

**RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND
STOCK RETURNS IN LISTED BANKS IN KENYA**

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D63/79174/2015

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE
IN FINANCE SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI**

OCTOBER 2016

DECLARATION

I hereby declare that this research project is my original work; it has not been presented to any other institution of higher learning for academic purposes.

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Date.

This project has been submitted for examination with my approval as the University Supervisor.

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ACRONYMS AND ABBREVIATION

BSR	Business for Social Responsibility
C.E.O	Chief Executive Officer
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
IBE	Institute of Business Ethics
NGOs	Non Governmental Organizations
NYSE	New York Securities Exchange
PR	Public Relations
SPSS	Statistical Packages for Social Scientists

ABSTRACT

It has turned into a need for organizations to manage issues that worry all sorts of partners, either inside or showcase rela. Since acknowledgment of Corporate Social Responsibility (CSR), significant consideration has been accentuated by administration in different areas that see CSR as having positive effect on the development of the association in monetary execution, piece of the overall industry extension, making of good picture to general society, decreasing employment turnover among others. The goal of this study was to set up the relationship amongst CSR and Stock returns of recorded banks in Kenya. The study was guided by partner hypothesis, social contracts hypothesis, and authenticity hypothesis. The study utilized a spellbinding study as its exploration plan. The objective populace contained the ten recorded business banks at the Nairobi Securities Exchange as at July 2016. Auxiliary information was gathered from the different CBK Bank Supervision Annual Reports from the Central Bank of Kenya. The different direct relapse model and t-measurement was utilized to decide the relative significance (affectability) of free factor in influencing the Stock returns of recorded banks in Kenya. The concentrate on set up that there is a reasonable noteworthy relationship between the CSR and stock returns (stock returns) for all amassed recorded banks in Kenya. The Regression examination on recorded banks in view of the market estimate set up that CSR impacted the stock profits for all banks. The study prescribes that banks ought to participate in a lot of CSR exercises as this builds their client base which will in the end increment the measures of benefits consequently the organization's stock returns likewise makes strides. Also, CSR expands an association's perceivability and reputation. By taking part in CSR, firms are in a position to contribute to a great extent to the group on the loose. Additionally, the study suggests that banks administrators can utilize CSR to enhance client trust, alleviate reputational chances, and make long haul shareholder esteem.

CHAPTER ONE

INTRODUCTION

1.1 The study Background

Over earlier decades, viability has ascended as one of the central issues defied by organizations over all fragments. According to Ambec and Lenoie, 2008, Customary hypothesis was environmental confirmation which comes at an additional cost to firm, that break up their advantage and general forcefulness Regardless, new affirmation ascended out of made markets that supportability and profitability are not by any stretch of the imagination absolutely random (Berns, Riel and Bruggen, 2009). According to Heal, 2008, there is a lot of relevant examination instances of affiliations which "do well by doing incredible", exhibiting theorists, customers and agents may repay affiliations that show due thought to society and the earth in drawing nearer their operation.

It has transformed into a requirement for associations to oversee issues that stress a wide range of accomplices, either inside or showcase related. This need is outlined by Isaksson and Steimle (2009), who stand up to CSR as the "association's devotion to act socially and environmentally tried and true while gaining ground toward its fiscal destinations". Because of the tight relationship and accomplices' solicitations, Lo (2009) implies the present trust in forefront society that accomplices will stop obliging directors to lead their firm in whole deal social obligation and endeavor just to fulfill low costs to sum things up periods. CSR execution can offer opportunities to a firm and provoke included regard (Cramer, 2003). In the examination of Holmes (1976) upgraded reputation and change of social gathering are the most expected positive results while the decrease of short run efficiency and battle among social and money related destinations are the possible negative results in the point of view of directors.

Broad thought has been highlighted by organization in various territories that consider CSR to be having constructive outcome on the improvement of the relationship in cash related execution, bit of the pie expansion, creation of good picture to the overall public, diminishing job turnover among others. This developing pattern by associations to hone corporate social obligation represents that organizations are relied upon to give more back to the groups in which they work and thusly, they are upgrade and support their execution. Organizations have understood that they don't work in disengagement and that they affect their partners either adversely or decidedly, and the effect should be surveyed. Be that as it may, the fundamental point of associations for taking part in CSR exercises is to expand the positive effect and decrease the negative ones (Porter and Kramer, 2006). Basic generosity and sponsorship is no more sufficiently extended and long haul techniques, for example, corporate/group associations are viewed as more drew in types of corporate social obligation.

