EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF LISTED MANUFACTURING FIRMS AT NAIROBI SECURITY EXCHANGE

BY

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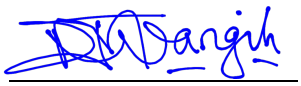
DECLARATION

I hereby declare that this research project is my original work and has not been submitted for a degree or examination in any other University.

Signature DARIK MUSE HASSAN Date 16/11/2021

This Research Project has been submitted for examination with my approval as the University Supervisor

Signature  Date 16 NOV 2021

Prof Cyrus Iraya

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DEDICATION

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ABBREVIATIONS AND ACCRONYMS

CFAI	Chartered Financial Analyst Institute
CMA	Capital Market Authority
CMSC	Composites Manufacturing and Simulation Center
CSR	Corporate Social Responsibility
FP	Financial Performance
GDP	Gross Domestic Product
KAM	Kenya Association of Manufacturers
MLR	Multiple Linear Regression
NED	Non- Executive Directors
NSE	Nairobi Security Exchange
OSL	Optically Stimulated Luminescence
RBT	Resource Based Theory
ROA	Return on Asset
ROE	Return on Equity
ROS	Return on sales
SME	Small and Medium Enterprises
TQM	Total Quality Management

ABSTRACT

CSR is an expense to the firm, where the firm is not under any obligation to incur the expense. However, there is an implied expectations from the public that firms should not only undertake their mission to achieve their vision, but they are expected to participate in making the community a better place to live in. Therefore, the society expects that firms will get involved in solving social problems and therefore engage in CSR. There is a higher bar of expectation for manufacturing firms as in most cases they are the most pollutants from water pollution, noise pollution and air pollution. They also emit carbon compounds that disintegrate the ozone layer leading to climate change. The society therefore expects that these firms should make it up for the 'evils' brought to the society. This study was therefore undertaken with the intention of identifying how CSR would influence financial performance in particular for the firms that were listed at Nairobi Securities Exchange. The study sought to determine and describe relationship between the study variables and therefore descriptive design was adopted. The use of multiple regression analysis was also preferred by the study. The coefficient of determination indicates that the model explained 29.9% of the changes in FP and therefore the model was relatively strong in explaining changes in FP. The findings also indicate that there is a significant effect of CSR on financial performance of manufacturing firms in Kenya as the p value was less than 0.05 and hence the null hypothesis was rejected. The study therefore recommends that manufacturing firms should ensure that they involve in CSR as it helps the firm improve on financial performance. This may not be explained directly through the costs incurred, but the nature of CSR and how such CSR boosts the image of the company in public and also provides an opportunity for the company to undertake promotional campaign.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Corporate social responsibility (CSR) concept has been studied by different scholars and practitioners for close to a century as an important concept that is progressively being deliberated and adapted worldwide. Initially, scholars advocated for companies to adopt CSR as a foundation of improving performance. After the Second World War, companies were greatly affected and they struggled to cut down cost due to reduced revenues, this was a big blow to CSR which according to Bowen (1953), refers to as the policies, decisions, and lines of actions that a business entity embraces to create value for society. Davis (1960) defines CSR as a business entity decisions and actions geared towards an objective partially beyond its direct economic and technical interest.

Stakeholder theory by Connelly (2010), argues that stakeholders consist of corporate shareholders, creditors, government and even groups that agitate people to conserve the environment, among others. Stakeholder relationships improves when there is an increase in social spending which is conducive in reduction of social costs of firms, which increases the net financial worth. Recourse based theory explains that it is valuable to possess resources which are rare, hard to imitate and substitute. Firms should try to establish sources of competitive advantage through the use of their resources. When a company increases its volume of sales and is able to retain an increasing number of customers compared to its competitors is said to have a competitive advantage and it results from a firm's resources (Barney, 1991). Stephen Ross and Barry Mitnick were the first to introduce. Agency theory in 1973 is a principle that resolves and explains issues of a relationship between business principals and their agents especially between shareholders and company executives. (Gerrans & Murphy, 2005). Slack- resource theory, urges that a good financial

performing company need to have underutilized resources. These free resources can be redeployed for other uses by a firm such as engaging in CSR activities. Such resources are slack resources as defined by Cyert and March (1963). Presence of slack resources gives a firm an opportunity to be involved with more CSR which in turn improves its corporate social performance (Wissink, 2012).

Manufacturing firms faces challenges such as environmental and health related externalities which may result from production process, products or economic contests brought about by the competitors. Various stakeholders in manufacturing sector are affected by various concerns, therefore, to account for this social contestability they undertake CSR activities. CSR has been integrated in firms as a strategic tool that enhances competition by building a company's reputation thus increasing its performance (Mwangangi, 2019).

1.1.1 Corporate Social Responsibilities.

Different scholars have defined the concept CSR over the years differently, to help give a clear meaning and purpose of the CSR initiative. According to Wood (1991), CSR is formed and defined using the three principles which include; social legitimacy (institution level), public responsibility (organization level) and managerial discretion (personal level), which link the principles of the CSR to the domains which explains and define the CSR principle which include economical, legal, ethical and discretionary. Mc William and Seigel (2001), described CSR as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law". Also, Waddock and Graves (1997) describe CSR as "an action by the firm, which the firm chooses to take, that substantially affects an identifiable social stakeholder's welfare." Firms can be used as instrument used to improve the living standard of the people in the society. Hopkins (2004) defined corporate social responsibility as taking an action acceptable in the society, by a business that aims at enhancing the quality of life and increase profitability of the corporation. Buchholz

(1991) explains CSR as a way of balancing commercial, communal and ecological duties by a company in its production and fulfill the expectations of both the other stakeholders and shareholders.

Scholars such as Friedman (1962) argued that the business should only have one social responsibility which is to making profit. It should do so by observing fairness and open competition and without engaging in fraud. Freeman (1984) also argued that a firm's success can only be achieved by creating value for its stakeholders. Recently, researchers acknowledged that CSR exist and now focuses on its influence on the organizations and why it is adopted. Mcguire and Schneewe is (1988) posit that when firms are actively involved in CSR, they indirectly invest in reputation. Ponnu and Okoth (2009) proved empirically that businesses involved in CSR activities enhance their corporate image enabling them to increase revenue and profits. Carroll and Shabana (2011) suggests that a company obtains capital from reputation and maintain legitimacy in the society as they engage in CSR.

With this knowledge, corporations have increasingly engaged in CSR projects due to the benefits brought about by CSR, expecting that firms' value and reputation will increase. Some stakeholders are opting for incorporation of CSR activities in daily practices of the organizations. Currently, firms are using CSR as a strategic tool for competitive advantage. Friedman (1970) encourages adoption of CSR activities by firms if and only if CSR has an economic advantage to the firm in the future. Firms can engage in four kinds of social responsibilities according to Carroll (1991), which includes economic, legal, ethical and philanthropic responsibilities.

CSR is difficult to quantify and measure unlike corporate social performance. Abbott and Monsen (1979) recommended three CSR measurement models which include content analysis, social accounting, and reputation index. Cochran and woods (1984) as well suggested reputational index

and content analysis as additional CSR measurement models. The content analysis model measures CSR by evaluating the quantitative and qualitative CSR practices. Reputational index measures CSR by rating and ranking business entities based on an objective analysis of their social performance. The first CSR measurement tool consists of content analysis. It focuses on either qualitative or quantitative extent of involvement in CSR. It involves disclosure of CSR activities through annual reports, sustainability report or corporate websites. Some of the researchers who have used this tool include Abbot and Monsen (1979) and Preston (1978). Reputational index is a measure that involves ranking and rating firms according to one or more social performance dimensions as it is viewed by independent and knowledgeable observers. Some of the researchers who have adopted this measure are Cochran and wood (1984), Alexander and Buchholz (1978). Different studies in the CSR field have used various indices to measure and assess CSR of firms. CSR measurement is taken by Dow Jones sustainability Group Index measure. There is Inconsistency in CSR empirical findings because of lack of a standard measurement.

1.1.2 Financial Performance

Financial performance is defined as how well organizations are managed and satisfy the interest of their stakeholders who determine how effective an organization has applied its assets to generate revenue in its key kind of business (Harber & Reichel, 2005). According to Damodaran (2005), financial performance as a measure of how the firm generates income by the use of primary resources. Managing the limited resources of a company or a corporation is important. This improves efficiency and delivery of quality goods and services required in order to achieve effectiveness. Poor financial planning and management collapses many businesses. Measuring the financial performance over a given period is necessary to determine the financial well-being of a firm.

It is difficult to select firms that are performing well as some of the managers believe that when a firm is making profit is always performing well, while in real sense it may be having low levels of liquidity yet making profit at the same time. Shareholders and aspiring investors are interested in receiving divided while customers need quality good especially from profit making companies. According to Thrun (2003), many organizations in the world measure success by financial performance. Financial ratio is the key prominent measure of the financial performance. Furthermore, Alexander (1998), indicated that other financial performance measures include; profitability ratio, efficiency ratio, liquidity ratio and solvency ratio are the ratios used over the years. The company's ability to pay short term bills is measured by liquidity ratio which is also known as the current ratio. The company's financial stability of equity and debt is indicated by solvency ratio. Receivable turnover and inventory turnover in a company is measured by efficiency ratio while profitability ratio measure profits and cash flows (Palepu et al., 2000).

Nonfinancial indicators for FP includes economic and market value while the commonly used value based accounting measures include Return on Equity (ROE), Return on sales (ROS) and Return on Assets (ROA) (Maditinos, 2005: McGuire, 1988). Despite Return on assets being commonly used financial measure to shows the income generated from invested capital only measures historical performance. When return on asset which is given by the ratio of the market value and replacement value, rises thereby influencing the firm to increase its capital investment as it signifies an increase in asset market value than what is in the record.

1.1.3 Corporate Social Responsibilities and Financial Performance.

Over the years the empirical studies carried out by the researchers in order to find out how financial performance is affected by corporate financial responsibility has never been in accord. Different researchers found positive correlation, other found negative correlation while others found no correlation at all. This was because CSR affects the financial performance of companies differently from each other. Embracing CSR created direct financial benefits to organizations owing to improved brand reputation which improved their sales as observed by Brammer and Millington (2006). Hooghimeestra (2000) argued that embracing CSR could increase the ability of an entity to attract capital owing to its reputation. In making investment decision, some investors evaluate a firm's reputation in CSR. Such investors will withhold investments for firms that fail to give back or pollute the environment despite the attractiveness of the opportunity. However, socially responsible investors will be willing to fund firms that embrace CSR despite their challenges. How CSR relates to the financial performance have been explained by different theories. Freeman (1984) and Teppo (2007) suggests that firms can as well improver performance by meeting the demand and expectations of their diverse stakeholders thus cutting down the cost of maintaining the relationship with their stakeholders. A positive relationship creates a positive corporate image of a company. Improving FP can leads to the availability of slack resources which in turn helps a company to engage in CSR activities (Waddock $ Grave 1997).

