of financial institutions listed on the Nairobi exchange of securities. On telecommunications businesses, little has been achieved. Ngatia (2012) found preliminary evidence that the insurance companies were negatively correlated with corporate social responsibility and financial performance. Mutuku (2014) found no connection between corporate social responsibility and financial performance of companies listed on the NSE.

In a study on Kenyan's top profits in 2012, Githinji (2012) associated the high profits of the company with the corporate social responsibility involvement of the company. Similarly, Okwomo (2010) also concluded that corporate social responsibility improves commercial banks ' financial performance in Kenya. CSR is an important aspect concerned with integration of environmental, social, economic and ethical considerations into business practices. The question of how CSR affects firms ' financial performance is still being investigated. While there is evidence of a positive and negative relationship between CSR and financial performance, there is no definite consensus. This study therefore sought to bridge the gap by investigating the effect of corporate social responsibility on the financial performance of KenGen Company.

1.3 Research Objectives

i. To examine effect of the economic corporate social responsibility on financial performance of KenGen Company.
ii. To determine effect of philanthropic corporate social responsibility on financial performance of KenGen Company.
iii. To establish effect of environmental corporate social responsibility on financial performance of KenGen Company.

1.4 Research Questions

i. What is the effect of the economic corporate social responsibility on KenGen Company's financial performance?
ii. What is the effect of philanthropic corporate social responsibility on financial performance of KenGen Company?
iii. What is the effect of environmental corporate social responsibility on financial performance of KenGen Company?

2.0 Literature Review

2.1 Theoretical Framework

2.1.1 Stakeholders Theory

This theory was propagated by Freeman (2010), which state that instead of starting with the business first then looking for what the ethical requirement is, the stakeholder's theory will start looking at the world first before the business. According to the theory, it propagates that manufacturing and service companies should be socially responsible for all their stakeholders, failure to which, can result to the stakeholders to take actions and seek to find the legitimate claims and rights against the company actions. Stakeholder's theory affirms that those lives that are touched by the corporations hold a right and obligation to participate in directing the company. A simple example by Freeman (1984), when a factory produces industrial waste, a CSR perspective attaches a responsibility directly to factory owners to dispose the waste safely. This theory also support companies should be used as a vehicle for coordinating stakeholders' interest instead of maximizing the shareholder's wealth.

Stake holder's theory focus on the stakeholder of the company which include the suppliers, employees, community, customers, shareholders and other person who contribute to the company directly or indirectly. Stakeholders of manufacturing companies want to see the company participate in CSR programs while shareholders of manufacturing companies would want the company to improve financially so that the CSR activities may continue to take place. Stakeholder theory implies that it can be beneficial for the public sector organizations to engage in certain CSR activities that non-financial stakeholders perceive to be important, because, absent this, these groups might withdraw their support for the firm hence affect the financial performance of the manufacturing companies (Donaldson and Preston, 1995).

2.2 Empirical Review

2.2.1 Economic Corporate Social Responsibility and Corporate Financial Performance

Oyenje, (2012) conducted research to determine the effect of economic activities on corporate financial performance in the manufacturing sector. Although the study was meant to be a census survey, failure to provide complete company data resulted in only 10 out of 14 companies being studied in the sector. Secondary data were acquired from the company's audited financial reports for the 2007-2011 period. To determine the relationship between the two variables, a multiple regression model was developed. The regression model also introduced control variables of production efficiency and capital intensity. Her conclusion was that there was a relationship between the independent variables used in the model (CSR score, manufacturing efficiency and capital intensity) and the dependent variable (return on assets) with a coefficient of 0.870. The study results also showed that the positive relationship between the practice of CSR and financial performance was insignificant. Financial performance and effectiveness in manufacturing were discovered to have an important linear inverse relationship.