A few pundits trust CSR won't turn out to be yet another "PR instrument", and much of the time the advertising capacity of an association is in charge of managing such exercises/battles. Corporate associations in Africa have for as long as decade taken up CSR as a PR technique of corporate picture working to empower them to contend in various markets (Ondego, 2008). The world is changing into a worldwide town and this makes weight on associations to secure shared trust with the general population that prompts acknowledgment and co-operation. PR concerns the path in which establishments speak with their publics and with the development of the idea of CSR as a methodology to enhance people in general state of mind towards the association.

According to DamakAyadi and Pesqueux (2005) and the work written by Patel and Cummings of 2009, accomplices could be orchestrate in classes: inward accomplices

(workers), shareholders, operational assistants and social gathering (state powers, basic culture, non-authoritative affiliations). In this scenario, accomplice speculation could be used as to delineate clarifications behind which an association that endeavor the practices of CSR so as to get enlarged whole deal proceeds. Accomplices' weigh associations so as to get more prudent in light of the formers' effect. Reasonability that show the need associations to give attention to importance in issues such as HR and environment and what's more not to beat resources required for next times, transforms into a way for associations to make (Steimile and Isakson, 2009). A company is sensible if it limits as demonstrated by 'Triple Bottom Line' (money related thriving, environmental quality and social value), Ellington (2000). The TBL approach is particularly gotten in various makers in their reviews and investigates. Considering, as outlined by Ingley et al., (2010), CSR derives most ideal communal, regular likewise, money related exercises that a firm ought to meld so as to please stresses of accomplices and the shareholders' requirements.

1.1.1 Corporate Social Responsibility

The significance of corporate social commitment is not clear. It is about associations making a pledge to the associations' accomplices i.e. shareholders delegates, customers, suppliers, government, society and diverse individuals and associations which have an excitement for the association's operations (Prieto, Lund and Bhusan, 2006). CSR is thus considered by various to go past advantage making and fusing fiscal, social and biological stresses in association qualities and activities (Vachon & Klassen, 2008).

In various studies CSR is normally referred as Corporate Social Performance (CSP). As per Dennis of 2008, "Corporate social execution (CSP) portrays the proposed relationship between corporate social responsibility exercises and firm-level corporate money related measures". The composed work audit uncovers that different endeavors was done so as to assess CSR works out. According to Garves and Waddock (1997) elevated ways of measuring

CSP and saw the hazy connection among money related execution and CSR. They saw and yielded the bother that different researches did not amass a delegate CSP measure, concentrating on halfway zones of CSR and disregarding the rest. As appeared by the arrangement investigation of Wood (2010), CSP has been measured by utilizing Social reports, Environmental reports, Annual reports of social or regular exposures, Multi-faceted CC measure, KLD examinations, Multi-faceted CSP measure: Stiller's Ethical (Performance Scorecard (EPS)), Canadian Social Investment Database (CSID) appraisals, ARESE evaluations and Vigeo assessments (Europe).

Soana (2009), in her composition review, raised that social execution is measured in various studies by five unmistakable methodologies: content examination, considers did using overviews, reputational measures, unidimensional markers and good assessments. It is basic for the examination of the relationship among CSR and affiliation's execution to have a 'various pointers, diverse causes' (MIMIC) show because of the multidimensional method for CSR (Elsayed and Paton, 2005). Mahoney and Roberts (2007) figured a composite measure of CSR, in light of gathering relations, contrasts, laborer relations, environment, worldwide, thing prosperity, and diverse evaluations. Brammer et al., (2006) and Fiori et al., (2009) grasped three parameters of CSR: occupation (prosperity and prosperity, get ready and change, level with conditions methodologies, approach opportunity structures, specialist relations, systems for job creation and manager solidness), environment (game plans, organization structures, and reporting) and gathering. They furthermore made an elucidation of each substance evaluations into quantitative components.