1.1.4 Listed Manufacturing Firms in Kenya

As Manufacturing firms convert raw materials to finished product, positive and negative externalities emerge. Production process in these firms mostly is associated with harmful effect that poses as a threat to third parties. These effects are the negative production externalities which include; water pollution, noise pollution, air pollution and atmospheric pollution. Some of these firms' product result to negative consumption externalities such as passive smoking, traffic

congestion and loud music causing noise pollution. In order for these firms to acquire support and good name in the society as well as avoid conflicting with the society due to this harmful effects they undertake some activities to try and compensate. To account for the consequences of their activities, manufacturing firms engage in positive externalities such as providing employment to the members of the communities and improving the infrastructure of the community. They also engage in Corporate Social Responsibility (CSR) in or to build a firm's reputation and increase its competitive advantage this in turn contributes to a positive performance of the firm.

Kenya has a developing economy where manufacturing sector contribute significantly to the economy of the country. Manufacturing sector contributes 9% of the gross domestic product in Kenya. Therefore, the government intends to raise the (GDP) from 9% to 15% in its strategic plan. This will create employment in the manufacturing sector thus reducing unemployment level. However, manufacturing firms in Kenya are currently facing challenges as the financial performance is depreciating due to weak corporate governance practices in Kenya. This has resulted to low investments thus crippling the manufacturing sector as some of manufacturing firms are collapsing leading to decrease of manufactured products. Over the years this sector has experienced fluctuations due to changes of financial conditions. Kenya being an agricultural country provides adequate raw materials to the manufacturing firm enabling the sector to be of great potential in enhancing the growth of the economy. Manufacturing sector is among the six sectors targeted in the Vision 2030 economic pillar that is aimed to provide formal employment to nearly half of the country's current total employment (Bolo & Wainaina, 2011).

Total quality management (TQM) programs are commonly used by manufacturing firms for quality functions, systems and processes. If TQM programs are implemented effectively there will be quality work performance as the program integrates learning of the organization by the

employees. When the efficiency increase, financial performance also increases as stipulated by Ogada (2012). Mutua (2014) also explains that employees should be trained on employee learning and knowledge dissemination for the success of quality management implementation. When employees inculcate quality management practices in their work in the organization quality goods and services will be provided which will bring customer satisfaction. This will cause demand to increase leading to increase in sales turnover and thus financial performance. As technology advances continuous training development is required to enhance efficiency and effectiveness through system upgrade. TQM programs are strategic drivers which influence total operation of a firm according to Wachira (2013). As the operational cost of a firm reduces so does the financial performance improves.

1.2 Research problem

The inception of the concept of CSR by Berle and Means (1932) in which CSR was viewed as a control tool of the corporate power misused in large firms and redirect them to help in social responsibilities. Traditional CSR that emerged from these ideologies was seen as a "luxury good" which only large manufacturing firms should engage in CSR (Spence, 2003). Johnson and Greening (1999), defined corporate social responsibilities as a financial strategy of firms to expand their market by engaging the society through the CSR activities. Furthermore, Johnson and Greening (1999), explained that small, medium and large manufacturing enterprises play a significant role in CSR practices.

The effect on CSR has continued to be ignored because the manufacturers are regarded, as callous companies hence cannot engage in CSR activities. Recent studies have continued to challenge the traditional CSR point of view and it is demonstrated by how much traditional CSR concept may not be a threat to business and cause a cost burden to the manufacturers' rather it should be a

chance for the firm to gain competitive advantage (Sweeney, 2007). Brammer and Millington (2006), found out that the difference between the SME's and large organizations in respect to CSR activities participations, is that the large companies are more responsible in social activities because they do have large resource and operation scales compared to the smaller firms which have capital constrains.

Other scholar studies have disagreed with that and stating that there is no measure to rate how responsible companies are in engaging in CSR. In addition, other characteristics like government regulation may became a motivational factor to smaller firms to be socially responsible (Meznar and Nigh, 1995). According to Perrini et al (2006), manufacturers' do engage in CSR activities in an informal manner termed as "sunken CSR". This could not be identified because CSR theory was inapplicable and the business ethics approaches were traditional according to Gross (1991), Jenkins (2004) and Spence (2001). The above view was reconciled by Udayasankar (2007), that all firms whether large or small have equal motivation to take part in the CSR activities, although the set of motivation due is different.

More studies have been done on the CSR impact on FP of manufacturers here in Kenya. Some of the common studies are Gichana (2004) who established that larger companies did practice CSR activities and did list CSR as one of the organization's core values by including CSR in the future plan of the organization. Muita (2012) study did find that the factors that influences most of the state corporation to institutionalize CSR was government legislation, ethical investment drive, bargaining power of the large customers, forces from multi-stakeholders' initiatives, civil societies and forces from local, national and international media for corporations to incorporate CSR programs and operations. Munyoki (2013) also did a study on the relationship between CSR practises and market share among the supermarkets in Kisumu city and the study results revealed

that there was a direct relationship between the cost of CSR and the market share each supermarket had. Mwiyeria (2014) on her study of how CSR impacts organization performance did find out that various CSR activities will help build company reputation and give the company competitive edge.

The above studies have availed evidence that CSR and FP have been researched although the studies are in a different setting from manufacturing companies in KAM. Therefore, the findings of their studies can't be generalized to apply in manufacturing companies in KAM. This study sought to resolve the research question: what is the effect of engagement in CSR activities on the FP of listed manufacturing firms in Kenya?

1.3 Study Objective

The general objective of the study is to find out the effect of corporate social responsibility on FP of manufacturing firms listed in NSE Kenya.

1.4 Value of the Study

Society is able to relate to the human face established when an organization engages in CSR practice. Firms are able to differentiate themselves from their competitors thus giving them competitive advantage in the market which in turn helps in improving their performance. This concept can be adopted by other firms outside the listed manufacturing firms for its relevance as a competing tool. This study is also useful to researchers who would want to dig deep in to the topic as the study will assist them in designing effectively further research in order to identify the knowledge gap.

Firms' management can use the findings from this research to establish the impact of CSR on FP to greater depth. Management of a firm, directors of companies and other interested stakeholders in CSR the behavior by companies in social responsibility can acquire information from the findings of this research. This will also help the shareholders decide on whether to invest in CSR or not. From the study firms that are hesitant to invest in CSR may have deeper and draw benefits that will help them change their perception

CSR activities will promote positive working environment for the employees of a company and opportunity to build its employees. The management and the employees will be more productive knowing that the firm they are working for has a true conscience thus will engage in their jobs enthusiastically. This will enhance teamwork thereby building a community that brings people together. The company will establish a relation with the society thus promoting a good working environment.

This study, through the initiative of CSR by the manufacturers will help improve the environment and sustainability of the natural resources. Through CSR programs, communities will benefit from the awareness of environmental concern and learn about conservation of the environment through the CSR programs. In addition, this study will also help the small and medium manufacturing enterprises to evaluate the effects of CSR activities on their financial performance and also establish the correlation between the CSR amount spend and the financial performance. Moreover, it will help them monitor and budget the required amount needed to be spent on the CSR activities.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this section, literature relevant to this study was discussed briefly. The chapter entails the theoretical review of the study which focuses on the relevant theories that relate CSR and FP which helped to identify the knowledge gap and provide basis for conceptual and theoretical framework. The chapter then discussed the empirical studies that have been done by different studies in the same field of CSR. It also showed critiques of the theories and summary of the literature review.

2.2 Theoretical Framework

CSR has been studied by different theories where some theories support CSR saying that it positively affects FP, others argue that CSR has no correlation with FP while other theories explain that FP is affected negatively by CSR. The theories that are against CSR explain that a company should concentrate with maximizing profit rather than investing in CSR for optimal resource allocation. This may save a company from suffering losses when the efficiency of market mechanisms decreases as cost increases due to CSR.

Supporters of CSR suggest that firms practice ethics when they engage in CSR. When companies have more slack resources, their charity to contribute in building the society by donating some of these resources for social responsibilities increase. By doing this it will create awareness of its existence hence a way of advertisement. It will also improve its image, induce more talents and foster a good relationship with the community and the government. In the process it will explore some profitable markets which may earn long term profits to the company. This chapter will discuss the following CSR and FP theories are; stakeholder theory, slack resources theory, agency theory and resource based theory.

2.2.1 The stakeholder theory

R. Edward Freeman came up with Stakeholder Theory in 1984 that discusses organizational management and business. Stakeholder Theory supports capitalism by stressing the relationship interconnecting employee, customers, investors, suppliers and the community with the business. In managing an organization, business ethics such as morals and values should be practiced. Freeman explains that a business should be of benefit to all stakeholders. Freeman encourages firms to undertake CSR activities "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within

the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Freeman, 1984). Freeman brings out that a manager of a firm tries to manage a series of stakeholders' connections which is a firm. In a strategic perspective, anyone whose interest is being taken into consideration by the company when making decisions is a stakeholder and is vital to be considered when engaging in CSR. Currently, stakeholders are more focused on the reduction of opportunist behaviors, incentives as well as supervision. Modern businesses are greatly integrated with the society unlike in the past where they were self-enclosed (Davis, 1975). Companies have therefore not only gone beyond the aspect of making money but they have been vital in establishing social together with economic power through CSR. Business activities have great effect on the society, and it is hard to escape the influence it makes on people lives.

The weakness of this theory is that it conflicts with objective of business profitability by advocating for fair treatment of all the stakeholders. Sternberg (1997) argues contrary that this theory goes against the stakeholder's property privileges. He continues to explain that stakeholder theory does not consider capitalisms and compromises free market mechanisms by eliminating the role of the government. Heterogeneity is present in groups of stakeholders, variable dependence among stakeholders, variable salience, inclusions that are multiple, stakeholder's impact, central place in the model, linkages that are multiple and relationships of (Fassin, 2008).

2.2.2 Slack Resources Theory

The theory explains that availability of underutilized resources (slack resources) is a potential incentive to enhance performance as the firm is able to use such resources to invest in CSR activities thus creating and sustaining a long run competitive advantage. The theory argues that since CSR require funds that come from the success of FP, then social behavior of a firm is

facilitated by how advanced financial performance is. The capacity of a firm to engage in CSR activities is determined by the availability of these slack resources to the firm (Sweeney, 2009). Slack resource theory bases the fact that a company uses its own resources to carry out its activities, it also allocates some resources to the predefined activities (Buchholtz et al., 1999).

