EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF ENERGY AND PETROLEUM FIRMS LISTED ON NAIROBI SECURITY EXCHANGE

BY

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DECLARATION

I, the undersigned, declare that this research project is my original work and has not been submitted to any other college, institution or university for academic credit.

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This research project has been submitted for examination with my approval as the appointed supervisor.

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DEDICATION

I dedicate this project to my family and friends for their support.

ABSTRACT

An increased demand for more disclosure particularly from investors, an increase in customer interests and competitive labor markets have all piled pressure on firms to remain socially responsible in their activities. The operations of energy and petroleum firms in Kenya result into pollution and other adverse effect to the environment. Some of these companies are involved in extraction of energy from underground which can result into instability in area of establishment. The study sought to determine how CSR affected financial performance of energy and petroleum firms listed on NSE. The study adopted a cross sectional descriptive design. The population of the study comprised of 5 energy and petroleum firms listed on NSE. A census was undertaken since the population was small to carry out sampling. Secondary data was collected using data collection sheet for a ten-year period from 2008 all through to 2017. The findings were analyzed using SPSS software through descriptive and inferential statistics. Descriptive statistics included means and standard deviation while regression formed the inferential statistics. The findings were presented using tables and figures. The study established that environmental CSR (β=0.236, p=0.018<0.05), education CSR, (β=0.192 p=0.017<0.05) health CSR, staff welfare (β=0.133, p=0.000<0.05) and the size (β =0.410, p=0.000<0.05) all had a positive and significant influence on financial performance. The study concludes that CSR has a positive and significant effect on financial performance. The study recommends that the top and senior management team of all petroleum and energy firms in Kenya should improve on health and staff welfare CSR in order to positively influence financial performance. Policy makers including the ministry of energy and petroleum in Kenya should make it a policy for all firms to invest in CSR activities.

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LIST OF ABBREVIATIONS

AGO: Automotive Gas Oil

ANOVA: Analysis of Variance

BSC: Balanced Score Card

CSR: Corporate Social Responsibility

ERC: Energy Regulatory Commission

HFO: Heavy Fuel Oil

KCPE: Kenya Certificate of Primary Examination

MSD: Medium Speed Diesel

MSEs: Micro and Small Enterprises

NSE: Nairobi Security Exchange

ROA: Return on Assets

ROE: Return on Equity

SPSS: Statistical Package for Social Sciences

VIF: Variance of Inflation Factor

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Being open systems, organizations interact with their environment by drawing resources from it and processing the resources to produce goods and services. These produced goods are then consumed by people within the same environment which results into performance of these companies. Although there exist no rules, regulations or requirements that firms should compensate the community for using its resources to produce goods hence profitability, most firms however have today realized the need of giving back to the community hence the concept of corporate social responsibility. Today, organizations are not just guided by the profit and shareholders' wealth maximization principles as most of the companies have incorporated corporate social responsibility policies in their overall strategies, goals and objectives. There exists mixed evidence with regard to how CSR affects financial performance of an organization (Visser & Tolhurst, 2017).

According to the social contract theory, the community has greater expectation that the business would offer support to the society under some given circumstance. Although this is not a written contract, it is expected that the business would act ethically and give back to the community after using resources of the community to generate profits (Hobbes, 1679 & Locke, 1704). In view of Economic theory, the main objective of a business is maximization of the wealth of its shareholders and therefore profitability. A business should however strive to abide by all the rules and regulations while focusing on the objective of maximizing the wealth of shareholders and its profitability. The theory views CSR as an added cost that would eat into profits of an organization and thus interfering with the profit motive of an organization (Friedman, 1970). With regard to Carroll´s Model, CSR is made up of four main activities; economic, legal, ethical and philanthropic. Of these four elements, the economic one is the basis of the other components and it entails profitability objective of the business. It is expected from the society that the business will strictly adhere to all rules and regulations while staying profitable hence the legal aspect of CSR. Once these two have been made, a business should do more to socially help the community hence social responsibility. The philanthropic aspect of CSR is at discretion of the business once the three aspects have been attained (Carroll, 1991).

The operations of energy and petroleum firms in Kenya result into pollution and other adverse effect to the environment. Some of these companies are involved in extraction of energy from underground which can result into instability in area of establishment. Despite all these adverse effects of operations of these firms to the general environment and people around, no scholar has sought to investigate their Corporate Social Responsibility programs as a way of giving back to the community (Jamali, Lund-Thomsen & Jeppesen, 2017). This study thus sought to determine whether these energy and petroleum firms embrace corporate social responsibility in their activities and how this affects their financial performance.

1.1.1 Corporate Social Responsibility

Corporate social responsibility is the need for all stakeholders to hold a firm accountable due to all its operations. It is a way of giving back to the community for using its resources to generate profits. Corporate social responsibility is being appreciative to the society for supplying resources to enable the business perform (generate profits). It is acting ethically in a society of establishment. Corporate social responsibility refers to set of programs and policies that are wider in scope and which an organization has factored in its operations. According to Hasan, Kobeissi, Liu and Wang (2018), CSR covers the economic, legal, ethical and discretionary expectations society has upon organizations by society thus these represent the indicators of CSR. Thus, corporate social responsibility can be defined as the way through an organization identifies, manage and balances its economic, social, ethical and philanthropic concerns (Ali, Frynas & Mahmood, 2017).

Organizations today have realized the need to incorporate CSR in their activities. Apart from normal financial reporting at the end of each financial year, companies today also engage in sustainability reporting hence sustainability report. A sustainability report details among other things, the economic, environmental, social and governance performance of an organization. This has shaped the corporate social responsibility landscape in most organizations today (Luo, Wang & Zhang, 2017).

There are several ways through which an organization can give back to the community. Some companies have invested in promotion of health care facilities for instance dispensaries. Other organizations have invested in supporting education. For instance, Equity Kenya Group Ltd through its Wings to Fly program that received more than 25,000 applications from needy students who sat for their 2016 KCPE examinations and were unable to finance their secondary school education (Equity Bank Group, 2017). Other organizations for instance have also invested in health. For example, Safaricom foundation donated a dialysis machine worthy Kshs. 4 million to Nakuru Level 5 hospital that has improved health outcomes in the county (Safaricom Ltd, 2018). In other organizations, CSR activities are achieved through safeguarding its environment. For example, Safaricom Foundation has planted over 5.6 million trees in large scale conservation projects and community nurseries.

Thus, the discussion on CSR has mainly been limited to firms in the banking and telecommunication sector including Safaricom Ltd. It is not therefore clear whether firms in energy and petroleum sector engage in CSR in view of the effect of their operations to the environment. The study therefore sought to determine whether firms in the energy and petroleum practice CSR and this affects their financial performance.

1.1.2 Financial Performance

Financial performance of an organization is a measure of how profitable an organization carries out its operations. Organizations are established by different objective and one of these is improvement in financial performance. Organizations determine their financial performance using several indicators including return on assets (ROA), Return on Equity (ROE), Return on Investment (ROI) among others. Return on assets is a measure of how an organization is able to utilize its asset base to generate net profits. Return on equity is used to measure how an organization uses its equity part of the balance sheet to generate net profits. Return on investment is the required rate of return on every investment undertaken by an organization (Louche & Idowu, 2017).

Organizations today have advanced in the way they determine their financial performance. This has seen an increased adoption of the balanced score card (BSC) as a measure of financial performance of an organization. A BSC has four key perspectives; financial, stakeholder/customer, internal processes and learning and growth (organizational capacity). The financial perspective of the BSC measures the financial performance of an organization (which the underlying objective) of most for profit organizations (Maas & Boons, 2017).

1.1.3 Corporate Social Responsibility and Financial Performance

Literature suggests mixed findings on how CSR affects financial performance of an organization. This could be negative, positive, significant or insignificant. According to Nollet, Filis and Mitrokostas (2016), there exists negative and significant relationship between CSR and return in capital. This shows that an increase investment in corporate social responsibility would result into a decrease in return on capital. In a study in India, Maqbool and Zameer (2018) revealed that CSR results into positive impact on financial performance of commercial banks.

According to Palmer (2012), firms can increase the value of their sales and therefore financial performance through investment in CSR. In another study, Madorran and Garcia (2016) established that there exists no significant relationship between investment on CSR and financial outcomes of an organization. In an investigation of the link between CSR and financial performance, Osino (2013) noted that firms engaging in CSR activities are able to improve their levels of income.

A firm investing in CSR is in position to improve its reputation and therefore increase in customer base. Although it is costly in short run, but the benefits accruing to a firm that practices CSR outweigh these initial costs and therefore it is justified. In order to remain profitable in the ever-competitive environment, most companies have therefore adopted corporate social responsibility in their operations (Visser & Tolhurst, 2017).

1.1.4 Energy and Petroleum Firms in Kenya

Energy is form of power that supports households in various ways including cooking and other basic activities. Energy also plays an important role in industrial machines and plants by driving production processes. Energy can occur either in renewable or non-renewable forms. Examples of energy in Kenya include wind, geothermal and electricity. Petroleum on the other hand is physical in nature occurring in liquid form. The key types of Petroleum in Kenya include Diesel, Kerosene and Petrol. Thus, Energy and Petroleum firms deal in both energy and petroleum products (Lina, 2016.