1.1.2 Stock returns

Stock returns allude to the pick up or loss of a security in a specific period. Securities exchange lists are intended to demonstrate the execution of the share trading system. A

securities exchange record is a pointer of the normal change in costs of shares cited on the stock exchange. In Kenya there are three stock lists: firstly, is the NSE 20 share list, the AIG 27 record and the NSE All Share Index (NASI). The NSE 20 share list is an equi-weighted mean of 20 vast standard stocks exchanged the NSE. It incorporates organizations from various divisions, for example, Sasini, Kenya Airways, Safaricom, KCB and East African Cables. It has been being used since 1964 and measure the execution of organizations with solid essentials. The significance of the list is that it goes about as a gauge for the economy.

The utilization of securities exchange pointer for the forecast of future financial development or the other way around has been an easily proven wrong issue in fund and financial aspects. It is ordinarily trusted that vast declines in stock costs are intelligent of future subsidence, and expanding stock costs are driving markers of future monetary development (Mun, Siong& Thing, 2008). For example, the instability implanted in the subsidence of 2009 set off an expansive scale drop in stock costs that was reflected in the Dow Jones and the S&P 500 (Fuentes, 2010).

Securities exchange assumes a noteworthy part in the development and advancement of any economy. It furnishes organizations with office to raise capital for development and development through the auctioning off of shares to people in general or offering extra shares to shareholders through a rights issue. This is exceptionally significant for the business as it offers them a less expensive and an aggressive method for raising extra capital. The market likewise help with the activation of assets particularly investment funds and diverting the same to gainful exercises in the economy in this way encouraging development and advancement. For the Government, the market assumes a twofold part; it furnishes the Government with a road through which it can raise the genuinely necessary assets particularly for the long haul activities, for example, framework improvement through the offer of securities, furthermore go about as a financial gauge in that by taking a gander at the

development in share costs and the stock exchange file, the Government can have the capacity to gage the execution of the economy everywhere and along these lines start either money related or monetary measures that can help with encouraging development and advancement (Munga, 2004).

1.1.3 Corporate Social Responsibility and Stock returns

Corporate social duty (CSR) is an imperative build in the scholarly world; simultaneously, CSR is turning into a squeezing thing on corporate plans too (Waddock and Smith, 2000).The corporate social obligation (CSR) idea has created in the course of the most recent four decades, and a significant group of research has underlined the positive connections between social duty and business openings as far as market open doors, profitability, human fitness and change of the aggressive setting (Porter and Kramer, 2006).

The improvement of socially mindful ventures and all the more by and large the thought by shareholders of non-budgetary execution puts Corporate Social Responsibility (CSR) into the light. Speculators think progressively about moral, social, natural, and corporate administration choices and exhibitions. This creates a developing enthusiasm for CSR rating. Galema et al. (2008) propose, however don't approve in their study, that the trouble in conveying to the fore the effect of CSR on returns could be clarified by the utilization of total measures of CSR. This collection of various parts could prompt perplexed impacts, due to inverse responses. They give the case of antinomic effects on expected returns of earth benevolent items (positive) and worker relations (negative) (Scholtens and Zhou, 2008). However, they locate somewhat exact proof of their investigation of US portfolios returns. Ron Bird and Reggiani (2007) propose that share qualities are affected by CSR parts, as well as by the entire CSR exercises, in a path shifting after some time.

1.1.4 Listed Commercial Banks in Kenya

Business banks are monetary go-betweens that serve as money related asset preparation focuses in the worldwide economy. They channel stores required by business and family unit parts from surplus spending to shortfall spending units in the economy. An all around created effective saving money area is a critical essential for sparing and speculation choices required for quick financial development. A well working saving money division gives a framework by which a nation's most gainful and proficient undertakings are efficiently and consistently financed.