Sweeney (2009) suggest that every business must manage its resources well for profit maximization. Large firms which are more profitable endeavor long-term CSR investments as CSR constrains them in the competition for survival while Poor performers prefer investing in certain short-term CSR activities which will yield highly and avoid high funding. In the competitive industries, more profitable firms therefore invest more in CSR to increase their competitiveness

The major weakness of slack resources theory emanates from the fact that financial performance is not affected directly by corporate social responsibilities. It explains that FP determines the social activities of the firm. The more profitable a firm is the more chances of investing in CSR. Thus the influence of CSR on FP is not clearly addressed (Zhong, 2011. The theory shows some weakness because the management of the firm can decide to use the slack resources for other useful projects that will have positively influences FP. Ross (1973) criticizes the slack resource theory by arguing that it leads to agency problems that could negatively affect performance. The agency theory explains that the slack resources could lead to inefficiencies thereby causing a negative influence on performance of a firm.

2.2.3 Agency Theory

Agency theory was first brought out through the works of Ross (1973) where the relationship between a principal and an agent was affected significantly by vested interests from the agent. The

principals expect the agents to make decisions to develop their interests, while agents on the other hand may undertake such interests with the right motivation. This theory borrows so much from the notion that maximization of the owners' value is the main responsibility of the corporation. Friedman (1962) explains that the responsibility of the agents is to use firm's asset to undertake activities that maximizes the return thereby increasing the wealth of the firm owners provided it is in accordance to the laid down rule and procedures. Gerrans and Murphy (2005), advices the agents to only take activities that add value to the firm and reject the non-profitable projects. This theory argues that engagement in CSR is a misuse of resources and such resources should be used for projects that generate profit (Mc Williams & Siengel, 2005). Moral hazard and agency cost will emerge if the agents decide to invest in CSR activities and fail to result in any financial benefit.

Jones (2004) argues that the agent has expertise knowledge that the principal may not have. The principal is therefore required to rely on the agent in undertaking decisions that he is less informed. This is similar to the contractual relationship between shareholders and management of the firm. The shareholders expect that the management is well informed on the best profit maximizing strategies to adopt and therefore expect that they would undertake such strategies. However, according to Hill and Jones (1992) sometimes the agent fails to adopt the best strategy and pursues his own interests. In such circumstances, the shareholders incur costs of providing incentives to the managers to help them adopt on best strategies. The shareholders may also incur monitoring costs such as auditing costs to force the management to adopt profit maximizing strategies. This is supported by classical theory as it downplays the advantages gained by enhancing CSR. The agency theory proposes an adverse association concerning CSR and corporate financial performance.

Essen (2011) criticized agency theory by considering the role of ownership in a number of different contexts as considered in different constellations. The findings indicated that ownership of a firm was crucial in the choice of strategy, objectives and thereby the performance that highlight the identity of the owner. This theory does not provide enough information on issues related to corporate governance practices which may be institutional or local. Other theories need to be employed sin order to learn about corporate governance in emerging countries.

2.2.4 Resource Based Theory

This theory explains that an organization has a better chance to build on its competitive advantage if it possesses strategic resources (Freeman et al., 2010). The theory assesses the resources required by the firm to dispose in order to become competitive. A firm is required to use its unique resources to capabilities and competencies for efficient performance in a competitive business environment to reduce threats and meet customer satisfactions. Competitive advantages are determined by how well firm is able to marshals and invest its resources efficiently.

Firm's resources can either be tangible or personnel- based. Tangible resources are physical and financial reserves while personnel based are values such as expertise, loyalty and commitment. According to Freeman et al. (2010), to sustain competitive advantage resources that need to be accumulated and retained should be valuable, attractive, rare, unique and hard to imitate or copy also they should not be substituted. According to Sweeney (2009) employees are the valuable asset of a firm. Employee ought to relate well with customers for a firm to remain competitive. The two categories of resources of a firm should work together in one accord for a positive result (Freeman et al., 2010).

The major weakness of this theory is that many firms lack adequate strategic assets which are capable, unique and hard to copy (Al-Ansari, 2014). This theory portrays a weakness in that companies that have more resources that are unique and hard to copy have an advantage to compete effectively in the economic (Barney, cited in McWilliams & Siegel, 2011). Assumption is made where firms that adopt this theory often misallocate and redistribute resources to individual who are in powerful positions (Weiss, 1975 in Conner, 1991). Possessing hard to imitate slack resources can be seen as CSR role model and at the same time be seen as a way of mitigating the potential backlash of charging high prices than the normal economical prices. A company that gains the competitive advantage over its competitors may increase prices of their products thereby earning abnormal profits. This is a nefarious behavior which uses exorbitant prices to extract wealth from customers (Conner, 1991). Assumption is made where firms that adopt this theory often misallocate and redistribute resources to individual who are in powerful positions (Weiss, 1975 in Conner, 1991).

2.3 Determination of Financial Performance

Corporate social responsibility is one of the factors that affect the financial performance of manufacturing firms listed in Nairobi Stock Exchange market. Other factors include the size of a firm, the structure of the management board, age of the firm and capital structure.

2.3.1 Corporate Social Responsibility (CSR)

There are two schools of thought that delve into CSR and performance (Goll & Rasheed, 2004). The first was championed by Friedman (1970) together with some neoclassical economists who oppose that CSR contributes to financial performance of a firm but rather causes a negative effect. They contend that a business primary role is to maximize profit. According to them, cost is incurred

by the company that decides to engage in CSR activities yet in order for a company to maximize the profit it should use the minimum cost possible. These engagements will therefore reduce competitive advantage thus should be left to the government to carry out. The second school is led by Freeman (1984), as explained by Goll and Rasheed (2004), supporting that CSR positively influence on FP of a firm. Supporters of CSR argue that firms are social institutions since they exist in the society therefore should give back to the society by participating in CSR activities (Bello et al., 2016). According to Supriti Mishra and Suar (2010), companies should fulfill the needs of its stakeholders to invest in CSR activities for competitive advantage. Barić (2017) indicates that the effect of the type of relationship between the stakeholders and the firm is crucial in enhancing firm's success as it differentiates itself from its competitors thereby creating competitive advantage that is sustainable.

The issue of causality may be the cause of the confusion of the actual relationship that exist between CSR and FP. Martínez-Ferrero and Frias-Aceituno (2015) confirms from his findings after examining the relationship between CSR and performance of international no-financial listed companies and the direction of the effect if any that there exist a positive and bidirectional relationship between the financial performance and CSR.

Although most empirical research confirms that there exist bidirectional relationships most have proved that implementing CSR activities result to the improvement of financial performance providing the essence of undertaking CSR (Van Beurden & Gössling, 2008). Skilled employees will be attracted by enterprises which take CSR actions. The enterprise will acquire and retain skilled labor as an added advantage to the enterprise. Companies that embrace new innovations such as "eco-innovation and social innovation" and adhere to sustainability concept acquire great purpose and development such as low-carbon and economy that is knowledgeable. Firms will be

more efficient and effective in the society and this will be reflected on their positive business model thereby, helping them attain high sustainability levels if they develop unique non-financial reporting and improve corporate responsibility strategies

The achievement of a business is pegged on its ability to foster its relation with its stakeholders therefore it should adopt high level of social responsibility for greater performance (Freeman, 1984). A business is therefore required to build and maintain good relations with interest groups to gain directly from CSR investment (Wu, 2006). Resource-based theory explains that the cost of CSR may assist businesses to develop new business culture and knowhow resources which are interior resources and create exterior benefits through their reputation. Therefore, SMEs' adopting CSR activities can improve business reputation and can increase performance over time.

2.3.2 Size of the Firm

Brief and Lawson (1992) brought out that the size of the company is directly proportional to the total assets of the company which may have a positive or negative effect of performance of the company. Larger firms take advantage of this to draw some financial benefits. They have a wide access of production factors such as land, capital, entrepreneurship and human resource which is both skilled and unskilled. Large firms also enjoy cheaper funding compared to small firm which suffer from low capital, human resource especially skilled labor and shortage of land.

It is cheaper for large firms to outsource finances when external funds are required. They tend to have a wide diversification of financial sources compared to small firms. They are able to raise necessary collateral that will provide genuine access to capital and therefore engage in an investment that will pay positive returns. Similarly, they are likely to obtain the loans at a better

lower rate and therefore they will increase their savings as they are perceived to be of lower risks than small firms (Leland and Hayne 1994).

2.3.3 Capital Structure of the Firm

Classical theory depicts capital structure as a relevant tool in measuring performance of a company given that performance is only influenced by real factors in a perfect market competition. Recently, some studies counterattacked this theory revealing that capital structure determines the corporate. Kaplan and Johnson (1987), points out that those businesses that enjoy high profits have low leverages because they have the capacity to finance their resources. Borrowing increases the risk of bankruptcy of a company. Capital structure is a combination of Total equity and debt levels which significantly affect the financial performance of a company.

The structure of capital practiced in an organization signifies the financial performance level of the organization. The formula of selecting debt level and equity level of the capital structure is unknown. A business can acquire capital from equity, borrowing debt, internal sources or government proprietorship that funds the organization's strategic plan (Ongore, 2011). Required finance for funding future development accessibility is guaranteed by the powerful administration of capital structure and this will result to improvement of financial performance. An organization is said to be very leveraged in the event that it incorporates the most extreme debt source of funds in its capital structure, which comes about, the organization discovers its opportunity of activity confined by its lenders and may have its profitability influenced with the payment of high interest costs. There is a huge contrast between the business and the individual organizations inside an industry as far as capital structure is concerned.

Decisions that relate to the financing are considered to be one of the most vital decisions for a firm. Financing is usually done using a mix of both debt and equity. The use of both debt and equity in financing is known as the capital structure. Booth, et al (2001) carried out a study on ten developing economies and determined that the determinant of capital structure is the same in both developing and developed countries. A similar study done by (Singh, 2010) concluded that the decisions relating to capital structure depend on the firm's own characteristics and the country's macroeconomic factors.

Furthermore, Graham and John (1999) explained that companies should identify leverage ratio that is optimum in order to balance trade-off between expected benefits accrued to tax of debt and cost of distress. The firm will optimize leverages in case there and are no fixed costs, and automatically continues to increases its debt as fortune increases to establish the equilibrium balance.