In Kenya, Energy and Petroleum Firms fall under the ministry of Energy and Petroleum. The sector is regulated by the Energy Regulatory Commission (ERC). The sector has faced a number of challenges including inadequate generation capacity arising out of insufficient investment in power generation and its dependence on hydro for 50% of the existing capacity. In response to this challenge, plans are underway to resort to expensive quick fixes like Medium Speed Diesel (MSD) plants running on Heavy Fuel Oil (HFO) and High-Speed Diesel plants running on Automotive Gas Oil (AGO) (ERC, 2018). All these plants result into adverse effect to the environment through pollution.

There are three Energy firms and two Petroleum firms listed on Nairobi Security Exchange (NSE). The three energy firms include Ken-Gen, Kenya Power and Lightning Company Ltd (KPLC) and Umeme Ltd. The Petroleum firms on the other hand include Total Kenya and Kenol-Kobil Ltd (NSE, 2018). All these Petroleum firms own key oil installations including Petroleum storage plants across the nation. For instance, Kenol-Kobil has over 180 service stations across the country (ERC, 2018). There is a lot of pilferage and evaporation of the oil from underground in most of the service and petrol stations of these companies resulting into significant pollution to the environment of establishment.

1.2 Research Problem

Organizations today are under pressure from a number of groups including environmental and human rights professionals to come up with responses of the environment and the society at large. An increased demand for more disclosure particularly from investors, an increase in customer interests and competitive labor markets have all piled pressure on firms to remain socially responsible in their activities. Therefore, as companies strive to maximize the wealth of their shareholders thus long-term profitability, they must also consider constraints that their operations have external environment to the business (Hofman, Moon & Wu, 2017).

Firms in the energy and petroleum sector have invested in significant number of projects that help in generating energy to consumers locally and regionally. For instance, Ken-Gen started an Olkaria project that is currently in phase V. All these projects involve underground drilling that affect the stability of land around. It also results into emissions in the air hence pollution. It is therefore paramount that these institutions incorporate CSR in their activities as a way of giving back to the community (Kolk, 2016).

A number of studies have been conducted on CSR although in different contexts. In Taiwan, Chou1, Chang, Darcy and Yan (2017) studied how corporate social responsibility affected performance. The study established that CSR and firm performance are positively correlated. Comparing evidence from both the United States and Germany, Kolisch (2015) examined whether CSR had an influence on financial performance. The findings of the study suggested that CSR influenced performance and that this is manifested in significant differences between the two countries. Maqbool and Zameer (2018) carried out an analysis of how CSR affected financial performance in the banking sector in India. These studies are done on international scale among advanced countries. There is need for similar studies in Kenya in the energy and petroleum sector.

Locally, Alinoor (2016) looked at how CSR affected performance of firms in telecommunication sector in Kenya. The study used a case of Safaricom Ltd. It was established that Education and Environment CSR programs positively influenced performance of firms. Daniel (2014) looked at how CSR affected performance using in the banking context. Simon (2014) analyzed how CSR affected financial performance among SMEs. Thus, no local study linked CSR and performance of firms in the energy and petroleum sector. To fill this gap, this study answered the following question; what is the effect of CSR on financial performance of energy and petroleum firms listed on NSE?

1.3 Research Objective

To determine the effect of corporate social responsibility on financial performance of energy and petroleum firms listed on NSE.

1.4 Value of the Study

This study will be valuable to the Energy Regulatory Commission (ERC), the ministry of Energy, the management energy and petroleum firms and future scholars. The study would help the Energy Regulatory Commission of Kenya to make sound policies and guidelines that encourage firms in the industry to adopt CSR in their operations. This will also improve the overall financial performance of these firms.

The management of all firms in the energy and petroleum industry will rely on these findings to make sound policies and guidelines with regard to CSR programs. The study will create need to improve on CSR programs and initiatives in most of these companies. This will give a positive contribution to the community.

The study will open up areas for further studies among scholars and other researchers in future. By capitalizing on limitations in the study, future scholars will expand the available level of knowledge. The study will add knowledge to the existing theory on CSR and how it affects financial performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the theories that formed the basis of the study. The chapter details factors that influence financial performance of an organization. Empirical literature in CSR and how it is linked with financial performance is also presented. The research gaps that the study seeks to fill are also indicated. The chapter also presents the conceptual framework indicating relationship between the study variables.

2.2 Theoretical Review

A theoretical review looks at the theories forming the basis of the study. In this study, Carroll´s Pyramid of CSR, Social Contract Theory and the Economic Theory were used to support objectives of the study. These theories form the basis of the discussion on Corporate Social Responsibility.

2.2.1 Carroll´s Pyramid of Corporate Social Responsibility

This theory was formulated by Carroll (1991). The theory indicates that CSR is made up four constituents; economic CSR, Legal CSR, Ethical CSR and Philanthropic CSR. Economic CSR is mainly concerned with generation of profits from the business. It is the main objective guiding business enterprises today. Economic CSR is the basis of the remaining three activities of CSR.

With legal CSR, it is expected from the society that any form of business will have to strictly abide by all the rules of regulation established within jurisdictions of establishment and operation. Ethical CSR are concerns and expectations of the community to the business to adhere to all the norms and values of the society of particular establishment. Ethically, shareholders of the business expect that all activities undertaken by management are aligned to the overall objective of the business (Pandey, 1999).

The philanthropic aspect of CSR concerns activities of the business that community regards as resulting into good corporate citizenship. On this basis, any business is expected to both financial and human resources resulting into better quality of life (Santiago, 2004). This theory is relevant to the study because it indicates how an organization can go about CSR in the work place. This theory contributes to the study by explaining the four activities that form the basis of CSR in an organization.

2.2.2 Social Contracts Theory

This theory was formulated by Donaldson and Dunfee (1999). The basis of formulation of the theory was to improve the decision-making ability of managers in contexts demanding business ethics. The theory suggests that a business enterprise need to behave in a responsible manner so as to gain commercial interests. It is the expectations of the society that any business will behave ethically. There exist diverse and different types of contracts in any society. These contracts are social in nature as perceived by members of the society and the entire community (Gray et al, 1996). This suggests that business managers ought to make ethical decisions at all times.

The society usually expects that the business will offer support to its members at any given time. The theory suggests that these expectations unlike other contracts are not written anywhere. The business ought just to feel the impact of its operations to the community that such ethical issues would be undertaken as a way of giving back (Donaldson & Dunfee, 1999).

The theory has however been criticized on its assumption that managers in an organization will act ethically. In practice, not every manager will be ethical in making decisions. Furthermore, the theory does not explain why managers behave ethically. Neither does it explain why some other managers behave unethically (Ciciretti, Kobeissi & Zhu, 2014). Despite these criticisms, this theory is relevant to the business because it informs business managers of the need to be ethical while carrying out business operations.

2.2.3 Economic Theory

This theory was formulated by Friedman (1970). According to Friedman (1970), the market interaction forms the basis of decisions and meeting of the needs of the society. There is however egocentric desires of an organization that helps in meeting the desired objectives. According to Friedman (1970), an organization has economic aspect as the main CSR activity. This entails maximizing the wealth and profits of shareholders. The profit pursuit objective however should be done in strict adherence to the rules and regulations. The rules can either be ethical, general or custom laws and regulation that govern the operations of the business.

Shareholders of the business are largely obliged to invest as much as they can to a business. The management team of organization on the other hand is responsible for effectively managing these investments of shareholders, maximizing profits and wealth of shareholders. The theory suggests that any interaction between stakeholders of the business and its managers should be economic in terms (Hofman, Moon & Wu, 2017).

The theory however assumes that an organization has only one objective (economic) that entails maximization of wealth of shareholders and thus profitability. This assumption is however misleading as not all firms are established for profit making purpose for example NGOs. Besides profitability, organizations have other objectives that should be attained including CSR (which this theory sharply opposes) (Koscher, 2013). Despite these criticisms, this theory is relevant to the study because it guides managers of energy and petroleum firms to come up with decisions that maximize the wealth of shareholders hence financial performance.

2.3 Determinants of Financial Performance of Energy and Petroleum Firms

This section looks at factors determining performance of energy and petroleum companies. The identified factors include size, prevailing economic conditions and corporate social responsibility. The identified factors are cited with appropriate citations.

2.3.1 Size of the Firm

The size of the firm plays an important role in its financial performance. It is usually believed that organizations that are large in size are able to enjoy economic of scale that accrue because of their size. Some of the economies of scale include favorable discounts, access to technology and human capital and efficient management team. Thus, all factors kept constant, the larger the size of the firm, the greater its financial performance (Garicano, Lelarge & Van Reenen, 2016).

Size of the firm can be used to gauge how old and mature it has been in operations. At start-up, firms have limited sources of capital and this affects the expansion efforts. However, as time goes by, an organization becomes stable in an industry and thus extending branch networks to other regions. Most blue chip companies like Total Kenya and Ken-Gen started off as small with limited chances of growth.