Obusubiri (2013) conducted a study in Kenya on the relationship between economic CSR and portfolio performance. He also found a positive relationship between portfolio performance and economic CSR. He attributed this relationship to the good corporate image that comes with CSR making investors prefer such companies that imply that good CSR behavior has a reputational advantage for the practicing firm. Pava and Krausz, (2013) did a study on the relationship between economic activities and traditional financial performance, through examining long-term financial performance. They used the literature review in the first section to show that the social cost paradox could be explained by five explanations and used the CEP ratings based on an assessment of 12 specific CSR components as a measurement of (CSR) and then the criteria for measuring financial performance depend on the market base, accounting basis, risk measurement, other firm specific characteristics They took a social reaction from 53 companies mentioned in the Council on Economic Performance (CEP) and contrasted this group's economic performance with another group as a control sample, which is similar in size and industry, and discovered some proof suggesting a positive association between CSR and traditional financial performance.

2.2.2 Philanthropic Corporate Social Responsibility and Corporate Financial Performance

Philanthropy is the most basic and traditional form of collaboration between businesses and NGOs, and is also the most common type of partnership. This type of partnership involves some kind of one-way transfer of resources from a business to the NGO. They are limited in collaborative efforts, and do not involve pooling of resources. Philanthropic partnerships are often simple in initiation and organization with low levels of engagement and only a peripheral connection to business activities (Jamali & Keshishian, 2013).Fombrun and Shanley (2013) observed that firms, which have high philanthropic CSR, use it as an information signal upon which stakeholders use it as a basis for corporate reputation under conditions of incomplete information. In addition, companies with high reputation ratings for CSR can improve relationships with bankers and investors and thus facilitate access to capital. They may also attract better employees or increase current employee's goodwill, which in turn improves financial outcomes.

Clarkson (2015) conducted a study and found a positive relationship between philanthropic CSR and financial performance. The satisfaction of different stakeholder organizations is essential for organizational economic results, according to instrumental stakeholder theory. Stakeholder-agency theory argues that the implicit and explicit process of negotiation and contracting involving a reciprocal, bilateral stakeholder-management relationship serves as monitoring and enforcement mechanisms that prevent managers from turning attention away from broad financial goals. Managers can improve the effectiveness of their organizational adaptability to external requirements by addressing and balancing the claims of various stakeholders. Hill and Jones (2012) discovered that elevated corporate performance resulted not only from distinct bilateral relationship satisfaction, but also from concurrent coordination of multilateral stakeholder interest's prioritization.

2.2.3 Environmental Corporate Social Responsibility and Corporate Financial Performance

Porter (2013) argues that environmental regulations lead to technical innovation and enhance a firm's competitiveness in the long term. He also points out that environmental innovation technology can minimize the costs of inefficient production processes. Thus, innovations for environmental improvement are likely to maintain a relatively low production cost and firms can be more competitive. In addition, Konar and Cohen (2014) show that poor environmental performance has a negative effect on intangible asset value such as the reputation of manufacturing firms in the S&P 500. They argue that good management of the environment can lead to an improvement in the reputation of the firm and thereby improve the performance of the firm. Russo and Fouts (2015) investigated the relationship between environmental performance and economic performance with an analysis of 243 firms over two years. The results indicate that firms with environment-friendly management tend to achieve higher economic performance. Hart andAhuja (2016) examined the relation between emissions reduction and firm performance by using data drawn from the corporate environmental profile of the Investor Responsibility Research Center (IRRC). They provide a summary of the reported emissions of selected pollutants from U.S. manufacturing facilities, and use ROA as a measure of the firm's financial performance variables. The result indicates that reducing emissions increases efficiency, saves money, and gives firms a cost advantage.

Kim and Statman (2016) suggested that the behavior of U.S. Corporations agree with the statement that they are acting in the interests of shareholders, increasing or reducing their investment in environmental responsibility as needed to enhance their financial performance. Although their focus is not on corporate financial performance, Walls et al. (2012) analyze the possible interactions between the firm's owners, managers, and directors, to explore how corporate governance affects environmental performance.