2.3.4 Structure of the Management Board

The structure of the board is an important aspect that affects the characteristics of the board and determines decision making and the implementation of such decisions and functions of the whole organization in modern firms. According to the code of corporate governance in Kenya in CMA (2002) all the public listed companies' board in their composition are required to make policies that lead to fulfillment of diversity. Another requirement of the law is that the board's size and structure is effective in its function

The structure of the board is comprised of academic qualification, technical expertise, firm's relevant knowledge, experience, age, gender, race and nationality of the members of the board. Decision making is therefore effective as all these factors are taken in to consideration (CMA,

2002). Such a well-structured board is capable of making judgments that are independent and set objectives that are realistic and achievable (CMSC, 2014). The board therefore has individual members who possess knowledge and experience required by firms' management for better advice and guidance on matters concerning the light of the particularities of the firm and the environmental (Chartered Financial Analyst Institute [CFAI, 2005).

2.3.5 Age of the firm

The age of a firm is the number of years a firm has been running from the time it was established. It is the period the firm has been in operation. This period is classified in three stages by Kneiding et al. (2011), which are; new, medium and old stages of a firm. In the initial stage, the business is new, it struggles to remain alive and its main problem is to obtain customers. The organization is small ensures that cost of operation is at its minimum level. At this stage the firm does not enjoy profit. A firm is said to be in old stage if has full knowledge and experience to incorporate business resources efficiently and effectively in its operations for optimum financial performance. They have access to quality and skilled human resource that utilizes efficiently the available resources for better performance. Kristiansen et al. (2003) did a study that established that size of a firm is directly proportional to financial performance of a firm. There is organizational inertia that operate in old firms and this makes old firms to inflexible and resistance to environmental changes. This makes new firms to inflexible and resistance to environmental changes. This makes new firms to snatch away any market share (Sorensen and Stuart, 2000).

2.4. Empirical review

An international study done by Fauzi (2009) on financial performance and CSR for organizations that are listed on the New York Securities Exchange (NYSE). There were 101 companies in his

sample. He conducted regression model analysis where financial performance was the dependent variable while CSR was the independent variable. CSR was found to have no relationship with financial performance in his findings. These findings may defer if the same research is done in Kenya because Kenya is a developing country therefore the society in Kenya may view CSR differently from New York, already developed state, in a way it may affect financial performance of companies hence the need for this study.

Fadun (2014) did a study that determined the expectation of the stakeholders regarding the practice of CSR in Nigeria. This researcher based the study on Carroll model of CSR. This model involved legal, discretionary, economic and ethical social responsibilities. The study established shareholders, the community, together with employees as critical stakeholders in an organization. This study adopted quantitative survey research design method and hypothesis testing on a sample of 240 respondents which was identified through purposive sampling techniques from 6 geopolitical zones. A total of 158 response was collected which was equivalent to 66% and a 5-point Likert scale was used. This research established a positive expectation of multiple stakeholders toward CSR practice as it was found to contribute positively toward corporate image. Fadun study focused on CSR practices and stakeholders' expectations. A study gap emerges where more researchers would want to study on the direct influence of CSR to financial performance.

Kipruto (2014) in his study was interested with the performance of commercial banks in Kenya stemming from CSR. The source of the data of the study was from published financial statements as well as official banks' websites where secondary data was therein collected. The analysis that was undertaken by the use of regression analysis for the study period 2009-2013 and covered all licensed banks indicated that expenditure by these banks impacted their performance. The study also noted that there were scanty information in regard to the actual CSR expenses by banks. The

study therefore recommended use of other data collection method that would be possible to ascertain the amount spent on CSR.

Gichana (2004) did a study on corporate social responsibility practises by companies listed in the Nairobi securities exchange (NSE) and found that the firms did recognize the practises of CSR as one of the company values. From the finding of his study, CSR practises in companies listed in the NSE were found to be charitable. The CSR activities according to Gichana were characterized by donations like food stuff, building resources and education scholarships. He found that only 33.3% of the firms have a CSR programs strategy while 56.7% had informal CSR program strategy while the remaining 10% had no strategy. From the findings on his study, 37% of the companies listed in the NSE felt they owe the society something and CSR was a way of getting back to the society,10% of the companies listed in NSE did link CSR with advertising,7% of the companies did engage in CSR because of the government legislation while the remaining 47% of the companies listed agreed CSR as part of their core values. Further studies need to be done using different methods of analysis. This study will use a different approach to identify the relationship between CSR and manufacturing firms that are listed in Kenya.

Mugoiri (2018) investigated insurance firms in Kenya and how they were influenced by CSR expenditure. The study aimed at the 55 insurance companies in Kenya where 12 companies were sampled through judgmental sampling and were sent three CSR forms to fill. Only 5 companies disaggregated data on the three forms. The researcher used correlation research design method and collected secondary data of the 5 insurance companies. The study adopted descriptive and inferential statistical analysis method to analyze the data. The study's findings established a statistically insignificant negative effect of both environmental and philanthropic CSRs to financial performance and a statistically insignificant positive effect of community development to FP. This

research was done specifically for only insurance companies in Kenya thus leaving a research gap for other companies.

A correlational study was undertaken by Fu and Shem (2015) on CSR and FP for Chinese food-processing enterprise. Panel data was duly collected from the identified 63 companies that had publicly quoted their shares and were involved in processing of food. The correlational analysis led to the findings that CSR was positively correlated to FP, whereas social donation had no correlation. The study advocated undertaking similar studies in other countries as well as in different countries. The study carried out correlation and multiple regression analysis and the result proved that some part of CSR variable which is the ratio of net cash flow and the ratio of business taxes have positive significance correlation while ratio of social donation have no correlation. Similar study need to be carried out for other sectors and in different countries so that results can be compared to draw conclusions.

Hassan et al. (2011) did a research that sought to find the connection between corporate social responsibility and financial performance in Bangladesh. He compared the financial performance of five banks which practiced CSR to twelve banks which did not practice CSR. He he carried out questionnaire survey to measured the corporate social performance index by grading the CSR levels of the banks. The grades depicted two categories which were banks which practiced CSR and those that did not (NCSR). He then conducted t-test that sought to determine whether the two categories had differences of ROA, EPS and P/E ratio data. The study revealed that the financial performance of banks that were involved with CSR was better compared to those that did not practice CSR despite the fact that the difference was not statistically significant. More studies need to be carried out where other data analysis methods will be used in order for comparison.

Chen (2015) conducted sustainability study on the performance as reported by manufacturing firms in Sweden. His objective was to research on the current issue that regarded initiatives required to enhance sustainability, as well as determine the relationship between those sustainable practices and the performance of the companies. The study used a conceptual model constructed from literature review to design survey tool for data collection for these firms. ANOVA test and Correlation analysis was used for analysis. More research needs to be done from other geographical context and use different data collection methods and analysis method to get results.

Kipruto (2014) conducted research targeting CSR and impact on FP of commercial banks in Kenya. Secondary data for the period 2009 to 2013 obtained from published reports and websites. A positive effect was duly found to exist in commercial banks when regression analysis was undertaken. Cheruiyot (2010) also had made similar findings on the study that sought to identify CSR expenditure on performance for firms quoted at the NSE.

Mutuku, (2013) did a study to identify the relationship between corporate social responsibility and financial performance of the companies in Kenya listed in NSE. The study targeted a population of 32 companies that were listed and obtained both primary and secondary data. Personal interviews and questionnaires methods were used to collect primary data and published annual reports in the companies' website and NSE website were used for secondary data. The study applied correlation analysis the effect of CSR and the performance of the firms. The result indicated that there was no relationship between the two variables. The study concluded that the use of CSR was for competition strategy and as a tool for marketing. More studies need to be done to other sectors that affect Kenya economy.

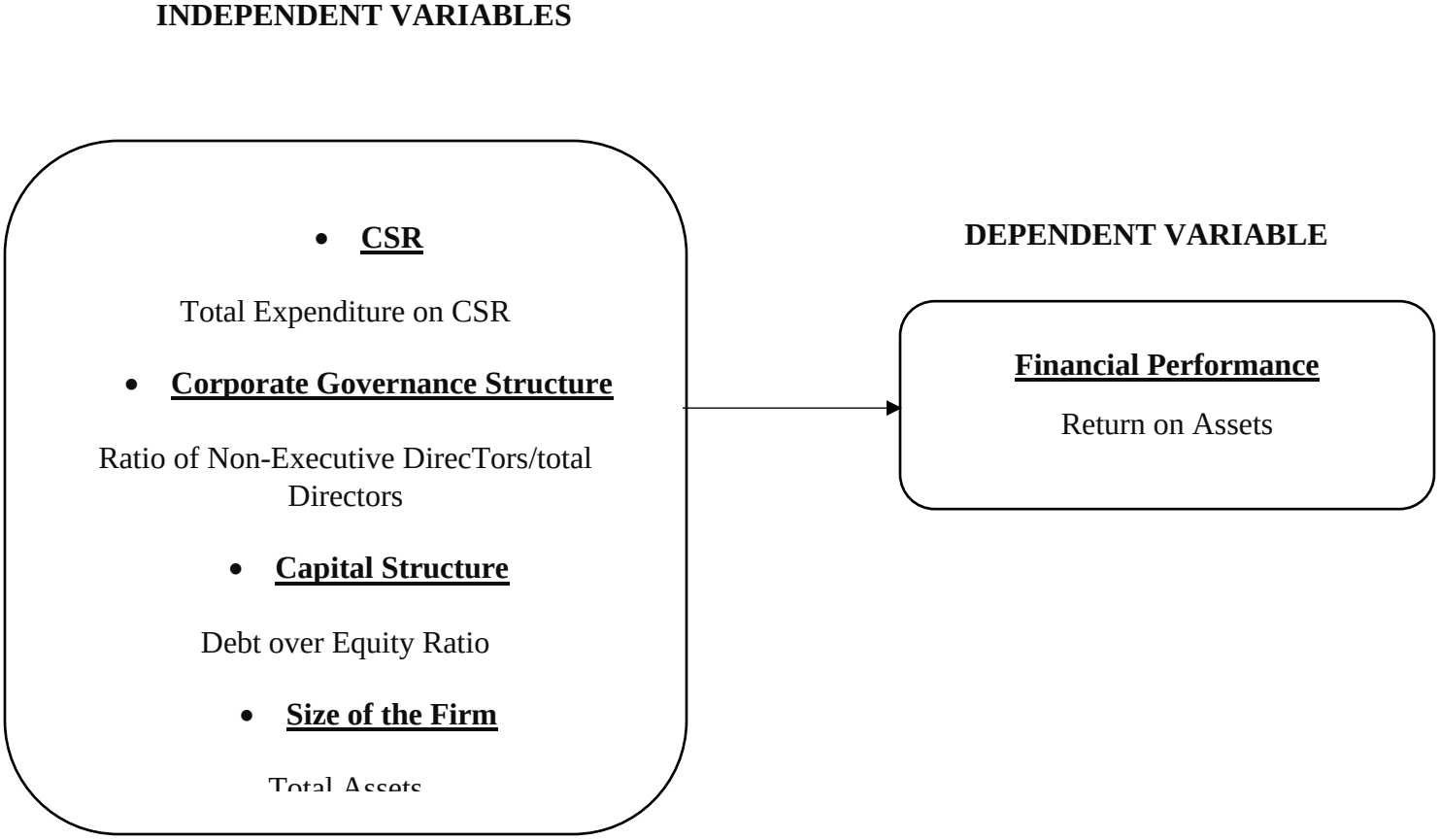
2.5 Summary of Literature Review

In the chapter, all the literature sources by looking deeply at all the available literature on corporate social responsibility and its effects on the organization, in terms of financial performance. Literature review revealed that the relationship between these two variables can be positive, negative or none. In addition, it analyzed how CSR programs are effective in enabling company to meet their customer's need and therefore work well as a profit 30 enhancing tool if properly monitored. Customers offer a portion of them whenever they engage in a sale transaction and feel a sense of belonging when companies they buy from meet their CSR requirements. CSR has therefore demonstrated a positive relationship with profitability of a company.