2.3.2 Prevailing Economic Conditions

The economic conditions are ever changing. The key economic conditions include boom, recession, inflationary among others. During times of boom, the economic conditions are favorable and business activities are high. This translates into greater profitability. On the other hand, the times of recession and inflationary are characterized by low economic activity and therefore profitability of the business reduces (Van-den-Berg, Lindeboom & Portrait, 2006).

During times of inflation, money losses its real value and the general prices of goods and services skyrocket. This reduces the consumer purchasing power and thus sales revenue of companies engaged in production. This reduction in sales revenue is reflected in low profitability of companies. High level of inflation is also reflected in ability of an organization to borrow. High rates of inflation increase the interest rates charged on borrowing and thus limiting borrowing of firms. This affects the ability of firms to invest and generate value for shareholders.

2.3.3 Corporate Social Responsibility

Some scholars have argued that investment in CSR leads to financial performance of an organization. Although it is costly, the long run benefits accruing from investment in CSR outweighs the original costs. CSR improves the overall brand and image of the corporation and therefore large customer base. This increases the volume of sales and therefore better financial performance (Singh & Kaur, 2016).

A firm can invest in CSR by undertaking several activities in areas of health, transport, sports, education and social amenities. Investment in CSR is associated with reputation to an organization. People desire to be associated with organizations that have best reputations. An increase in reputation resulting from the CSR activities undertaken increases the customer base and therefore financial performance (Singh & Kaur, 2016).

2.4 Empirical Review

Internationally, Saveanu, Abrudan, Giurgiu, Mester and Bugnar (2014) assessed how to measure CSR among Micro and Small Enterprises (MSEs). The study employed stakeholder approach to investigate the problem. The findings of the study showed that MSEs are involved in different CSR initiatives that play an important role as far as their financial performance is concerned. This study however was conducted in Romania, thus need a similar study in Kenyan context.

In China, Pan, Sha, Zhang and Ke (2014) looked at how CSR and financial performance are interrelated. The study was done in mineral Industry. The study adopted panel data methodology by use of Pooled Least Squares regression analysis. The analyzed findings indicated that CSR to employees, the environment, customers and consumers of the business has significant effect on financial performance of the business. The study was conducted in mineral interest which differs from energy and petroleum sector.

In Malaysia, Siw (2017) looked at how CSR and financial performance were interlinked. The study was conducted in the context of listed firms. Tobin's Q was used. The findings of the study suggested that CSR and financial performance were positively and significantly related. However, it was done in Malaysia, resulting into contextual gap. In

Europe, Koscher (2013) examined how CSR affected financial performance. Regression was employed in analysis. The study revealed that an increase in performance of an organization results into large investment in CSR activities. The study further established that in comparison to European countries, the environment in United Kingdom is more appropriate to support CSR activities.

Using a data set of U.S. manufacturing firms from 1992 to 2009, Hasan, Kobeissi, Liu and Wang (2018) investigated how CSR affected financial performance. The study entailed testing of hypothesis. The study argued that key stakeholders' social considerations are more valuable for firms with higher levels of discretionary cash and income stream uncertainty. By use of 329 listed companies in three geographical areas (the United States, Europe and the Asia-Pacific region) for the years 2009 and 2010, Hirigoyen and Poulain-Rehm (2014) looked at how CSR and financial performance were interrelated. Regression was adopted in analysis of the study. The findings indicated that CSR improves financial outcomes of an organization.

In Italy, Piatti (2014) looked at how CSR affected financial performance. The study was done in the context of Mutual banks in Italy. The study employed canonical correlation method to determine the relationship between the variables. The findings suggested that CSR and financial performance were interrelated with each other. The relationship was positive and significant. In Pakistan, Sindhu and Arif (2017) sought to establish relationship between CSR and financial performance. Structural equation modeling was employed to determine how these variables were related. Primary data was collected using questionnaires. The analyzed findings indicated that an increase in investment in CSR increases financial outcomes of the business entity.

In Ghana, Ofori, S-Darko and Nyuur (2014) examined how CSR affected financial performance. Structured questionnaires were used to collect data. The analysis of the collected data showed that CSR and financial performance are positively correlated. However, CSR alone cannot explain much of the financial performance of banks in Ghana but other control variables including the size, growth and origin. In Ethiopia, Asfaw, Gebreegziabher and Aregawi (2015) conducted a study to determine how CSR affected performance. The study was conducted in the context of manufacturing companies. Financial performance was measured using ROA. The analyzed findings indicated that CSR affected financial performance of an organization.

Locally, Nyongesa (2017) investigated how CSR affected financial performance. The study used a case of Safaricom Ltd. The study employed case study approach. The design adopted was correlational. The findings suggested that CSR had positive but insignificant relationship with financial performance. Financial performance was measured by EPS, net income and revenue changes.

Using a case of firms listed on Nairobi Security Exchange (NSE), Gichohi (2016) assessed how CSR affected financial performance. ROA was used as a proxy of financial performance. Secondary data was collected covering period 2010 to 2014.Predictor variables included CSR, efficiency and capital intensity. The sample size comprised of 66 firms listed on NSE, but data was available from 14 firms. From the findings, majority of the firms practiced CSR but did not disclose the actual cost of this initiative. The findings of the study indicated that CSR positively and insignificantly affected financial performance. The findings suggested that none of the study variables had strong correlation with each other. The study recommends that firms need to incorporate CSR in their practices and operations.

Daniel (2014) examined how CSR affected financial performance. The study was done in the banking sector. Net profits before taxes was used to measure financial performance. Expenditure in CSR was used to measure CSR activities. Financial reports of commercial banks were used to collect secondary for the study. Data covered a period of 2009 all through to 2013. The findings showed that not all commercial banks indicated their CSR activities in their financial statements.

Using a case of Insurance companies in Kenya, Waithira (2015) assessed how CSR related with financial performance. To measure financial performance, ROA was used. On the other hand, CSR was measured using total expenditure on CSR activities. Size was used to control performance. The study relied on secondary data collected from relevant reports. A total of 48 companies registered involved in insurance were targeted. Data was obtained from 21 companies. The study covered a period from 2009 to 2013. The analyzed findings showed that involvement in CSR resulted into positive and significant influence on financial performance.

With specific reference to Kenyan commercial banks, Moraa (2016) assessed how CSR and financial performance were interrelated. ROA was used to measure financial performance. Staff costs were used to determine CSR involvement. The study employed a descriptive survey design. The population comprised of 42 commercial banks. Data covered a period from 2009 all through to 2015. The findings of the study suggested that CSR had positive and significant influence on financial performance.

Using a case of firms listed in manufacturing and construction segment of the NSE, Mwangi and Jerotich (2013) investigated how CSR and financial performance were related. Out of the 14 firms, complete data was available from 10 companies. The study collected secondary data over a period of 2007 all through to 2011. The control variables were capital intensity and manufacturing efficiency. The findings of the study indicated that CSR had significant influence on financial performance.

With emphasis on manufacturing firms in Kenya, Thuo (2015) assessed how CSR and financial performance were related. Questionnaires were employed in collection of data. Data was collected from 68 manufacturing firms in Kenya. Regression was used to analyze the collected data. From the findings, there exists little influence of CSR on financial performance. As a recommendation, the study suggests that manufacturing firms should factor CSR in all their activities and operations.

Among Multination companies in Kenya, Gitau (2017) investigated how CSR affected their financial performance. Specifically, Unilever Kenya was used a case study. Out of the 275 staff at Unilever Kenya that was targeted, a sample of 82 was drawn by the researcher. Questionnaires were distributed to these respondents in data collection process. From the findings, MNCs engaged in various CSR programs including education, health, equal opportunities and fairness at work place.

2.5 Summary of Literature and Research Gaps

The reviewed literature is summarized in Table 2.1 to point research gaps that the current study seeks to fill. The literature is summarized under the author and the title of the study. The methodologies employed and key findings of each study are also pointed out in Table 2.1.

Table 2.1: Summary of Literature and Research Gaps

Author	Study	Methodology	Findings	Gaps
Thuo (2015)	How CSR and financial performance were related	Questionnaires employed in collection of data	There exists little influence of CSR on financial performance	The study was limited to manufacturing firms; need a similar study among energy and petroleum firms
Moraa (2016)	How CSR and financial performance were interrelated	Descriptive design	CSR had positive and significant influence on financial performance.	The study focused on commercial banks hence limiting applicability of the findings to energy and petroleum firms
Waithira (2015)	How CSR related with financial performance.	Descriptive design	Involvement in CSR resulted into positive and significant influence on financial performance	The study focused on Insurance companies in Kenya and not energy and petroleum firms
Gichohi (2016).	How CSR affected financial performance. ROA was used as a proxy of financial performance	Secondary data collected	CSR positively and insignificantly affected financial performance	Covered all firms listed on NSE; need a similar study specifically among energy and petroleum firms
Nyongesa (2017)	How CSR affected financial performance.	Employed case study approach; correlational	CSR had positive but insignificant relationship with financial performance	The study used a case of Safaricom Ltd; need for a similar study but with reference to energy and petroleum firms.