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2.3 Conceptual Framework

Independent Variables

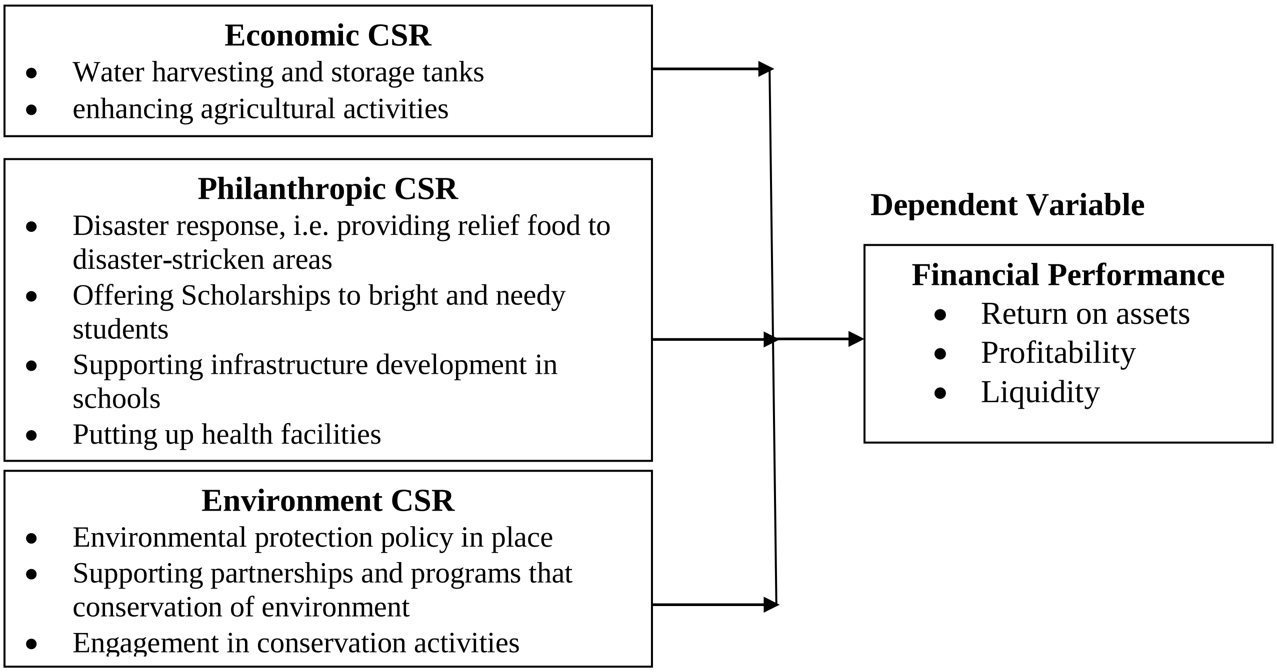

Figure 1: Conceptual Framework

3.0 Research Methodology

The research design was a case study. a case study examines a single topic or group of phenomena in detail Case approach helps to narrow a very broad field or population into one that can be easily researched and seeks to describe a unit in detail, contextually and holistically (Kombo & Tromp, 2006). Furthermore, the targeted population was 586 respondents in which it comprised of all levels of management and the employees at KenGen. From the possible 586 targeted population, stratified random sampling was employed to select a total of 176 sample size. This was 30% of the total population.

4.0 Research Findings and Discussion

4.1 Economic Corporate Social Responsibility

This section presented the findings on economic corporate social responsibility. The findings were as shown in the subsequent sections.

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4.1.1 Economic Social Responsibility

The respondents were requested to indicate whether economic social responsibility influence performance of the organization. The findings were presented in Figure 2