2.6 Conceptual Framework

The independent variables comprised of CSR, capital structure, the size of the firm, and the structure of the management board. On the other hand, dependent variable was determined by ROA.

Figure 2. 1: Conceptual Framework



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter research design used in this study was briefly described and its relevance to the study. The population targeted was well discussed. The chapter also explained the data collection methods and method that were used for analysis. Finally, the chapter concluded with diagnostic test and analytical model used.

3.2 Research Design

Research design is defined as a conceptual structure outlining the way research is taken. Lavrakas (2008) defines research design as a strategic plan followed when conducting a research study to arrive at the findings of a testable research question of interest. This research adopted descriptive research design to explain the characteristic of the variables of interest, cause and effect of more than one variable in the study (Serkan 2003). Descriptive design uses both quantitative and qualitative research methodologies are appropriate for this study as it used both research paradigm. Descriptive research therefore assisted the researcher to establish the connection of the two variables freely without any restrictions.

3.3 Population

A population of study refers to a group of items, objects or individuals which possesses common characteristics that becomes subject of interest to the researcher. These common characteristics makes the group to stand out from other individuals, objects or institutions (Cooper and Schindler,

2003). The population of this study included 8 manufacturing firms listed at the NSE. Since the study population is small the researcher undertook a census study for 10 years.

3.4 Data Collection.

Data was collected by the use of secondary method from published annual reports, respective firms' websites, NSE website, published manuals and any other relevant reliable source of data. The researcher collected data on; total amount spent on CSR activities, total equity, total debt, net income made and total assets, in every year. ROE and CSR information was obtained from the statement of financial position, statement of profit and loss for the year ended, strategic plans documents, industry association journals and annual budgets reports**,** Study covered a period of 10 years, 2011-2020**.**

3.5 Data Analysis

Data entry and data cleaning was done by MS Excel while research used both SPSS version 23 and Stata version 13 were used to analyze the data. They were used to analyze descriptive and inferential statistics. The relationship between independent and dependent variables were given by carrying out analysis on multiple linear regression (MLR). MLR analysis is technique that analyzes the relationship between dependent variable and a number of independent variables. The following diagnostic tests were taken before applying multiple linear regression analysis; normality, heteroscedasticity, multicollinearity and autocorrelation .

3.6 Diagnostic Tests

Diagnostic tests were carried out by the study as a prerequisite for undertaking analysis. The test undertaken included: linearity test, normal test, multicollinearity test, autocorrelation test and heteroskedasticity test.

3.6.1 Linearity Test

The test sought to determine whether an increase in an independent variable would result to either an increase or decrease in the independent variable. This insinuates that the variables are linearly related. The study used Normal P-P plots to determine whether data could be formed in a linear format (Field, 2009).

3.6.2 Normality Test

OLS regression model that impacts the validity of all tests assumes that residuals behave normal. In this study, a non-graphical test by Shapiro Wilk will be used to determine whether the residual's behavior will be normal. The null hypothesis will be that there is a normal distribution of the residue. The study will accept the null hypothesis at 95% significant level if the p-value will be found greater than 0.05 ($p>0.05$). The study will therefore conclude that there exists a normal distribution of the residual (Oscar, 2007).

3.6.3 Test of Autocorrelation

In a time series data, disturbances can either display serial correlation or autocorrelation across the period. Serial correlation causes a problem of biasness of the standard errors and also inefficiency of consistent estimated regression coefficients when present in a linear panel data models. This study applied Durbin-Watson test to identify whether the problem of autocorrelation is present. This is a statistical test used for testing First Order autocorrelation between the error and its immediate previous value to find out whether there is correlation among the errors in different

observations. There is no serial correlation is the null hypothesis. The study will fail to reject the null hypothesis at 95% significant levels if d-statistic is more than 0.05 (d>0.05). the conclusion is that there is no correlation among the errors in different observations.

3.6.4 Heteroscedasticity Test

Observations may have regression disturbances which do not have constant variances. This problem is referred to as heteroskedasticity. It may arise in cross-section data as well as time series data. Its presence causes a problem of inefficiency of the estimation results. Trevor Breusch and Adrian Pagan (1979), came up with modified Wald test for heteroskedasticity. This study used Breush-Pagan test in undertaking heteroscedasticity test.

3.6.5 Multicollinearity Test

This is a test that shows whether the independent variable remain independent, or they influence each other. Regression analysis assumes that independent variables remain independent and therefore do not influence each other. Multi collinearity test is undertaken by the use of Variation inflation Factors (VIF) or tolerance levels to determine whether there exists multi-collinearity between variables or not. There exists a multi-collinearity when the VIF values are above 10. In this case the variable with multicollinearity is dropped from the model.

3.6.6 Stationarity Test

Stationarity test was undertaken in the study as time series data will be collected annually for ten years. The test is undertaken in order to determine whether the changes in the variables are as a result of actual changes in the variable or is as a result of movement in trend or seasonality. The variables that either increase or decrease as a result of changes in the period instead of real changes in the variable are known as non-stationary, while those changes that arises as a result of real

changes in the variable and not as a result of changes in different period are known as stationary variable. The test is undertaken by Augmented Dickey Fuller Test where a p-value score of greater than 0.05 indicates that the variable is stationary while a p value of less than 0.05 rejects the null hypothesis indicating that the variable is non-stationary.

Similarly, stationarity test can also be undertaken by comparing the Durbin Watson score with the R squared for each variable. If the DW is greater than R squared then the variable is non-stationary.

3.6.7 Test of the Model

Model test is undertaken by the use of AIC model test and use of BIC model test. The higher the score of either AIC or BIC, the less efficacy is the model. The test is undertaken on all the variables in the model, then the test is repeated on the model with the exception of each of the independent variable to ensure which of the model has the lowest value of AIC or BIC.

3.7 Analytical Model

This study applied multiple linear regression model to determine the effect of independent on the dependent variable. To determine the dispersion and distribution of the data, the study used descriptive statistic. This research then conducted correlation analysis to identify the association between CSR, structure of the management board, capital structure, and size of the firm.

The regression model depicted below explains the expected.

$$Y= \beta_0 +\beta_1 X_1+ \beta_2 X_2+ \beta_3 X_3+ \beta_4 X_4+\varepsilon$$

β_0 represent regression coefficient and $\beta 1$, $\beta 2$, $\beta 3$ and $\beta 4$ represents the gradient of the regression equation.

Where:

Y-is the financial performance (Return on Asset (ROA)) (Net income/ Total Assets)

β_0 - Constant

X_1 - CSR score (Log of Financial expenditure on CSR activities)

X_2 - Capital structure (Total debt/ Total equity)

X_3 - Size of the firm (Log of Total asset)

X_4 - Structure of the management board (ratio on NED/Total Directors)

ε - The error term

3.6.3 Significance Tests

F distribution was adopted by study to determine the significance of the study. This indicates that F- test was adopted where the significance level of 0.05 was adopted. This means the confidence level that is used is 95% and hence the study only allowed a 5% chance of undertaking type I error. The null hypothesis that states that there is no significant effect of CSR on FP of manufacturing firms was to be rejected if p-value was less than 0.05.

CHAPTER FOUR: DATA ANALYSIS SUMMARY AND INTERPRETATION OF FINDINGS

4.1 Introduction

Data analysis is undertaken where the study descriptive defines each variable in regard to the mean, standard deviation, the maximum, minimum value, skewness and kurtosis. Diagnostic tests are then undertaken after which correlation and regression analysis are undertaken. The findings are then summarized, and interpretation is made.

4.2 Descriptive Statistics

The descriptive statistics defines the study variables in form of the maximum and the minimum values obtained in the study, the mean of the variable is then explained and the standard deviation. The skewness which measures the leaning to the right or to the left of the distribution of the data and the kurtosis that measures the sharpness/tallness and flatness of the distribution of the data.

The data was collected from 8 manufacturing firms for 10 years. However, Flame Tree Group was listed in the year 2013 and therefore there was no complete data in relation to the company for ten years. The company was therefore excluded from analysis and data for analysis was only from 7 manufacturing firms listed at the NSE for a period of ten years.

Table 4. 1: Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Y = Financial Performance	70	-18.5	36.59	5.85	9.59	.439	.287	1.023	.566
X1= CSR	70	.0000	5.7550	4.83	1.15	-3.377	.287	11.830	.566
X2 = Capital Structure	70	.0537	15.3546	.79	1.91	6.762	.287	50.337	.566
X3 = Size of the Firm	70	6.2405	8.51	7.26	.66	-1.31	.287	-1.381	.566
X4 = Management Structure	70	28.57	81.82	51.81	12.48	.064	.287	-.639	.566
Valid N (listwise)	70								

Source: Author, (2021)

The dependent variable of the study is the financial performance that is determined by the percentage of return on assets. The mean value was 5.85% with a high standard deviation of 9.59%. The minimum and the maximum values are -18.5% and 36.59%. The skewness and kurtosis are positive and low at 0.44 and 1.02 respectively.

CSR is the main independent variable of the study and expresses the logarithm of the total amount spent in undertaking CSR by the firms. The mean was 4.83 with a standard deviation of 1.15 and a maximum and minimum of 5.76 and 0.00 respectively. The skewness and kurtosis of the variable are -3.38 and 11.83 respectively.