2.6 Conceptual Framework

The conceptual framework of the study is shown in Figure 2.1 below. The independent variable is CSR. The dependent variable is financial performance. The control variable is size.

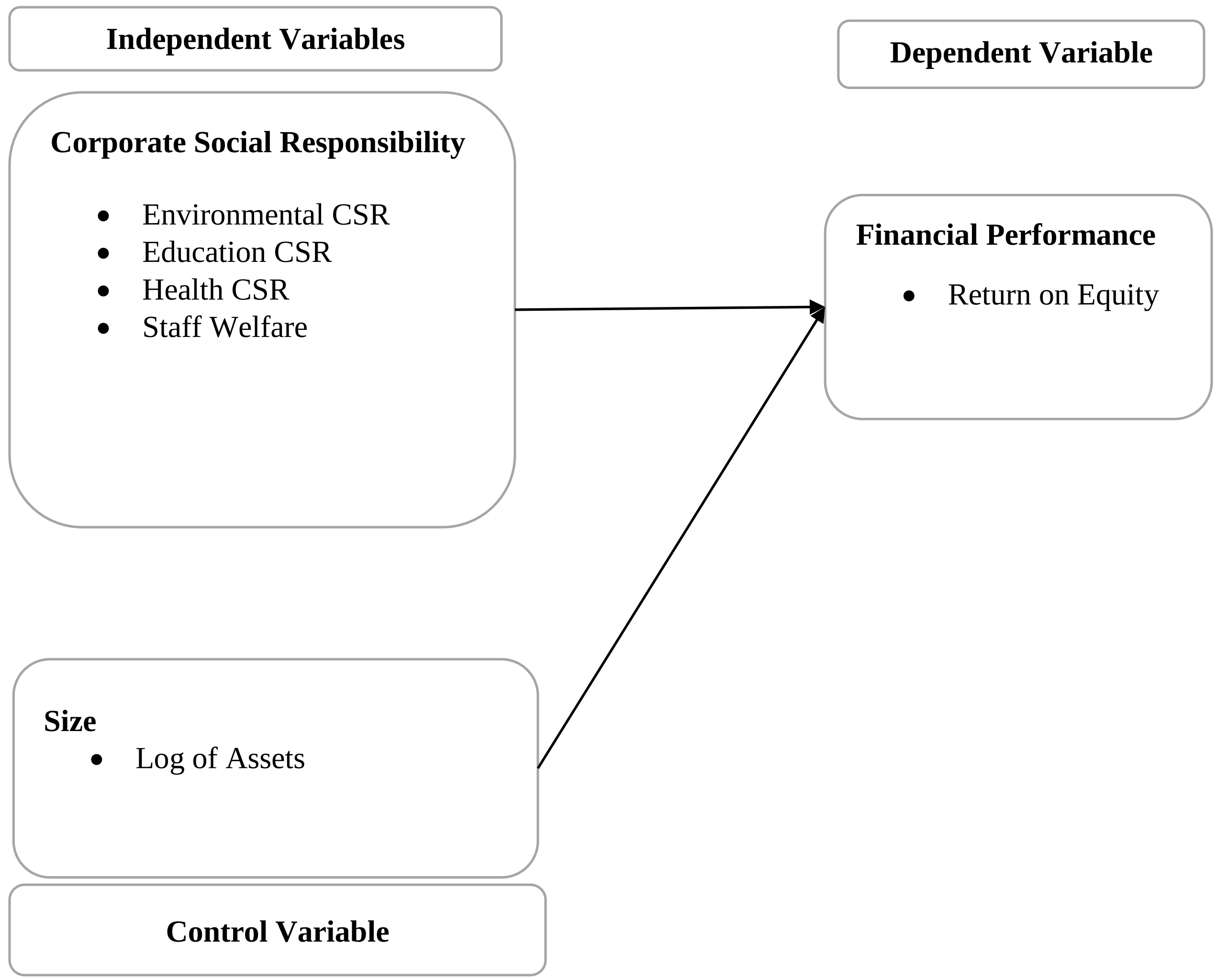

Figure 2.1: Conceptual Framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

A research methodology outlines the steps to undertake in achieving the study objectives. This chapter presents the population, methods to be used to sample elements from the population, methods that were used in getting data from filed and how the collected data will be analyzed. Each of these sections is aligned with the study objectives.

3.2 Research Design

A research design is a structure that guides the researcher on the methods to use in collection and analysis of data. The study adopted a cross sectional descriptive research design. According to Yin (2017), a descriptive design gives an account of the way things are. It answers questions on how, what, why and when?

This design was used to give an account of how CSR affect financial performance of energy and petroleum firms listed on NSE. A descriptive design helped the researcher to collect secondary data to achieve the study objectives. Through this design, the researcher was able to collect quantitative data.

3.3 Target Population of the Study

Population is the whole group of elements that have common attributes and features. The target population of this study comprised of five listed firms in the energy and petroleum segment on NSE. These companies are shown on appendix III.

All these five firms formed the sample size of the study because they were small for sampling. The study thus employed a census. According to Mugenda and Mugenda (2003), a census is appropriate where elements of the population are less than 200.

3.4 Data Collection Methods

The study collected secondary data. Data collection sheets were developed to collect this secondary data on financial performance (Appendix IV). Data collection covered a period of 10 years (2008-2017). The period was selected because it is most current and data is readily available from company financial statements over this period.

3.5 Data Analysis

Data analysis is the process of generating meaningful information from the collected raw data. It starts by doing necessary clean ups to reduce redundant data. Data analysis helps in drawing meaningful inferences and conclusions with recommendations.

The collected data was coded into SPSS in readiness for analysis. The findings were analyzed using means, standard deviations and regression analysis. Graphs were used to illustrate the trend in financial performance.

3.5.1 Diagnostic Tests

The study carried out normality, autocorrelation, heteroskedasticity and multicollinearity tests to ensure that the data set did not violate regression assumptions. Normality was tested by Skewness and Kurtosis. Values of between -3 or +3 indicated that the data iwas normally distributed (Kothari). Autocorrelation was detected using Durbin Watson Statistics. Values of -2 or +2 suggest that the data set has no autocorrelation.

Heteroskedasticity was tested using Scatter plots. Data points on scatter plots with clearly established patterns suggested that the data set has heteroskedasticity. Multicollinearity was detected using Variance of Inflation Factor (VIF). In essence, VIF values of between 1 and 10 suggest that there is no multicollinearity in the data set.

3.5.2 Analytical Model

The adopted regression model took the following firm;

$$\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon}$$

Where Y is = Financial Performance (ROE=Net Income/Total Equity)

$\mathbf{X_1}$ **=**Environmental CSR (Natural Logarithm of Expenditure in Kshs)

$\mathbf{X_2}$ **=**Education CSR (Natural Logarithm of Expenditure in Kshs)

$\mathbf{X_3}$ **=**Health CSR (Natural Logarithm of Expenditure in Kshs)

$\mathbf{X_4}$ **=**Staff Welfare (Natural Logarithm of Expenditure in Kshs)

$\mathbf{X_5}$ **=**Size (Natural logarithm of assets)

β_0 = Constant; β_1, β_2, β_3, β_4 and β_5 are coefficients of the relationship between corporate social responsibility and financial performance of energy and petroleum firms listed on Nairobi security exchange and $\boldsymbol{\varepsilon}$ = Error Term

3.5.3 Test of Significance

The study used the coefficient of determination R square to determine how change in financial performance of energy and petroleum firms is explained their CSR activities. F test was used to determine the overall significance of the model in the Analysis of Variance (ANOVA) Table. This was achieved by comparing the value of F calculated in the ANOVA Table and that F critical from the F Table.

T-test was used to determine individual significance of the predictor variables of the study. The interpretation of p values was done at 5% level of significance. P values of less than 0.05 indicated that the variables are significant. On the other hand, p values that were greater than 0.05 showed insignificance of the study variables.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter details the findings of the analysis on the collected data. The study relied on secondary data that was collected covering a period from 2008 all through to 2017. Data was collected on net income and total assets of the five energy and petroleum companies.

4.2 Response Rate and General Information

The researcher targeted 5 energy and petroleum firms listed on the Nairobi Security Exchange (NSE) (Appendix III). However, complete data was available from 4 firms resulting into a response rate of 80%. The response rate was consistent with Babbie (2010) who noted that sufficient response rate for analysis and presentation of the findings should be over 70%.

4.3 Descriptive Statistics

4.3.1 Means and Standard Deviations

The research sought to describe how CSR activities influenced financial performance of energy and petroleum companies listed on NSE. To archive this, means and standard deviations and the trend analysis was used. Table 4.1 presents the findings on the means and standard deviations.