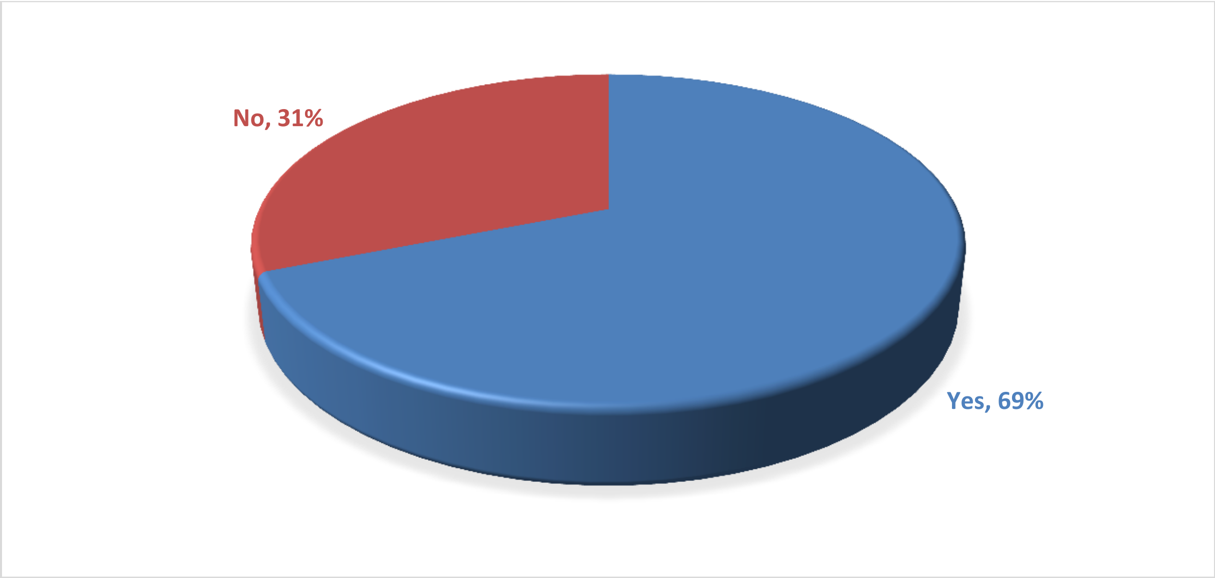

Figure 2: Economic Social Responsibility

The results from figure 2 depicts that majority (69%) of the respondents indicated economic social responsibility influenced performance of the organization while 31% were in a contrary opinion. This depicted that economic social responsibility influence performance of the organization. The findings agrees with a study by Orlitzky, (2014) who established that there was a positive correlation between firm's choices about investing in socially responsible activities and firm's value. The paper provides an explanation of when the investment in these kinds of socially responsible activities will occur.

4.1.2 Extent of Agreement on Economic CSR

The respondents were requested to indicate their level of agreement on statements on economic corporate social responsibility. The responses were placed on a 5 likert scale where 1= strongly disagree; 2=disagree; 3=Neutral; 4=agree; 5=strongly agree. Table 1 shows the findings.

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Table 1: Extent of Agreement on Economic CSR

Statements	Mean	Std. Dev
Investment in economic corporate social responsibility activities affected your costs and profits	4.22	0.1976
Investment in economic corporate social responsibility activities has enhanced constant supply of raw materials	4.14	0.1189
A good economic CSR comes with a good image, which means that investors prefer such companies that good CSR behavior has a reputational advantage for the practicing company	3.97	0.1128
Firm’s choices about investing in socially responsible activities have an overall effect on firm’s value thus increasing the performance	4.39	0.1238

From the findings in Table 1, the respondents agreed to a great extent that firm’s choices about investing in socially responsible activities have an overall effect on firm’s value thus increasing the performance (mean=4.39), followed by investment in economic corporate social responsibility activities affected your costs and profits (mean=4.22), investment in economic corporate social responsibility activities has enhanced constant supply of raw materials (mean=4.14), And that good economic CSR comes with a good image, making investors prefer such companies to imply that good CSR behavior has a reputational advantage for the practicing firm (mean=3.97).This depicts that firm’s choices about investing in socially responsible activities have an overall effect on firm’s value thus increasing the performance. The findings agree with a study by Obusubiri, (2013) who found a positive relationship between economic CSR and portfolio performance He attributed this relationship to the good corporate image that comes with CSR making investors prefer such companies implying that good CSR behavior has a reputational advantage for the practicing firm.

4.2 Philanthropic Corporate Social Responsibility

This section presents findings on philanthropic corporate social responsibility. The findings are as shown in the subsequent sections.

4.2.1 Philanthropic Corporate Social Responsibility

The respondents were requested to indicate whether philanthropic corporate social responsibility has enhanced the performance of the organization. The findings are shown in figure 3.

