

## **ABSTRACT**

The concept of corporate social responsibility has prevailed since time immemorial and has for a long time paved way for organizations to have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. For a long time, corporate social responsibility has raised issues on who actually benefits from the CSR initiatives. Studies provides conflicting results on the relationship between corporate social responsibility (CSR) practice and firm financial performance with some studies showing a positive relationship (McGuire et al., 1986; Davis ,1973; Obusubiri ,2006; Tsoutsoura ,2005). Some studies have shown that there is negative relation between corporate social responsibility and financial performance of firms (Friedman, 1970). McWilliams & Siegel, 2000; Mutuku 2005) concluded that there was no relation between corporate social responsibility and financial performance of firms listed on Nairobi Securities Exchange. It is with this background that this study sought to determine the relationship between corporate social responsibilities on firms' financial performance listed on Nairobi Securities Exchange in Kenya. The study descriptive research design, primary data was obtained by use questionnaires which were dropped and later collected. Secondary data was obtained from audited financial statements from the firm's websites. The data was then analyzed and the findings recorded by use of tables and figures. The process involved tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives through use of SPSS. Data analysis was based on the findings on amounts spend on donations, sports, sponsorship, employee relations and environmental conservation. The study 34 firms out 62 that covered a period of five years from 2010 to 2014 was conducted. The independent variables had a positive correlation with the return on assets of 2.337 keeping other factors at zero. Corporate social responsibility had a  $\beta_1=5.907$ , capital structure had a  $\beta_2=7.226$ , age of the firm had a  $\beta_3=1.592$  and size of the firm had a  $\beta_4=.648$ . Capital structure was the most significant with the size of the firm having the least impact on firms „financial performance. The therefore concluded that there was a positive relationship between financial performance of firms listed on Nairobi Securities Exchange in Kenya.