Table 4.1: Means and Standard Deviations

	N	Mean	Std. Deviation
Environmental CSR	40	3.83	.797
Education CSR	40	4.11	.476
Health CSR	40	3.81	1.008
Staff Welfare	40	4.33	.635
Size	40	7.98	.425
Return on Equity	40	.07	.078

Source; Research Data (2018)

As indicated in Table 4.1, on average, firms in energy and petroleum sector listed on NSE spent more on staff welfare as a CSR activity. The least amount of CSR among these firms is on environmental CSR. This however should not be the case owing to the nature of activities of these firms. According to Jamali et al. (2017), the operations of energy and petroleum firms in Kenya result into pollution and other adverse effect to the environment. Some of these companies are involved in extraction of energy from underground which can result into instability in area of establishment.

4.3.2 Trend Analysis

Trend analysis was used to better understand the movement in the variables of the study over the study period. This section presents the trend analysis on each of the variables of the study. Figure 4.1 shows the trend in environmental CSR.

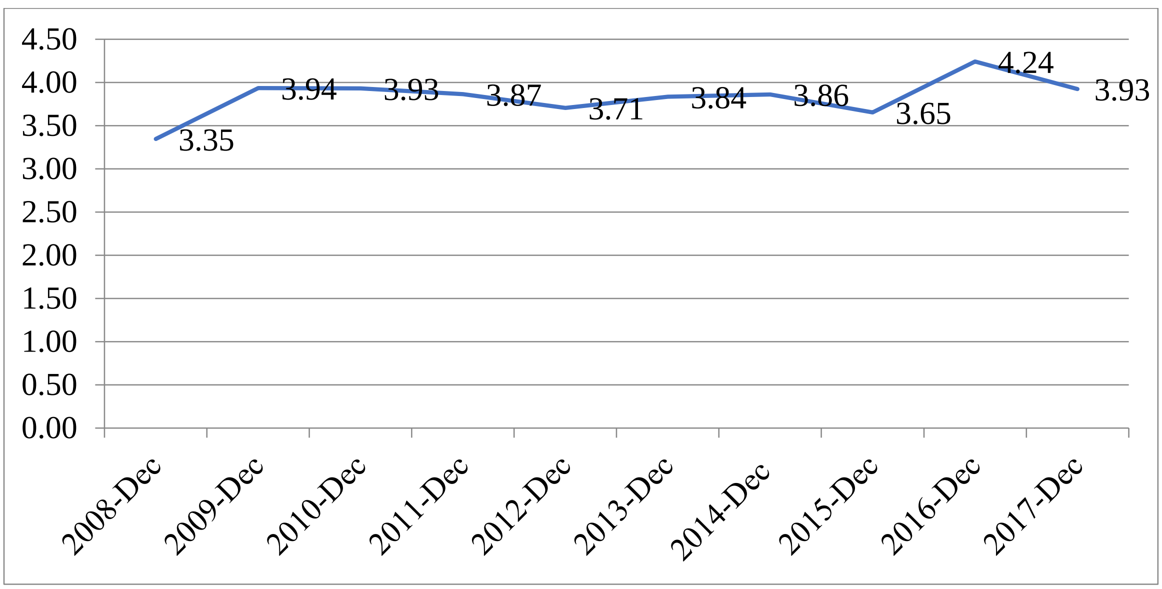

Figure 4.1: Environmental CSR
Source; Research Data (2018)

From the findings in Figure 4.1, there was generally stability in expenditure on environmental CSR among energy and petroleum firms listed on NSE.

Figure 4.2 presents the findings on education CSR among energy and petroleum companies listed on NSE.

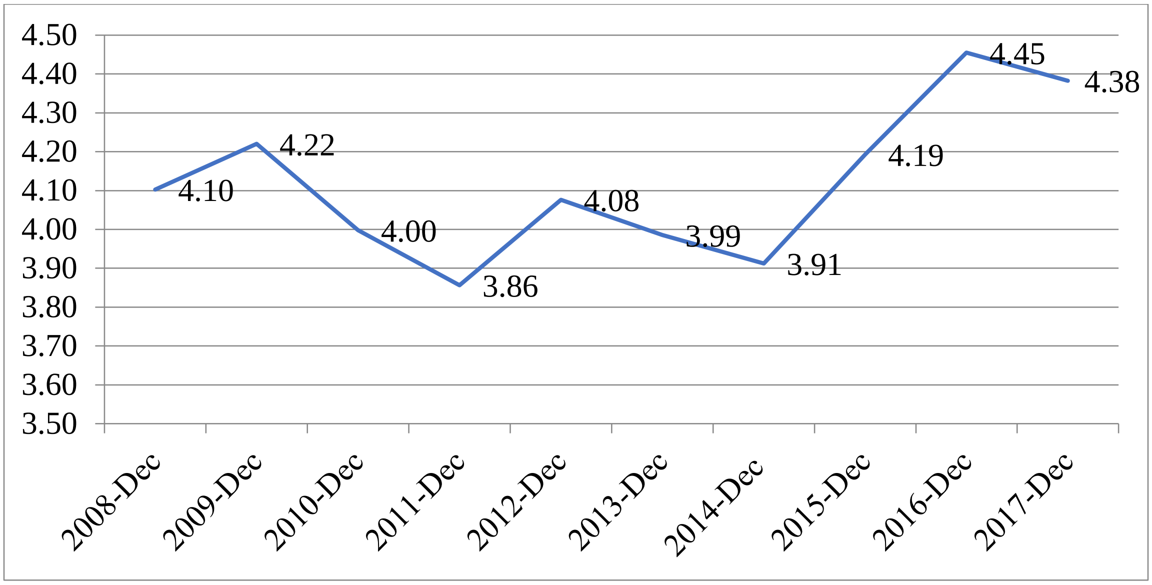

Figure 4.2: Education CSR
Source; Research Data (2018)

From Figure 4.2, there was fluctuation in expenditure on the amount that energy and petroleum companies as compared to the expenditure on environmental CSR.

Figure 4.3 shows the trend in the amount of expenditure on health CSR.

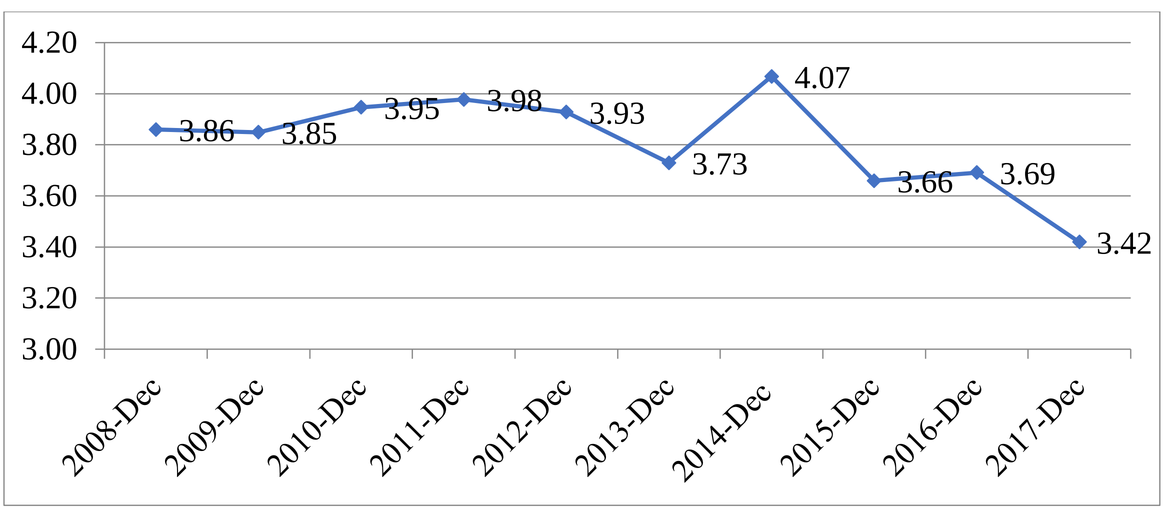

Figure 4.3: Health CSR
Source; Research Data (2018)

As shown in Figure 4.3, the amounts spend on health CSR among energy and petroleum companies was slightly stable across the study period.

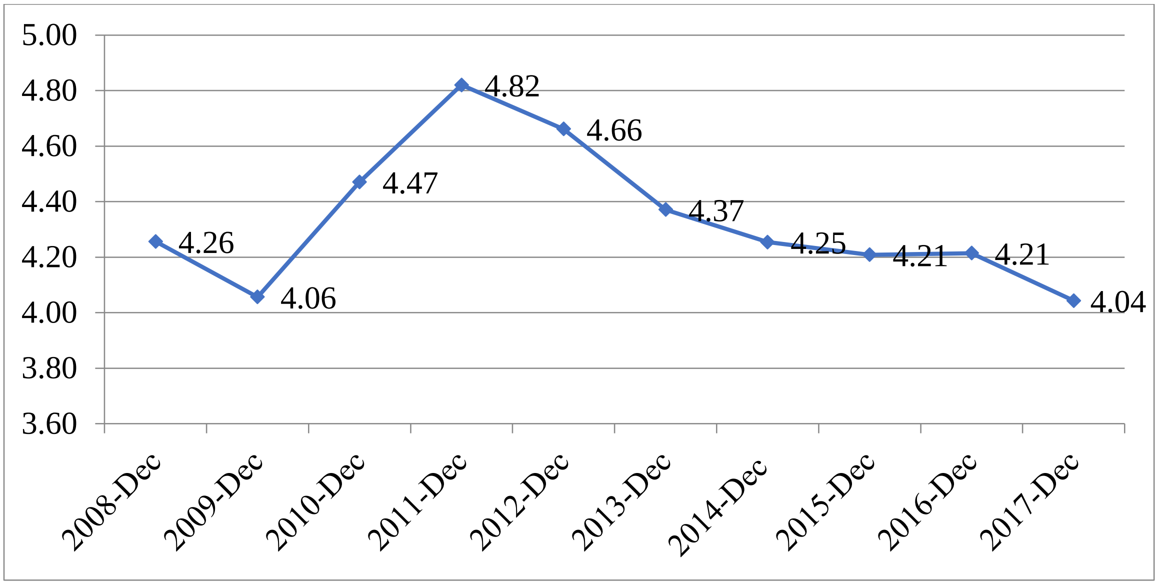

Figure 4.4: Staff Welfare
Source; Research Data (2018)

The findings in Figure 4.4 show that the amount spent on staff welfare among energy and petroleum companies was averagely stable across the period.