Capital structure on the other hand is the ratio of debt to equity. The ratio expresses the ownership structure and the manner in which the structure may influence performance of the firm. The mean of the variable is 0.79 with a high standard deviation of 1.91. The minimum value is 0.054 and the maximum value is 15.35. The skewness and kurtosis of the variable is 6.76 and 50.34 respectively.

Size of the firm is determined by the log of total assets of the company. The mean is 7.26 with a standard deviation of 0.66 with a minimum and a maximum of 6.24 and 8.51. The skewness and kurtosis of the variable are -0.131 and -1.381 respectively. The management structure on the other hand determines the percentage of non-executive directors in the board. They determine the level of independence of the board as NEDs are considered to be independent with no vested interests in the day to day running of the business. The mean was 51.8% with a standard deviation of 12.48%, a minimum and maximum of 28.57% and 81.82% respectively. The skewness and kurtosis were 0.064 and -0.639 respectively.

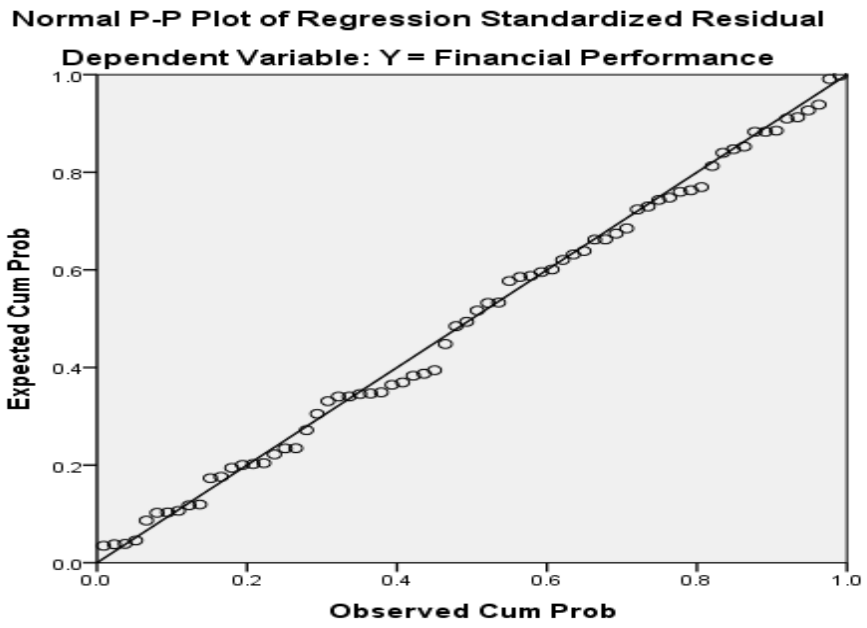
4.3 Diagnostic Tests

Diagnostic tests are undertaken in order to comply with the assumptions of a multiple regression analysis. The assumptions include linearity assumption, normality assumption, no autocorrelations, homoscedasticity, no multi-collinearity.

4.3.1 Linearity Assumption

Linearity assumption considers that data collected is linear. This is because regression analysis observes linear tendencies and therefore data must be capable of being transformed into a straight line. Linearity test is undertaken by the use of linear plots or normal P-P plots where if the plots follow the diagonal line, then it is assumed that data is linear.

Figure 4. 1: Normal P-P Plot



The normal P-P plot indicates that majority of the plots follows the diagonal line, and therefore linearity is assumed among the data variables.

4.3.2 Normality Test

Normality test is undertaken to test whether data distribution follows the normal curve distribution. In other words, data should follow the bell-shaped curve format to indicate that majority of the data is distributed around the mean while minority of the data lies within both extreme sides of the distribution. Normality test is undertaken by the use of Shapiro-Wilk test where if the p value of the test is above 0.05 then the data distribution of the variable is said to be normal.

Figure 4. 2: Histogram

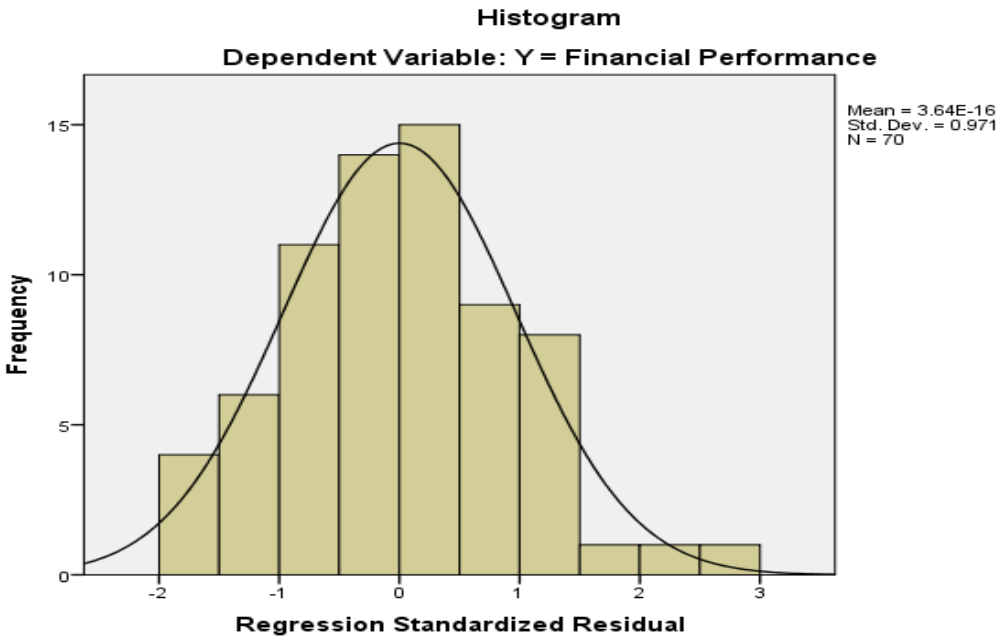


Figure 4.2 is a histogram with an indication of a normally distributed data that may be an indication that the distribution of data is normal. It indicates a normal bell-shaped curve. However, a Shapiro-Wilk test is undertaken to determine whether the distribution is normal at 0.05 significance level.

Table 4. 2: Normality Test

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
X1= CSR	.289	70	.000	.551	70	.000
X2 = Capital Structure	.350	70	.000	.307	70	.000
X3 = Size of the Firm	.140	70	.002	.915	70	.000
X4 = Management Structure	.157	70	.000	.957	70	.018

a. Lilliefors Significance Correction

Table 4.3 indicates that Shapiro-Wilk test has all independent variables with a p value of less than 0.05. This indicates that data is not normally distributed at 5% significance level and therefore fails normality test. Data is therefore treated by undertaking standardized variables while undertaking all parametric tests, since parametric tests require data to be normally distributed. However, non-

parametric tests do not require data to be normally distributed and therefore use of non-parametric tests is encouraged.

4.3.3 Test for Autocorrelations

In time series data, disturbances can either display serial correlation or autocorrelation across the period. Serial correlation causes a problem of biasness of the standard errors and also inefficiency of consistent estimated regression coefficients when present in a linear panel data model. This study applied Durbin-Watson test to identify whether the problem of autocorrelation **is** present. This is a statistical test used for testing First Order autocorrelation between the error and its immediate previous value to find out whether there is correlation among the errors in different observations.

The rule of thumb in regard to Durbin Watson Score is that a score of 1 to 2 indicates that there is no autocorrelations present while a score below 1 or above 2 indicates that there is either positive or negative autocorrelations present.

Table 4. 3: Test of Autocorrelations

Model	Durbin-Watson
1	1.161

The DW score is 1.161 which indicates absence of autocorrelations in the data.

4.3.4 Heteroscedasticity Test

Heteroscedasticity is a problem that occurs in regression analysis, where a systematic change in the variance of residuals over a range of measured values takes place. The test that is undertaken to determine whether the problem of heteroscedasticity is present in data is called Breush-Pagan

Test, where the test produces a Chi-Square statistic with a corresponding p-value. A p-value below 0.05 indicates that there is evidence that the problem of heteroscedasticity is present.

Table 4. 4: Breusch Pagan Test

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of Y = Financial Performance
$chi^2(1)$ = 2.41
Prob > chi^2 = 0.1207

The P-value (0.1207) is greater than 0.05 and therefore there is no problem of heteroscedasticity present. The data is therefore homoscedastic in nature and no problem of heteroscedasticity.

4.3.5 Multi-Collinearity Test

Multi-collinearity test is undertaken to determine whether independent variables are indeed independent. Regression analysis finds it a problem when two independent variables are related to each other and therefore they tend to measure or have a similar influence on the dependent variable. Such variables are said to be multi-collinear. The test is undertaken by use of variation inflation factors (VIF) where the rule of thumb indicates that a VIF of more than 10 indicates presence of multicollinearity.

Table 4. 5: Multi-collinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	X1= CSR	.810	1.234
	X2 = Capital Structure	.863	1.159
	X3 = Size of the Firm	.926	1.08
	X4 = Management Structure	.783	1.278

a. Dependent Variable: Y = Financial Performance

Table 4.5 indicates that all variables have VIF values less than 10 and therefore there is no problem of multi-collinearity.

4.3.6 Test of the Model

Model test is undertaken by the use of AIC model test and use of BIC model test. The higher the score of either AIC or BIC, the less efficacy is the model. The test is undertaken on all the variables in the model, then the test is repeated on the model with the exception of each of the independent variable to ensure which of the model has the lowest value of AIC or BIC.

Akaike's information criterion and Bayesian information criterion

Model	Obs	ll(null)	ll(model)	df	AIC	BIC
1	70	-257.0792	-244.651	5	499.3021	510.5446
2	70	-257.0792	-250.1304	4	508.2607	517.2547

When an independent variable is dropped, the model with all the 4 independent variables has the smallest value of AIC and BIC. This indicates that each independent variable is significant enough and makes the model better.

4.4 Correlation Analysis

"The correlation analysis is used to determine the correlation between each independent variable and the dependent variable. Spearman's correlation was preferred in this study as it is a non-parametric test. Correlation ranges from 0 to 1 with 0 being no correlation to 1 being perfect correlation" (Oscar, 2007).

Table 4. 6: Correlation Analysis

Correlations

			Y = Financial Performance	X1= CSR	X2 = Capital Structure	X3 = Size of the Firm	X4 = Management Structure
Spearman's rho	Y = Financial Performance	Correlation Coefficient	1.000				
		Sig. (2-tailed)	.				
	X1= CSR	Correlation Coefficient	.308**	1.000			
		Sig. (2-tailed)	.010	.			
	X2 = Capital Structure	Correlation Coefficient	-.265*	-.228	1.000		
		Sig. (2-tailed)	.026	.057	.		
	X3 = Size of the Firm	Correlation Coefficient	-.089	.486**	-.012	1.000	
		Sig. (2-tailed)	.463	.000	.922	.	
	X4 = Management Structure	Correlation Coefficient	-.454**	-.204	.258*	.249*	1.000
		Sig. (2-tailed)	.000	.090	.031	.038	.
		N	70	70	70	70	70

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

*. Correlation is significant at the 0.05 level (2-tailed).