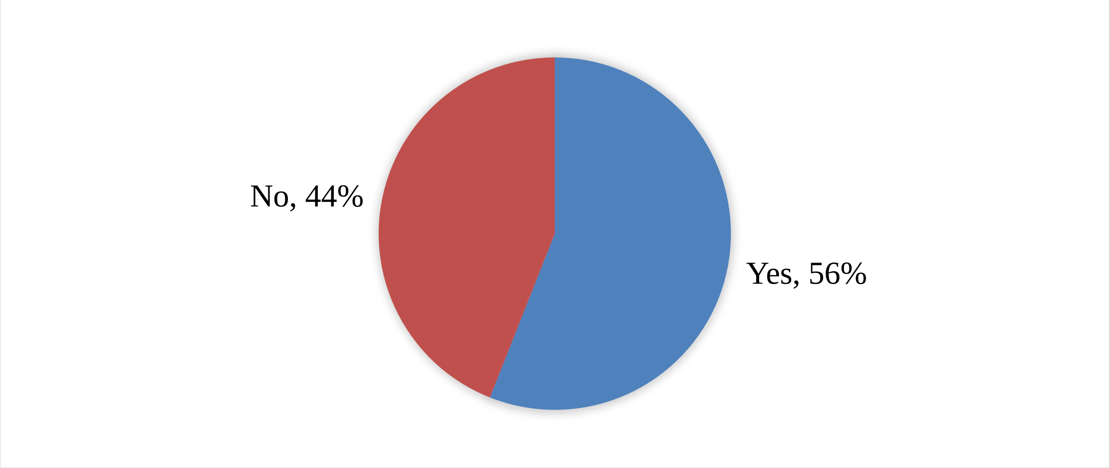

Figure 3: Philanthropic Corporate Social Responsibility

From the findings in figure 3, majority (56%) of the respondents indicated philanthropic corporate social responsibility has enhanced performance of the organization while 44% were of contrary opinion. This depicts that philanthropic corporate social responsibility has enhanced performance of the organization. The findings agree with a study by Fombrun and Shanley (2013) who observed that firms, which have high philanthropic CSR, use it as an information signal upon which stakeholders use it as a basis for corporate reputation under conditions of incomplete information.

4.2.2 Extent of Agreement on Philanthropic CSR

The respondents were requested to indicate their level of agreement on statements on philanthropic corporate social responsibility. The findings are shown in Table 2

Table 2: Extent of Agreement on Philanthropic CSR

Statement	Mean	Std. Dev
Investments in philanthropic CSR help companies develop new skills, resources and capabilities that are reflected in the culture, technology, structure and human resources of the firm	4.34	0.5324
The satisfaction of various stakeholder groups through philanthropic CSR is instrumental for organizational financial performance	4.22	0.5632
Firms which invest earlier in pollution-reducing technologies can gain financial advantage	4.27	0.5002
Philanthropic CSR helps management develop better scanning skills, processes and information systems that increase organizational preparedness for external changes, turbulence and crises	3.99	0.5125
Philanthropic CSR attracts better employees or increase current employee's goodwill, which in turn improves financial outcomes	3.80	0.5271

From the findings in Table 2, the respondents agreed that investments in philanthropic CSR help firms develop new competencies, resources and capabilities that are manifested in firm's culture, technology, structure and human resources (mean=4.34), followed by firms which invest earlier in pollution-reducing technologies can gain financial advantage (mean=4.27), the satisfaction of various stakeholder groups through philanthropic CSR is instrumental for organizational financial performance (mean=4.22), philanthropic CSR helps management develop better scanning skills, processes and information systems that increase organizational preparedness for external changes, turbulence and crises (mean=3.99), and that philanthropic CSR attracts better employees or increase current employee's goodwill, which in turn improves financial outcomes (mean=3.8). This depicts that investments in philanthropic CSR help firms develop new competencies, resources and capabilities that are manifested in firm's culture, technology, structure and human resources. The findings agree with a study by Ricardo and Wade, (2014) who established that philanthropic CSR helps build managerial competence because preventive efforts necessitate significant employee involvement, organizational wide co-ordination and forward-thinking managerial style. Thus, philanthropic CSR helps management develop better scanning skills, processes and information systems that increase organizational preparedness for external changes, turbulence and crises. These competencies that are acquired internally through the philanthropic CSR process, lead then to more utilization of resources.