The part of banks in an economy is principal since they execute financial approach and give intends to encouraging installment for merchandise and ventures in the residential and global exchange. At the Nairobi Securities Exchange the bank must have a base number of seven individuals as per the Companies Act section 486 of the laws of Kenya. A few business banks

are occupied with CSR and Stock returns, for instance, Equity Bank through the Equity Group Foundation, KCB through the KCB Foundation, Standard Chartered Bank, and Co-agent Bank. The decision of taking part in CSR and Stock returns exercises by banks relies on the financial points of view of the banks. There are banks which put stock in expanding the shareholders' esteem, while different firms have faith in boosting benefits as per (Friedman, 1962). Albinger and Freeman (2000) expressed that CSR and Stock returns is a component of productivity and which can inspire, pull in and hold the coveted workforce and enhance the execution of these banks.

1.2 Research Problem

As showed by Poovan, Du Toitn and Engelbrecht (2011) each and every corporate site/procedures/reports examine their endeavors for CSR which has transformed into a technique for ensuring that the affiliation is fulfilling each one of the duties towards society and in like manner is fit the bill for the allow to work. It ensures that the affiliation can create on practical preface. These activities of CSR running from little blessings to more prominent endeavors for social welfare viable practices differentiate from relationship to affiliation dependent upon the advantages available to a relationship for undertaking sensible practices. Guardian and Kramer (2013) battle that business practices of huge and productive associations, with a great deal of benefits at their end, have set the example for being centered around achievable practices. Such business houses far and wide show their commitment to social obligation.

Business Banks in Kenya has for a long time been incorporated into endeavoring to improve assemble around. Some have done recreations while others have possessed with educating the vagrants while notwithstanding all that others may be silently doing a specific a concept that boggles any weak minded person in the gathering around. Business Banks require practicality

which they view to mean tending to the prerequisites of the present without exchanging off the limit of future times to address their 6 have issues. Along these lines more Banks are being proactive and figuring out how to address issues, for instance, ecological change, oil depilation, imperativeness utilize, sports, normal preservation and cleanliness (Adams, 2013).

Nkaiwatei (2011) concentrated on the oil business in Kenya, Wanjala (2011) examined elements that impact corporate social duty in business banks in Kenya. Mwai, (2013) examined on the CSR on the corporate money related execution in the corporate and NGO organizations in Kenya. Osino (2013) examined on CSR among Small and Medium Enterprises; Cheruiyot (2010) explored on CSR among organizations recorded at the NSE; Mwangi (2009) looked into on CSR among portable communication firms in Kenya while Mwangi (2013) researched concentrated on assembling, development and associated division of the NSE. No study has been done on the relationship amongst CSR and Stock returns of recorded banks in Kenya. Thusly, this study looked to discover the relationship amongst CSR and Stock returns of recorded banks in Kenya. It was guided by the following research question: What is the relationship between CSR and Stock returns of listed banks in Kenya?

1.3 Research Objectives

The objective of this study was to establish the relationship between CSR and Stock returns of listed banks in Kenya.

1.4 Value of the Study

This study will help business banks to see how best to execute the corporate social obligation. It will likewise help the national bank to comprehend the impact of CSR and Stock profits for the recorded banks in Kenya.

The study will likewise build writing accessible on banks in Kenya, which might be utilized

by every one of the partners.

At long last the discoveries from this examination will help academicians in expanding of their syllabus regarding corporate social duty thus giving a more profound comprehension. The discoveries should draw in different scientists to wander into the ramifications of corporate social obligation on Stock returns that have not been examined in the African setting.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter looks at the past studies on the CSR initiatives and organization Stock returns and the link between the two. Section 2.2 discusses theories on relationship between CSR and Stock returns. Section 2.3 discusses empirical evidence on CSR and Stock returns. Section 2.4 discusses review of local research CSR and Stock returns. Section 2.5 presents summary of the chapter.

2.2 Theories on Relationship between CSR and Stock returns

The study is guided by the stakeholder hypothesis by (Freeman, 2004) and social contracts hypothesis by Donaldson and Dunfee (1999).

2.2.1 Stakeholder Theory

As indicated by partner hypothesis, firms have both unequivocal and verifiable contracts with different constituents, and are in charge of regarding all agreements (Freeman, 1984). Freeman (1994) verbalizes that the center of partner hypothesis is advanced in two key inquiries. To start with, "what is the motivation behind the firm?" This urges administration to make a common feeling of the esteem they make, hence uniting its partners. This improves the firm execution. Second, "what duty does administration need to partners?" This impels to outline how they need to work together and how they will identify with their partners in accomplishing their business objectives. Partners incorporate any gathering or person who has a stake in the accomplishment of an association objective. In the perspective of this hypothesis everybody meets up in making monetary esteem that enhances everybody

conditions. Generally, every true blue individual taking part in the exercises of the firm do as such to get benefits and their need is not plainly obvious.