There is significant positive correlation between CSR and financial performance. The correlation was 0.308 which means that it is relatively strong and therefore increase in CSR leads to improved financial performance of manufacturing firms in Kenya. There is however negative correlation between financial performance and capital structure that means that increasing debt over equity would lead to decrease in financial performance. Similarly increasing percentage of non-executive directors (NED) for manufacturing firms leads to decrease in financial performance. There was an almost zero correlation between size and financial performance that would mean that manufacturing firms have been unable to utilize their assets efficiently in enhancing their financial performance.

4.5 Regression Analysis

It is undertaken to determine the effect of CSR on financial performance. The study therefore adopted a multiple linear regression, where F test was employed to determine the significance.

4.5.1 Regression Summary of the Model

The summary of the regression model portrays the results that indicates the strength of the model that is stipulated by R squared. It provides the coefficient of determination which indicates the extent to which changes in the dependent variable could be explained by the model adopted by the study. Adjusted R squared on the other hand adjusts the statistics based on the number of independent variables in the model.

Table 4. 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.547[a]	.299	.256	8.2741021

a. Predictors: (Constant), Zscore: X4 = Management Structure,
Zscore: X3 = Size of the Firm, Zscore: X2 = Capital Structure,
Zscore: X1= CSR

R squared of the study is 0.299 that indicates that the changes in financial performance (Y) could be explained by changes in independent variables of the study to a tune of 29.9%. The other changes in Y (70.1%) are explained by other factors that are not in the model.

4.5.2 ANOVA

The significance is tested by use of ANOVA, this is undertaken by an F test, where the significance value (p-Value) is compared to alpha value of 0.05. If $p<0.05$ then the study rejects the null hypothesis and concludes that there is a significant relationship between the independent and dependent variable.

Table 4. 8: ANOVA TABLE

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1897.062	4	474.266	6.928	.000[b]
	Residual	4449.950	65	68.461		
	Total	6347.012	69			

a. Dependent Variable: Y = Financial Performance
b. Predictors: (Constant), Zscore: X4 = Management Structure, Zscore: X3 = Size of the Firm,
Zscore: X2 = Capital Structure, Zscore: X1= CSR

Table 4.8 indicates a p value less than 0.05 and therefore the study rejects the null hypothesis and concludes that there is a significant effect of corporate social responsibility on financial performance of manufacturing firms in Kenya.

4.5.3 Regression Coefficient

Regression coefficient on the other hand determines the extent to which changes in one independent variable while all the other factors are held constant, could bring changes in the dependent variable.

Table 4. 9: Regression Coefficient Table

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.846	.989		5.912	.000
	Zscore: X1= CSR	2.675	1.106	.279	2.417	.018
	Zscore: X2 = Capital Structure	.094	1.073	.010	.088	.930
	Zscore: X3 = Size of the Firm	.432	1.035	.045	.417	.678
	Zscore: X4 = Management Structure	-3.737	1.126	-.390	-3.319	.001

a. Dependent Variable: Y = Financial Performance

The regression coefficients in Table 4.9 insinuate that the regression model is transformed into:

$$Y = 5.846 + 2.675X1 + 0.094X2 + 0.432X3 – 3.74X4 + 0.99$$

The model could be interpreted to mean that increasing CSR by one unit while holding all other factors constant would lead to an increase in FP by 2.68% while increasing debt over equity could lead to a marginal increase in FP to a tune of 0.094% while increasing size of the firm could lead to an increase in FP to a tune of 0.432%. An increase in the number of non-executive directors on the other hand in the board could lead to a significant decrease in financial performance of 3.74%.

4.6 Findings and Interpretation of Results

There are various findings that were obtained by the study, and which shall be summarized, interpretated and explained. The descriptive statistics in the first instance described the data collected by each study variable of which data collected from all the seven firms in a period of ten years indicated that the mean of financial performance was 5.85%. This is a bit low return compared to the fact that investors if they borrowed the money to invest, they would pay an average of 14% as the average interest rates. It is an indication that the manufacturing sector in Kenya is not a lucrative investment sector, unless changes are undertaken in the sector. CSR score on the other hand had a mean of 4.83 indicating a significant undertaking of CSR, the capital structure ratio was an average of 0.79 that indicates a high borrowing of funds. Size of the firm had a score averaging at 7.26 and management structure indicated that in average the percentage of NEDs over total directors was 51.8%. It indicates that majority of the directors in manufacturing firms are non-executive directors that indicates high independence of the board.

The correlation analysis that was undertaken indicates that all independent variables had significant correlation against financial performance except size that has insignificant correlation and almost zero correlation with financial performance. CSR had positive and relatively strong correlation against financial performance that indicates that increasing CSR led to an increase in financial performance. This could be explained by the fact that increasing CSR helped to boost the image of the firm as well as increase advertisement that would eventually lead to an increase in financial performance. On the other hand an increase in debt over equity (capital structure) had a negative correlation on financial performance, indicating that increasing debt over equity would have a negative effect on financial performance. This could be interpreted to mean that increase in debt financing have an effect of increasing liquidation risks of the company. It also means that the

firm if it is highly geared, then lenders increase their lending rates and the firm is forced to incur huge financing costs and therefore reduce financial performance. Similarly, increase in NED had a negative correlation with financial performance and therefore an increase in the independence of the board is expected to bring an increase in financial performance, however, an increase in board independence led to a decrease in financial performance that could be explained by other factors such as corruption.

The correlation analysis indicates that the model explained 29.9% of the changes in financial performance and therefore the model was relatively strong in explaining changes in financial performance. The findings also indicate that there is a significant effect of CSR on financial performance of manufacturing firms in Kenya. This advocates that manufacturing firms should ensure that they involve in CSR as it helps the firm improve on financial performance. This may not be explained directly through the costs incurred, but the nature of CSR and how such CSR boosts the image of the company in public and also provides an opportunity for the company to undertake promotional campaign.

The findings agrees with findings by Fadun (2014) who undertook relationship between CSR and stakeholders' expectations in Nigeria. He found that stakeholders are crucial component for performance of firms as a good relationship enhances the brand image and competitive advantage. The study therefore indicated improved competitive advantage over increasing CSR. Fu and Shen (2015) found that fulfilling CSR impacts positively on the company's financial performance. Hassan et al (2011) also found importance of CSR as it enhanced performance. Gichana (2004) did a study on corporate social responsibility practices by quoted companies at the NSE and found that the firms did recognize the practices of CSR as one of the company values. Kipruto (2014)

found that expenses on social course influence FP of commercial banks in Kenya. Similarly, Cheruyoit (2010) found that companies listed at the NSE engaged in CSR and boosted their FP.

The study findings however contradict with Fauzi (2009) who undertook a study on CSR and performance of firms listed at New York Securities Exchange where no relationship was found between these variables. Mutuku (2013) who conducted a study on effect of CSR on FP found that companies at the NSE did not engage on CSR as a means of helping the community but as a manner of undertaking investments. He found that SCR did not have significant impact on financial performance of companies listed at the NSE. Similarly, Oyenje (2013) also found that the variables had insignificant relationship.

CHAPTER FIVE: SUMMARY CONCLUSION AND STUDY RECOMMENDATIONS

5.1 Introduction

The chapter undertakes to summarize the study findings, make conclusions from those findings and undertake study recommendations. The limitations of the study are also highlighted and areas to undertake future research is stipulated.

5.2 Summary of the Study

Corporate social responsibility is an expense to the firm, where the firm is not under any obligation to incur the expense. However, there is an implied expectations from the public that firms should not only undertake their mission to achieve their vision, but they are expected to participate in making the community a better place to live in. Therefore, the society expects that firms will get involved in solving social problems and therefore engage in CSR. There is a higher bar of expectation for manufacturing firms as in most cases they are the most pollutants from water pollution, noise pollution and air pollution. They also emit carbon compounds that disintegrate the ozone layer leading to climate change. The society therefore expects that these firms should make it up for the 'evils' they bring to the society by engaging in CSR. This study therefore sought to determine the effects of CSR on financial performance of manufacturing firms listed at NSE Kenya.

The study used a descriptive research design, where a regression analysis was undertaken to obtain the research objectives. The descriptive statistics in the first instance described the data collected by each study variable of which data collected from all the seven firms in a period of ten years indicated that the mean of financial performance was 5.85%. This is a bit low return compared to the fact that investors if they borrowed the money to invest, they would pay an average of 14% as

the average interest rates. It is an indication that the manufacturing sector in Kenya is not a lucrative investment sector, unless changes are undertaken in the sector. CSR score on the other hand had a mean of 4.83 indicating a significant undertaking of CSR, the capital structure ratio was an average of 0.79 that indicates a high borrowing of funds. Size of the firm had a score averaging at 7.26 and management structure indicated that in average the percentage of NEDs over total directors was 51.8%. It indicates that majority of the directors in manufacturing firms are non-executive directors that indicates high independence of the board.

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The regression analysis indicates that the model explained 29.9% of the changes in financial performance and therefore the model was relatively strong in explaining changes in financial performance. The findings also indicate that there is a significant effect of CSR on financial performance of manufacturing firms in Kenya. This advocates that manufacturing firms should ensure that they involve in CSR as it helps the firm improve on financial performance. This may not be explained directly through the costs incurred, but the nature of CSR and how such CSR boosts the image of the company in public and also provides an opportunity for the company to undertake promotional campaign.

5.3 Conclusion of the Study

The study therefore undertakes various conclusion following the study findings. The major conclusion of the study is that manufacturing firms should increase their undertaking of the CSR as such undertaking helps to improve and increase their financial performance. CSR helps the firm pay back t the society as well as provides an opportunity for the firm to address social imbalances that affect harmony in the society. The instance that a manufacturing firm undertakes CSR to address some of these imbalances in the society, then the community perceives the firm as one of the positive contributors to the well being of the society and therefore improves the image of the firm. It also provides an opportunity for the firm to undertake promotional campaign and hence boost its sales and acceptance of the company products in the society.

The study also concludes that increasing debt over equity would lead to decrease in financial performance. It indicates that increasing the gearing of a company leads to decrease in financial performance. The study concludes that debt financing increases risks of liquidity and therefore

highly geared firms will not attract funds at low rates. The high rates make the company pay high cost of financing that adversely affects performance of these firms.