4.3 Environmental Corporate Social Responsibility

This section presents findings on environmental corporate social responsibility. The findings are as shown in the subsequent sections.

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4.3.1 Environmental Corporate Social Responsibility

The respondents were requested to indicate whether environmental corporate social responsibility has influenced performance of the firm. The findings are shown in figure 4.

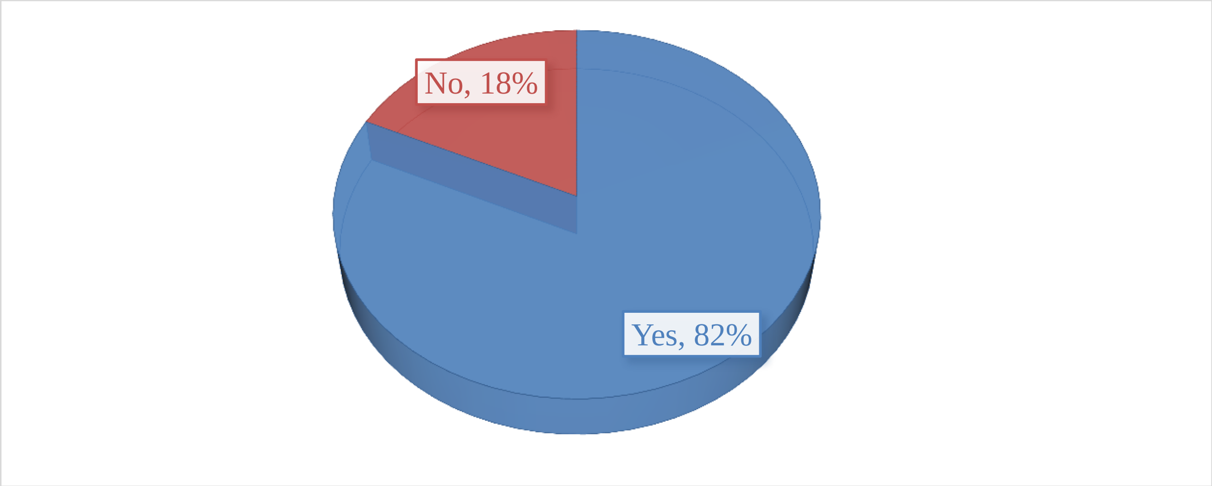

Figure 4: Environmental Corporate Social Responsibility

From the findings in figure 4, majority (82%) of the respondents indicated that environmental corporate social responsibility has influenced performance of the firm while 18% were of contrary opinion. This depicts that environmental corporate social responsibility has influenced performance of the firm. The findings agree with a study by Porter (2013) who argued that environmental regulations lead to technical innovation and enhance a firm's competitiveness in the long term. He also points out that environmental innovation technology can minimize the costs of inefficient production processes. Thus, innovations for environmental improvement are likely to maintain a relatively low production cost and firms can be more competitive.

4.3.2 Extent of Agreement on Environmental CSR

The respondents were requested to indicate their level of agreement on statements on environmental corporate social responsibility. The responses were placed on a 5 likert scale where 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree. The Findings are shown in Table 3

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Table 3: Extent of Agreement on Environmental CSR

Statement	Mean	Std. Dev
Green energy drive in the firm has increased in the last five years and has a positive impact on firm performance	4.04	0.3128
The firm's environmental activities are in compliance with the Environmental Management and Coordination Act	3.88	0.2987
Employees at the firm participate actively in environmental CSR activities thus improving firm performance	4.18	0.3013
Poor environmental performance has a negative effect on intangible asset value such as the reputation of the firms	3.80	0.2871
Good environmental management generates reputational advantage for a firm that leads to improved marketing and financial performance	4.29	0.3420