As an outcome of regarding these assertions, an association builds up a notoriety that picks the terms of exchange it can guide with different associates. While express contracts true blue depict the relationship between a firm and its associates, fathomed contracts have no true blue standing and are inferred in the fiscal creation as self-executing social contracts. Since particular affirmations can be broken at whatever point, Telser (1980) fights that they find the opportunity to act normally executing when the present estimation of an alliance's increments from keeping up its notoriety (and, along these lines, future terms of exchange) is more recognizable than the difficulty if the firm reneges on its accumulated contracts. This hypothesis, in this manner predicts a positive relationship among CSR and corporate money related execution (CFP). By and by, accessory hypothesis has acquired enemies from different zones including ordinary cash related edges, mechanical relations and association. Sternberg (1997) for instance, fights that the models of assistant theory undermine the property advantages of the proprietors of the affiliation, bargain the instrument of the free market, destabilize the operations of governments and along these lines subvert the technique for private undertaking.

2.2.2 Social Contracts Theory

As per Weiss (2008) —a social contract' is a course of action of models and suspicions about behavioral cases among the differing parts of society' (p.161). This hypothesis joins authentic thought with associate association. A tremendous part of the social contract is set up in the conventions of society. The hypothesis says that the social contract is point by point among individuals and affiliations while trading something. Weiss conveyed that key social contract

hypothesis is fundamental trust and relationship between the connection and the accessories (Weiss 2008).

Weiss (2008) struggled that affiliations can succeed just by determining contracts with the clients and open. He progress conveyed, that a social contract can be considered actioned morally. This can be tended to by taking after demand: —What is the strategy for the contact, and are all get-togethers content with it? Are clients content with the things and associations and how they are overseen by an affiliation's administrators? Are providers, dealers and shippers all fulfilled by the honest to goodness limiting concurrences with the attempts? Do individuals from the get-togethers in which the affiliation is found trust the affiliation is a cautious and responsive subject? Does the affiliation pay what's setting off to its of charges? Do delegates trust they are paid a sensible wage, have appealing working conditions and are being made?

Donaldson and Preston (1995) cleared up that social contract hypothesis sets up the general realness of business and further detainments and changes ought not be a touch of the comprehension. Regardless, they battled that the developments ought to be made inside the obstructions of the comprehension. Social contract theory concentrates on the relationship between the business clients and accessories. The entire arrangement money related purposes of enthusiasm for affiliations, shareholders and particular assistants ascend out of the concurrences with them, which ought to acclimate the outside and inside heading of the endeavors. In like manner, the assistant association approach of the affiliation is grounded in the likelihood of the social contract.

2.2.3 Legitimacy Theory

Realness speculation is based upon the prospect that the firm incites a social contract, where it agrees to perform distinctive socially fancied exercises as a side effect of support of its objectives, diverse prizes and its conclusive survival. Genuineness speculation puts that corporate exposures react to regular segments (money related, social and political) and that disclosures legitimize exercises (Preston and Post 1975; Hogner 1982; Lehman 1983; Lindblom 1983). It thusly needs to uncover enough social information for society to assess whether it is a better than average corporate local. In legitimizing its exercises by method for disclosure, the organization trusts in the end to legitimize its continued with nearness (Lehman 1983). This speculation is, as it were, responsive in that it prescribes that affiliations intend to make similarity between the social qualities regular (or derived) in their activities and 41 societal gauges (Lindblom 1983). Corporate social exposures may then be considered as reacting to nature where they are used to legitimize corporate exercises.

The theories discussed above deal with the social commitment of business and the piece of business in the general population eye. Accomplice and genuineness theories, both got from political economy composing, give covering perspectives on the relationship among affiliations and society (Gray, Kouhy, and Lavers, 1995). Realness hypotheses are taught by various perspectives, two of which add to this examination of reporting.