Size was the control variable in the study. To measure it, the researcher used the natural logarithm of all the assets. The findings on the same are indicated in Figure 4.5.

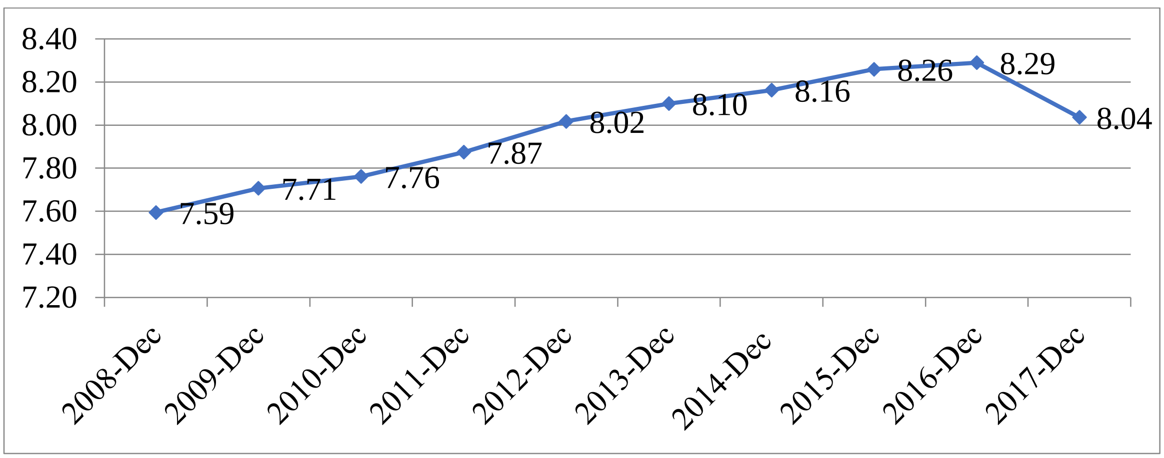

Figure 4.5: Size
Source; Research Data (2018)

As indicated in Figure 4.5, there was generally stability in size as a control variable among the studied companies. The year 2016 however realized a significant rise in size of the studied firm.

Return on equity was the dependent variable of the study. The trend analysis on the same is shown in Figure 4.6.

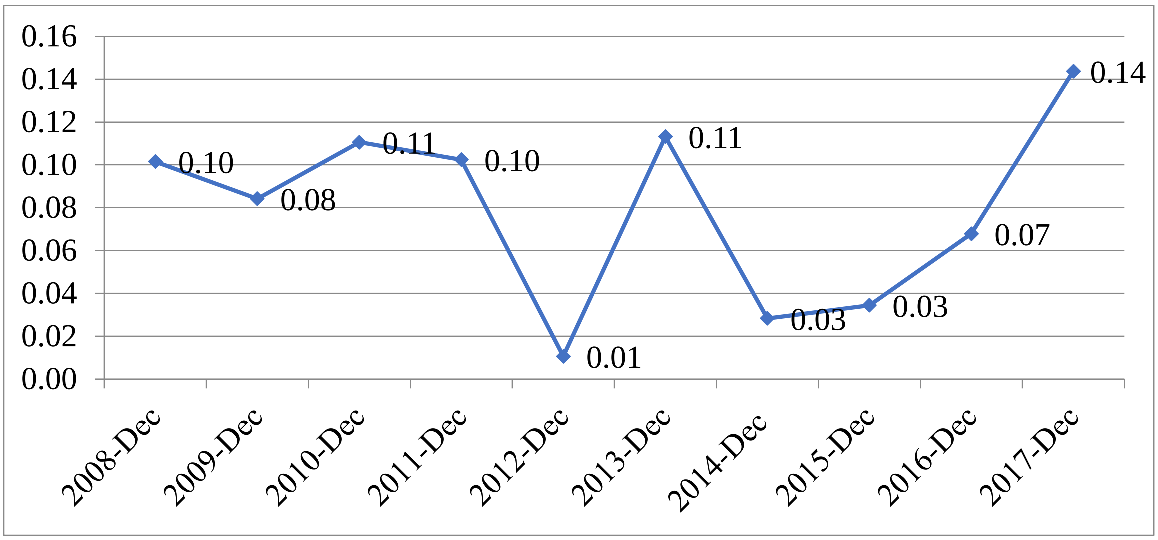

Figure 4.6: Return on Equity
Source; Research Data (2018)

From the findings in Figure 4.6, there was generally a fluctuation in ROE of the studied firms over the 5 year period (2008-2017). This trend in ROE can be attributed to the expenditure on CSR activities by the studied firms. Thus, it can be deduced that CSR influences financial performance of an organization.

4.4 Diagnostic Tests

The study carried out normality, autocorrelation, heteroskedasticity and multicollinearity tests to ensure that the data set does not violate regression assumptions. Normality was tested by Skewness and Kurtosis. Values of between -3 or +3 indicates that the data is normally distributed (Kothari). The findings are shown in Table 4.2.

Table 4.2: Normality Test

	N	Skewness		Kurtosis	
	Statistic	**Statistic**	**Std. Error**	**Statistic**	**Std. Error**
Environmental CSR	40	-.522	.374	.171	.733
Education CSR	40	.369	.374	.066	.733
Health CSR	40	.103	.374	-1.562	.733
Staff Welfare	40	.058	.374	-1.340	.733
Size	40	-.113	.374	-1.453	.733
ROE	40	1.097	.374	1.104	.733

Source; Research Data (2018)

Table 4.2 presents the findings of normality test. From the findings, all the values of Skewness and Kurtosis for the variables of the study were within the range of ± 3. This shows that the data set was normally distributed.

Autocorrelation was detected using Durbin Watson Statistics. Values of -2 or +2 suggest that the data set has no autocorrelation. The findings are shown in Table 4.3.

Table 4.3: Autocorrelation

Model	**Durbin-Watson**
1	1.986[a]

Source; Research Data (2018)

From Table 4.7, the value of Durbin Watson Statistic is 1.986, which is roughly 2. This shows that autocorrelation was not a problem in the data set.

Heteroskedasticity was tested using Scatter plots. Data points on scatter plots with clearly established patterns will suggest that the data set has heteroskedasticity. Figure 4.7 presents the findings.