The results from Table 3 shows the respondents agreed that good environmental management generates reputational advantage for a firm that leads to improved marketing and financial performance (mean=4.29), followed by employees at the firm participate actively in environmental CSR activities thus improving firm performance (mean=4.18), green energy drive in the firm has increased in the last five years and has a positive impact on firm performance (mean=4.04), the firm's environmental activities are in compliance with the Environmental Management and Coordination Act (mean=3.88), and that poor environmental performance has a negative effect on intangible asset value such as the reputation of the firms (mean=3.8). This depicts that good environmental management generates reputational advantage for a firm that leads to improved marketing and financial performance. The findings are in tandem with a study by Miles and Covin (2014) who found that corporate reputation is one of the most important intangible assets that is nonetheless related to marketing and firm performance. They conclude that good environmental management generates reputational advantage for a firm that leads to improved marketing and financial performance.

4.4 Correlation Analysis

Results of the correlation analysis between corporate social responsibility and corporate financial performance of KENGEN Company are presented in Table 4.

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Table 4: Correlation between Corporate Social Responsibility and Corporate Financial Performance

		Corporate Financial Performance	Economic Corporate Social Responsibility	Philanthropic Corporate Social Responsibility	Environmental Corporate Social Responsibility
Corporate Financial Performance	Pearson Correlation	1	.467**	.094	.091
	Sig. (2-tailed)		.000	.259	.277
	N	161	161	161	161
Economic Corporate Social Responsibility	Pearson Correlation	.467**	1	.161	.284**
	Sig. (2-tailed)	.000		.053	.001
	N	161	161	161	161
Philanthropic Corporate Social Responsibility	Pearson Correlation	.094	.161	1	.435**
	Sig. (2-tailed)	.259	.053		.000
	N	161	161	161	161
Environmental Corporate Social Responsibility	Pearson Correlation	.091	.284**	.435**	1
	Sig. (2-tailed)	.277	.001	.000	
	N	161	161	161	161

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

The results in Table 4 shows a significant and positive association between economic corporate social responsibility and corporate financial performance ($r = 0.467$). The findings also reveal that there is a significant and positive association between philanthropic corporate social responsibility and corporate financial performance ($r = .259$**, p-value < 0.05). On environmental corporate social responsibility, the findings showed that environmental corporate social responsibility and corporate financial performance have a significant and positive association ($r = .277$**, p-value < 0.05. Obusubiri, (2013) did a study on the relationship between economic CSR and portfolio performance in Kenya. The study found a positive relationship between economic CSR and portfolio performance.

Furthermore, Clarkson, (2015) reported a positive connection between philanthropic CSR and financial performance. According to instrumental stakeholder theory, the satisfaction of various stakeholder groups is instrumental for organizational financial performance.

Additionally, the stakeholder-agency theory argued that the implicit and explicit negotiation and contracting process entailed by reciprocal, bilateral stakeholder-management relationship serves as monitoring and enforcement mechanisms that prevent managers from diverting attention from broad financial goals. Nehrt (2014) shows that firms which invest earlier in pollution-reducing technologies can gain financial advantage. He argues that pollution-reducing technologies may enable firms to reduce unit production costs and to enhance sales in the long term. Miles and Covin (2014) further examine the interrelations between environmental performance, company reputation, and financial performance. They find that corporate reputation is one of the most important intangible assets that is nonetheless related to marketing and firm performance

5.1 Conclusion

The study concluded that economic social responsibility influence performance of the organization. The study also concluded that firm's choices about investing in socially responsible activities have an overall effect on firm's value thus increasing the performance

The study further concluded that philanthropic corporate social responsibility has enhanced performance of the organization. The study also concluded that investments in philanthropic CSR help firms develop new competencies, resources and capabilities that are manifested in firm's culture, technology, structure and human resources.

The study concluded that environmental corporate social responsibility has influenced performance of the firm. Finally, the study concluded that good environmental management generates reputational advantage for a firm that leads to improved marketing and financial performance.

6.1 Recommendations

From the findings and conclusion, the study recommended that the organization can influence its corporate organization performance by engaging in various Corporate Social responsibility activities, as this will help it build it reputation and gain competitive advantage and thus higher productivity. There is need for the organization to provide their employees with training as this will enhance their creativity and thus increase in the innovations in the organization thus enhancing organization performance in the organization.

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