The study also concludes that manufacturing firms have in most cases quite a good investment in assets, which are not adequately utilized. The capacity of these firms to utilize assets to provide returns decreases with increase in assets. This may stem from diseconomies of scale where when firms increase in size, diseconomies of scale come into play where further increase in size does not lead to increased returns but lead to losses.

The increase in non-executive directors (NEDs) is usually focused to increase independence of the board and therefore expected to increase the quality of decisions made by the board. However, the study findings indicated that increase in NEDs led to decrease in financial performance as the study had a negative significant correlation between management structure and financial performance. The study concluded that this may be evidence of corruption where despite the fact that independent directors are increased, then the firm still does not make quality decisions that would improve and enhance financial performance.

5.4 Recommendations of the Study

The recommendation of the study emanates from the findings of the study and the conclusions thereof. The study in the first instance recommends that manufacturing firms should increase their undertaking in CSR. This is because undertaking CSR helps to improve the image of the company, provides an opportunity for the company to promote its products, and at the same time improve its relationship with the society. This helps the firm to improve its financial performance and therefore meet its financial objectives. The increase of participation in CSR should however, been well selected to enhance that such undertakings in CSR have been recognized and well known by a big

number of people in the society. This helps in promoting the brand of the firm as well as enhancing its effectiveness in promotional campaigns.

The study also recommends that manufacturing firms should decrease their debt financing and enhance equity financing. This is because debt financing increases finance costs for the company and therefore leads to decreased financial performance. The increase in use of debt lead to increase in finance risks that mean that lenders would be less willing to lend the firm with high debt. The firm therefore is only able to access debt finance at increased interest rates that increases costs and reduces financial performance of the company.

The study also recommends that manufacturing firms should improve their efficiency in utilizing their assets, Perhaps the management should undertake the rational of owing some assets that do not provide sufficient returns for the company. Such assets should be disposed while only maintain the assets that provide positive returns for the company. The firms should undertake critical investment appraisals to determine investments that would be profitable to the company and those investments that would be a liability to the company.

Lastly, the study recommends that practices such as corruption or indirect interference should be highly discouraged in the manufacturing firms. Most listed manufacturing firms have sizeable government investments and therefore the firms are susceptible to political risks, manipulation and undue influence from different political players. The study therefore recommends that political appointments in directorship of such firms should be minimized, while at the same time corruption should be dealt with to enhance financial performance of these firms.

5.5 Limitations of the Study

The major limitation of the study is undertaking secondary data collection method. This is because despite the fact that the researcher undertook due diligence to find the total valuation of investment of CSR activities by manufacturing firms, the firms sometimes fail to directly report the amount spent on CSR. Most firms undertake different CSR activities which are accounted for differently. Perhaps IFRS should provide a reporting framework where firms should be compelled to indicate clearly the valuation of their investment in CSR. However, the study undertook due diligence to determine and obtain total investment in CSR by a company.

The study is also limited by the fact that the study variables were only able to express changes in financial performance to the tune of 29.9%. Therefore 70.1% of the changes in financial performance were explained by other factors that were not considered by the study. This is therefore quite limiting on the freedom at which the variables could predict changes in financial performance. Perhaps the study would adopt more variables that have significant impact on improving the model and therefore increase the coefficient of determination.

The study was also limited to listed manufacturing firms. This was because it is easier to collect and find data of listed firms as their data is available to the public. However, the study should include all manufacturing firms in Kenya where even the private firms are considered and the impact of their involvement in CSR on their financial performance assessed adequately. Such a study would provide more insight on the effect of CSR on financial performance by manufacturing firms in Kenya.

The study is also limited by the time of the study, the study was undertaken for a period of 10 years where data for the study variables was collected for a period of ten years. This is a limitation that

would be addressed by undertaking a longer time period and assess how participation in CSR has affected financial performance for this firms in previous periods up to the current period. Any trend and pattern should be well discussed and explained thereof.

5.6 Areas for Further Research

The study therefore undertakes various recommendations on areas where future research should focus in the investigation of CSR and its impact on financial performance for manufacturing firms. A study should be undertaken where primary data should be collected instead of relying on secondary data. The results of such a study would provide a more accurate findings in terms of total expenditure in CSR as compared to reliance on secondary data.

A future study should be undertaken where more variables should be included in the model and therefore the coefficient of determination of the model expected to improve. The variables should not only increase the value of R squared, it should also increase the value of adjusted R squared that means that the added variables had significant impact on the model. The results of such a study should be compared to the results of this study,

A study should also be undertaken where all manufacturing firms in Kenya are investigated instead of investigating only listed firms. This would be useful as it would capture details of private manufacturing firms which are equally required through social obligation to participate in CSR activities. The findings of such a study should be compared to the findings of this study.

A similar study should also be undertaken and should consider different study period, where the findings would include findings in relation to patterns, trends, and any improvement in involvement in CSR over different time period and time range. The findings of such a study would be well assessed for development and evolution of CSR in manufacturing firms in Kenya,

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APPENDICES

Appendix 1: Data Collection Form

company	years	Amount of CSR spent	Total equity	Total debt	Net profit	Total asset	Percentage of NED Directors

Appendix 2: Data Collected

company	years	Amount of CSR spent	Total equity	Total debt	Net profit	Total asset	No of Directors	NED
BOC	2011	50640	1454811	488252	150,604	1,989,541	9	3
	2012	97375	1328551	540054	197,374	1,816,803	10	4
	2013	25600	2076060	557033	202636	2633093	10	4

	2014	28750	1747188	553132	229625	2300320	12	6
	2015	44320	1714106	606850	294842	2320956	12	6
	2016	56752	2215302	557033	255041	2215302	12	6
	2017	69550	1611082	553132	39379	2228669	9	5
	2018	70555	1519496	606850	65577	2141747	9	5
	2019	72382	1439390	488252	-55901	1992639	9	5
	2020	75235	1607568	540054	101656	2089258	9	5
B.A.T	2011	97755	6412067	2071790	3097755	84099160	7	5
	2012	97017	7097017	842108	3270852	122275900	7	5
	2013	105169	7571608	882280	3723691	102048210	7	5
	2014	158750	8126922	1012658	4255314	110706050	9	5
	2015	258875	8853178	982800	4976256	120804810	9	5
	2016	350205	8796789	952346	4234334	121538400	9	5
	2017	189750	7840223	2890851	3336006	112309450	9	5
	2018	240975	9309254	1032042	4084523	125462340	9	5
	2019	301254	9715210	1222115	3885649	115858490	8	4
	2020	145145	11856065	9849787	5517492	134324290	8	4
CARBACID INVESTMENT PLC	2011	105325	1467365	272620	302195	1739985	4	2
	2012	150205	165277	36004	775596	20128160	5	2
	2013	150205	1924429	279970	475541	2204399	5	2
	2014	150205	2156883	376280	490641	2533163	6	3
	2015	189300	2477026	491701	456109	2968727	6	3
	2016	125215	2674198	407570	261051	3081768	6	3
	2017	79855	2924084	330697	283549	3306974	6	3
	2018	110200	3044214	337123	-291791	3371233	6	3
	2019	115250	3127492	167957	-264589	3503501	6	3
	2020	58962	3252096	183294	-324654	3627831	6	3
EAST AFRICAN BREWERIES LTD.	2011	89056	26888127	22824003	6202727	34202044	13	4
	2012	102530	11102167	2004498	11186113	30571403	13	4
	2013	102530	9492444	2184982	6522200	28961680	13	4
	2014	180650	9100848	3395794	6858608	35405293	14	4
	2015	185650	13353183	2921621	9535217	42009009	14	4
	2016	198200	10867246	3326008	10270813	37714186	12	6
	2017	256725	11988170	3284531	8514568	44682598	12	6
	2018	204300	11652036	3806882	7255555	45463058	12	6
	2019	287641	16154751	4130849	6965799	53406246	12	6
	2020	154362	13993268	4869671	10060933	57613806	12	6
FRAME TREE GROUP HOLDINGS LTD.	2011							
	2012							

	2013		198127718	422938246	149047389	875809375	5	2
	2014		407786357	647480499	153126198	1054454805	5	2
	2015		627620367	744609386	178848086	1372229753	5	2
	2016		719000000	802027963	144980485	1521000000	5	2
	2017		731000000	422938246	39754509	1681000000	5	2
	2018		813034474	423295908	33785068	1839271807	5	2
	2019		1057142377	1224025564	44936245	2281167941	5	1
	2020		1084922794	1404126479	75180433	2489049273	5	2
KENYA ORCHARDS LTD	2011	185600	2481451	703724	712266	70597300	5	2
	2012	195250	121111	68936	244957	68936272	5	2
	2013	295630	2481451	705973	2891564	70597300	5	2
	2014	268754	22835096	5020217	2526154	50202177	5	2
	2015	364900	6025552	727056	2891564	78731223	5	2
	2016	358754	9733660	8924162	3763108	89241627	6	4
	2017	400258	15413309	10827826	5734649	108278261	6	4
	2018	435258	24244423	9032128	8886114	114565709	6	4
	2019	568794	32623347	10338040	8433924	136003754	6	4
	2020	354785	20025381	106221100	12542966	126246481	6	4
MUMIAS SUGAR COMPANY LTD.	2011	27640	3060000	3005862	-1933225	23176516	11	7
	2012	3581	3060000	5388979	-2012679	27400113	11	7
	2013	28800	3060000	6039783	-1660406	27281993	11	7
	2014	145316	10641805	5739871	-2706595	23563086	11	7
	2015	1	5932044	6294156	-4644801	25101000	12	7
	2016	5264	7559964	9273959	-473102.6	26801000	12	7
	2017	1389	756580	11617003	-677393.4	24091000	14	10
	2018	1150	8487721	12596010	-611500	16115000	11	9
	2019	1	54896799	111383416	-261553	3284946	17	12
	2020	1	56230862	109961593	-939482	325267359	17	12
UNGA GROUP LTD	2011	154320	3744951	1963946	441043	5708897	6	4
	2012	124122	3967888	2431941	348195	6399829	6	4
	2013	250430	4291301	3817078	264773	8108379	8	4
	2014	265250	4687243	3339335	382767	8026578	8	4
	2015	148502	5318620	3316509	429781	8635129	9	5
	2016	241350	5696729	3248587	511476	9199783	11	4
	2017	205365	4910000	4544871	86665	9455316	11	4
	2018	180530	5609000	4323589	783203	9932664	11	4
	2019	364450	6055410	4590656	544814	10646066	11	4
	2020	110520	6091153	5959723	66161	12050876	11	4