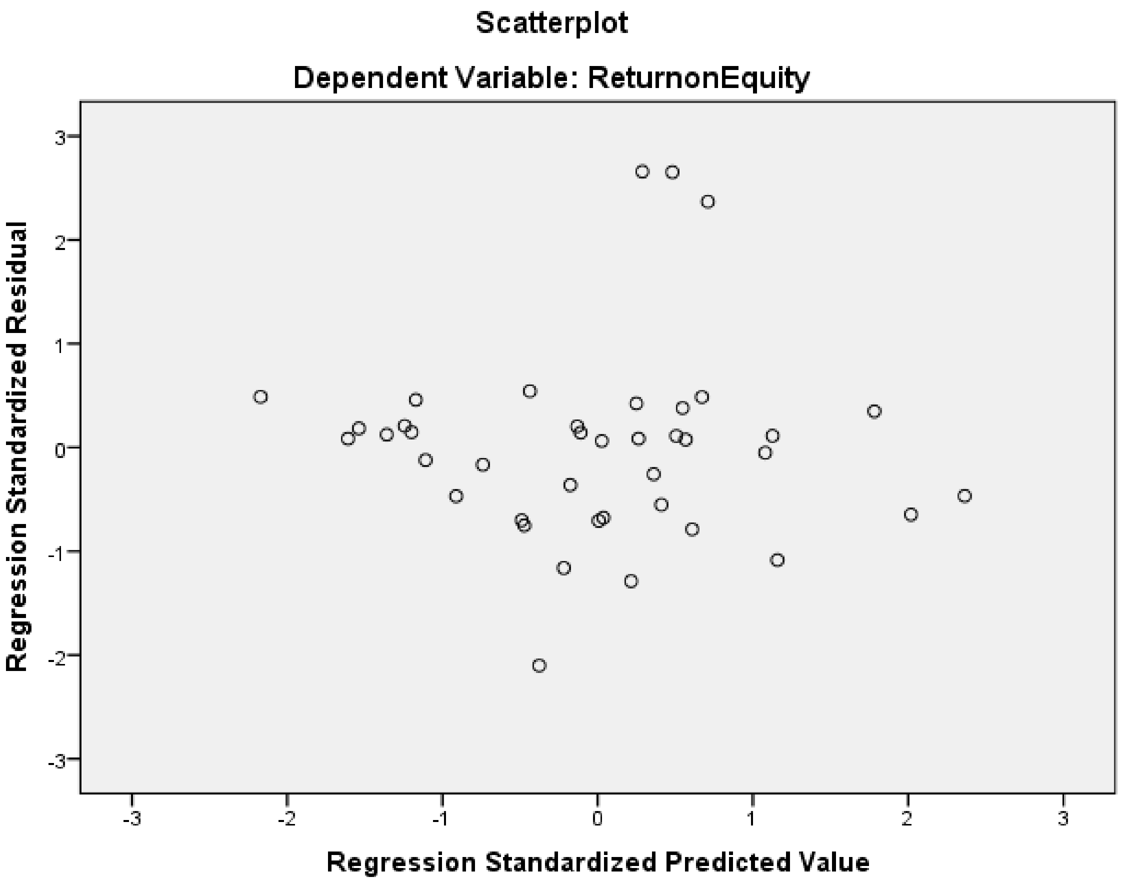

Figure 4.7: Scatter Plot
Source; Research Data (2018)

From the findings, all the data points are widely spread with no clearly established pattern. This indicates that there was no heteroskedasticity and thus suitable for carrying out regression analysis.

Multicollinearity was detected using Variance of Inflation Factor (VIF). In essence, VIF values of between 1 and 10 suggest that there is no multicollinearity in the data set.

Table 4.4: Multicollinearity Test

	Collinearity Statistics	
	Tolerance	**VIF**
Environmental CSR	.626	1.597
Education CSR	.764	1.308
Health CSR	.600	1.667
Staff Welfare	.733	1.364
Size	.874	1.144

Source; Research Data (2018)

Table 4.4 shows the findings of VIF used to determine multicollinearity. From the results, all the VIF values were within the range of 1-10, showing that there was no multicollinearity in the data set.

4.5 Inferential Analysis

In order to draw relevant inferences and deductions on the collected data, the researcher carried out correlation and regression analysis. The findings are presented in subsequent sections.

4.5.1 Correlation Analysis

Correlation analysis was conducted to determine relationship between CSR and financial performance. The findings are indicated in Table 4.5.

Figure 4.8: Correlation Analysis

		ROE	Environmental CSR	Education CSR	Health CSR	Staff Welfare	Size
Return on Equity	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	40					
Environmental CSR	Pearson Correlation	.342**	1				
	Sig. (2-tailed)	.000					
	N	40	40				
Education CSR	Pearson Correlation	.446**	-.487**	1			.
	Sig. (2-tailed)	.000	.000				
	N	40	40	40			
Health CSR	Pearson Correlation	.363**	.336**	.429**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	40	40	40	40		
Staff Welfare	Pearson Correlation	.193**	.167**	.364**	.280**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	40	40	40	40	40	
Size	Pearson Correlation	.216**	.221**	.598**	.433**	.654**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	40	40	40	40	40	40

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

Source; Research Data (2018)

From Table 4.8, environmental CSR r=0.342 had a direct relationship with financial performance. Education CSR r=0.446 had a direct relationship with financial performance. Health CSR r=0.363 had a positive relationship with financial performance. Staff welfare r=0.193 had a positive relationship with financial performance. Size r=0.216 had a positive relationship with financial performance.

Based on these findings, it can be deduced that CSR has a positive relationship with financial performance. This finding is in line with Singh and Kaur (2016) who indicated that CSR improves the overall brand and image of the corporation and therefore large customer base and this increases the volume of sales and therefore better financial performance. Similarly, Siw (2017) looked at how CSR and financial performance were interlinked and established that CSR and financial performance were positively and significantly related.

4.5.2 Regression Results

The researcher conducted regression analysis to determine how CSR affected financial performance. The Model Summary is indicated in Table 4.5. It indicates the value of coefficient of correlation R and the coefficient of determination R square.

Table 4.5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.925[a]	.855	.834	.03178

a. Predictors: (Constant), Environmental CSR, Education CSR, Health CSR, Staff Welfare, Size

Source; Research Data (2018)

From Table 4.5, the coefficient of determination R square was 0.855. This shows that 85.5% change in financial performance is explained by the CSR activities.

An Analysis of Variance (ANOVA) was conducted at 5% level of significance. The results of F calculated and the p values are indicated in Table 4.6.

Table 4.6: Analysis of Variance ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.203	5	.041	40.257	.000[b]
Residual	.034	34	.001		
Total	.238	39			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Environmental CSR, Education CSR, Health CSR, Staff Welfare, Size

Source; Research Data (2018)

From the findings in Table 4.6, the value of F calculated is 40.257 while F critical is 2.494. Therefore, the value of F calculated is greater than F critical. This shows that the overall regression model was significant.

Table 4.7 presents the findings on beta coefficients with p values showing significance.

Table 4.7: Regression Coefficient

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	1.845	.483		3.820	.000
Environmental CSR	.236	.044	.372	5.364	.018
Education CSR	.192	.076	.168	2.517	.017
Health CSR	.115	.027	.195	4.260	.000
Staff Welfare	.133	.043	.267	3.093	.000
Size	.410	.149	.054	2.752	.000

a. Dependent Variable: Financial Performance

Source; Research Data (2018)

From the results in Table 4.11, the resultant regression equation becomes;

$$\mathbf{Y = 1.845+0.236X_1+0.192X_2+0.115X_3+0.133X_4+0.410X_5}$$

Where Y is = Financial Performance (ROE=Net Income/Total Equity)

X_1 =Environmental CSR (Natural Logarithm of Expenditure in Kshs)

X_2 =Education CSR (Natural Logarithm of Expenditure in Kshs)

X_3 =Health CSR (Natural Logarithm of Expenditure in Kshs)

X_4 =Staff Welfare (Natural Logarithm of Expenditure in Kshs)

X_5 =Size (Natural logarithm of assets)

Therefore, the possible level of financial performance when all energy and petroleum firms do not invest in any CSR activity is 1.845. At 5% level of significance, environmental CSR (β=0.236, $p=0.018<0.05$) had a positive and significant influence on financial performance. Education CSR (β=0.192 p=0.017<0.05) had a positive and significant effect on financial performance. Health CSR (β=0.115, p=0.000<0.05) had a positive and significant influence on financial performance. Staff welfare (β=0.133, p=0.000<0.05) had a positive and significant effect on financial performance. Size (β =0.410, p=0.000<0.05) had a positive and significant influence on financial performance.

It can generally be deduced that CSR has a positive and significant effect on financial performance. This finding is in line with Pan et al. (2014) who looked at how CSR and financial performance are interrelated and indicated that CSR to employees, the environment, customers and consumers of the business has significant effect on financial performance of the business.

4.6 Discussion of the Findings

The study established that the key CSR activities among energy and petroleum firms include staff education, environmental and health. This finding are supported by the social contract theory by Donaldson and Dunfee (1999) which argues that the society usually expects that the business will offer support to its members at any given time. The theory suggests that these expectations unlike other contracts are not written anywhere.

At 5% level of significance, the study established that environmental CSR had a positive and significant influence on financial performance. This shows that an increase in investment in education CSR would result into improved financial performance. Education CSR had a positive and significant effect on financial performance. Alinoor (2016) looked at how CSR affected performance of firms in telecommunication sector in Kenya. The study used a case of Safaricom Ltd and established that Education and

Environment CSR programs positively influenced performance of firms. In another study by Pan et al. (2014) on how CSR and financial performance are interrelated, it was revealed that CSR to employees, the environment, customers and consumers of the business has significant effect on financial performance of the business.

Health CSR had a positive and significant influence on financial performance. The finding is in line with Asfaw et al. (2015) who indicated that CSR affected financial performance of an organization. Similarly, Siw (2017) suggested that CSR and financial performance were positively and significantly related. Staff welfare had a positive and significant effect on financial performance. Hirigoyen and Poulain-Rehm (2014) indicated that CSR improves financial outcomes of an organization. Sindhu and Arif (2017) indicated that an increase in investment in CSR increases financial outcomes of the business entity.

Size had a positive and significant influence on financial performance. The finding is in line with Garicano et al. (2016) who established that all factors kept constant, the larger the size of the firm, the greater its financial performance. It can generally be deduced that CSR has a positive and significant effect on financial performance. Singh and Kaur (2016) argued that a firm can invest in CSR by undertaking several activities in areas of health, transport, sports, education and social amenities. Investment in CSR is associated with reputation to an organization and people desire to be associated with organizations that have best reputations. An increase in reputation resulting from the CSR activities undertaken increases the customer base and therefore financial performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study from the collected and analyzed data. The conclusions are presented based on the findings. The chapter also presents the recommendations informed by the findings from the analysis. Areas for further studies are also indicated for future scholars and academicians.

5.2 Summary of the Findings

The purpose of the study was to determine how CSR affected financial performance of energy and petroleum firms listed on NSE. The study was guided by the Carroll´s Pyramid of CSR, Social Contract Theory and the Economic Theory. The study adopted a cross sectional descriptive design. The population of the study comprised of 5 energy and petroleum firms listed on NSE. A census was undertaken since the population was small to carry out sampling. Secondary data was collected over a ten-year time frame (2008-2017). Secondary data was collected on assets, equity and net income of the studied companies. The descriptive analysis indicated that the key CSR activities among energy and petroleum firms include staff, education, environmental and health.

From the findings on trend analysis, there was generally stability in expenditure on environmental CSR among energy and petroleum firms listed on NSE. There was fluctuation in expenditure on the amount that energy and petroleum companies as compared to the expenditure on environmental CSR. The amounts spend on health CSR among energy and petroleum companies was slightly stable across the study period. The amount spent on staff welfare among energy and petroleum companies was averagely stable across the period. There was generally stability in size as a control variable among the studied companies. The year 2016 however realized a significant rise in size of the studied firm. There was generally a fluctuation in ROE of the studied firms over the 10-year period (2008-2017).

The study conducted diagnostics tests including normality test, autocorrelation tests, Heteroskedasticity test and multicollinearity tests. All the values from these tests were within the prescribed thresholds. This confirmed that the data set was suitable for carrying inferential statistics. Correlation analysis was the first inferential statistics employed in the study. It was conducted to determine relationship between CSR and financial performance. From the findings, all the coefficients of correlations r were positive. This showed that CSR has a positive relationship with financial performance.

Regression analysis was conducted to determine the effect of CSR on financial performance. The value of the coefficient of determination R square was 0.855. This can be interpreted to mean that 85.5% change in financial performance is explained by CSR activities. At 5% level of significance, the study established that environmental CSR has a positive and significant influence on financial performance. Education CSR has a positive and significant effect on financial performance. Health CSR has a positive and significant influence on financial performance. Staff welfare has a positive and significant effect on financial performance. Size has a positive and significant influence on financial performance

5.3 Conclusion

The study concludes that CSR has a positive and significant effect on financial performance. Saveanu et al. (2014) MSEs are involved in different CSR initiatives that play an important role as far as their financial performance is concerned. Siw (2017) suggested that CSR and financial performance were positively and significantly related.

The study concludes that environmental, health, education and staff welfare CSR had positive and significant effect on financial performance. Pan et al. (2014) indicated that CSR to employees, the environment, customers and consumers of the business has significant effect on financial performance of the business.

5.4 Recommendations of the Study

The study recommends that the top and senior management team of all petroleum and energy firms in Kenya should improve on health and staff welfare CSR in order to positively influence financial performance. To improve on health CSR, the management should ensure that locals access health facilities at a relatively lower cost.

The study recommends that policy makers including the ministry of energy and petroleum in Kenya should make it a policy for all firms to invest in CSR activities. The study also recommends that the Capital Market Authority (CMA) need to ensure that all listed firms engage in CSR activities to compensate the community for use of resources.

5.5 Limitations of the Study

The study was limited to secondary data. Data collection sheets were used for collecting secondary data. The study was also limited to energy and petroleum firms and specifically those ones that are listed on NSE. Secondary data was limited a ten-year period (2008-2017). The study had independent, the dependent and the control variables. There are however other variables including the moderating and intervening variables.

5.6 Suggestions for Further Studies

Regression results showed an R square of 0.855, which implies that 85.5% change in financial performance of energy and petroleum firms listed on NSE, is explained by CSR activities. This finding practically imply that there are other factors (not covered in the study) that have an influence on financial performance by 14.5% which future studies should focus on.

The focus of the current study was on energy and petroleum firms listed on NSE. However, there are 65 firms listed on NSE. Future studies should therefore be done focusing on firms in segments listed on NSE. This would permit comparison of the findings and thus informed decision making.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 11/10/2018

TO WHOM IT MAY CONCERN

The bearer of this letter Abdirahman Dahir Abdi

Registration No. D61/84897/2016

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
11 OCT 2018

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

APPENDIX II: DATA COLLECTION SHEET

Year	Total Equity	Total Assets	Expenditure on Environmental CSR	Expenditure on Education CSR	Expenditure on Health CSR	Expenditure on Staff Welfare	Net Income
2008							
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2016							
2017							

APPENDIX III: LIST OF ENERGY AND PETROLEUM FIRMS LISTED ON NSE

1. Total Kenya,
2. Kenol Kobil,
3. Ken-Gen,
4. Kenya Power and Lightning
5. Umeme Ltd

APPENDIX IV: SECONDARY DATA COLLECTED FOR THE STUDY

Year	Company	Environmental CSR	Education CSR	Health CSR	Staff Welfare	Size	Return on Equity
2008	Kenya Power & Lighting Co. Ltd	5.039	3.600	3.670	4.886	7.777	0.074
2009	Kenya Power & Lighting Co. Ltd	4.996	3.812	3.693	4.873	7.849	0.120
2010	Kenya Power & Lighting Co. Ltd	4.983	3.749	5.323	4.867	7.904	0.129
2011	Kenya Power & Lighting Co. Ltd	4.808	3.339	5.086	4.837	8.083	0.107
2012	Kenya Power & Lighting Co. Ltd	4.598	3.742	5.154	4.588	8.128	0.106
2013	Kenya Power & Lighting Co. Ltd	4.707	3.546	5.094	4.565	8.248	0.287
2014	Kenya Power & Lighting Co. Ltd	4.670	3.353	5.088	4.655	8.343	0.028
2015	Kenya Power & Lighting Co. Ltd	4.454	4.401	4.871	4.545	8.435	0.046
2016	Kenya Power & Lighting Co. Ltd	4.716	4.264	4.828	4.322	8.474	0.090
2017	Kenya Power & Lighting Co. Ltd	4.448	4.214	4.776	4.466	8.534	0.104
2008	Kenya Electricity Generating Company	3.427	3.776	3.583	3.810	7.997	0.086
2009	Kenya Electricity Generating Company	3.235	3.892	3.693	3.479	8.012	0.031
2010	Kenya Electricity Generating Company	3.307	3.280	2.627	3.844	8.178	0.047
2011	Kenya Electricity Generating Company	3.568	3.390	2.773	3.906	8.207	0.030
2012	Kenya Electricity Generating Company	3.297	4.285	3.169	3.725	8.213	0.040
2013	Kenya Electricity Generating Company	3.434	4.126	2.740	3.839	8.276	0.071
2014	Kenya Electricity Generating	2.728	4.076	2.677	3.530	8.398	0.037

	Company						
2015	Kenya Electricity Generating Company	2.229	4.156	2.142	3.277	8.535	0.036
2016	Kenya Electricity Generating Company	4.523	3.900	3.201	4.149	8.565	0.039
2017	Kenya Electricity Generating Company	4.406	3.878	2.932	3.377	8.577	0.049
2008	KenolKobil Limited	3.327	4.776	5.146	4.083	7.443	0.106
2009	KenolKobil Limited	4.792	4.755	4.921	3.790	7.469	0.132
2010	KenolKobil Limited	3.354	4.754	4.889	4.080	7.482	0.171
2011	KenolKobil Limited	3.091	4.668	4.886	5.451	7.663	0.281
2012	KenolKobil Limited	3.141	4.481	4.873	5.248	8.213	-0.090
2013	KenolKobil Limited	3.202	4.460	4.867	5.225	8.276	0.010
2014	KenolKobil Limited	4.271	4.395	4.837	5.224	8.398	0.007
2015	KenolKobil Limited	4.267	4.380	4.588	5.215	8.535	0.011
2016	KenolKobil Limited	4.219	4.331	3.348	4.871	8.565	0.027
2017	KenolKobil Limited	3.586	4.284	3.224	4.828	7.455	0.294
2008	Total Kenya Ltd	1.594	4.257	3.039	4.246	7.162	0.140
2009	Total Kenya Ltd	2.724	4.421	3.088	4.084	7.499	0.054
2010	Total Kenya Ltd	4.083	4.209	2.946	5.094	7.483	0.096
2011	Total Kenya Ltd	3.996	4.029	3.165	5.088	7.547	-0.008
2012	Total Kenya Ltd	3.793	3.797	2.514	5.086	7.518	-0.014
2013	Total Kenya Ltd	4.000	3.809	2.217	3.856	7.602	0.085
2014	Total Kenya Ltd	3.785	3.825	3.668	3.609	7.512	0.042
2015	Total Kenya Ltd	3.669	3.834	3.036	3.798	7.534	0.044
2016	Total Kenya Ltd	3.520	5.323	3.388	3.516	7.558	0.115
2017	Total Kenya Ltd	3.267	5.154	2.744	3.503	7.580	0.128