2.3 Determinants of Firm Stock returns

2.3.1. Size of the Firm

The firm size has been spoken to as firms' total arrangements .Scott and Martin (1975) communicated that the firm size is one of the gigantic parts which impact the associations' commitment and benefit payout. Bradley et. al., (1998) drove a study on a case of 75 Firms. The results showed that the associations with high expected wage chance have cut down

payout extent. The measure of the association can decidedly influence cash related execution in light of the fact that greater firms can use this ideal position to get some financial favorable circumstances in business relations. Broad associations have less requesting access to the most basic factors of creation, including HR. Similarly, tremendous affiliations every now and again get less costly financing. Economies of scale may apply in like manner which induce that a tremendous firm can hint at change credit charge besides an unrivaled refund rate as a result of an inconceivable sum that it buys, division of high adjusted costs across over considerable number of units.

2.3.2. Liquidity

There are two inverse perspectives relating the relationship amongst liquidity and Stock returns. As indicated in terms of professional career off hypothesis, the more fluid firm would utilize outer financing because of their capacity of paying back liabilities and to get advantage of duty shields, bringing about positive relationship amongst liquidity and influence. Pecking request hypothesis accept that the more fluid firm could utilize first its interior supports and would diminish level of outer financing, bringing about negative relationship amongst liquidity and Stock returns. Most studies have found the negative relationship (Mazur, 2007). Very few studies have tried the impact of liquidity on the decision of capital structure. Mazur (2007) and Ahmad et. al., (2011) measured liquidity as the proportion of current resources for current liabilities. In this study, Liquidity will likewise be measured as the proportion of current resources for current liabilities.

2.3.3. Profitability

There are two inverse perspectives relating relationship amongst benefit and Stock returns. Myers (1984) in his pecking request hypothesis predicts that organizations lean toward raising capital from held profit, then from obligation, then from issuing value. The cost of capital directs the rank of the pecking request under topsy-turvy data and market blemishes.

In the case of pecking request applies, then, higher productivity will compare to a lower obligation proportion holding different things measure up to. Thus, pecking request hypothesis accept negative relationship between Stock returns and productivity. In the exchange off hypothesis, organization costs, duties and chapter 11 costs push more productive firms toward higher book influence. Initially, expected insolvency costs decay when benefit increments. Also, the deductibility of corporate intrigue installments incites more beneficial firms to back with obligation. In a tradeoff hypothesis system, when firms are gainful, they favor obligation to profit by the duty shield. Also, if past productivity is a decent intermediary for future benefit, gainful firms can get more, as the probability of paying back the advances is more prominent. In the office models of Jensen and Meckling (1976) and Jensen (1986), higher influence controls office issues by driving supervisors to pay out a greater amount of the organizations overabundance money. In like manner, the tradeoff hypothesis predicts a positive relationship amongst gainfulness and influence.

2.4 Empirical Studies

Waddock and Graves (1997) and Scholtens (2008) in their study to separate the causality between corporate budgetary execution and corporate social execution, found a bidirectional relationship among CSR and FP, which makes it difficult to dismember the causality between corporate financial execution and corporate social execution. Konar and Cohen (2001) found that noteworthy ventures purposefully over-take after regular controls and remotely portray a photo of being earth concerned; and these associations are compensated in the business focus with a market regard increase. Lassen and McLaughlin (1996) focused on 14 creating portion firms to surmise that biological organization can expect a positive part in improving corporate cash related execution. In researching the linkages between common execution and cash related execution in regards to the market regard, Konar and Cohen (2001) fought that a firm with a prevalent environmental execution has a critical constructive outcome on its

sensible worth.

Campbell and Shiller (1990) derived a cointegrated show revenue driven, cost, and salary, a model that was then recast as a vector auto-backslide in the log benefit esteem extent, the conformity in log benefits, and the log benefit esteem extent. Applying this model to the aggregate U.S. securities trade covering the period from 1871 to 1987, they deduced that restrictive around 7% of the distinction of yearly securities trade returns can be legitimized similarly as new information about future benefits. Pesaran (2010) tosses some instability in the capable market theory clears up in his study that —only in the over the top and irrational circumstance where all information and trading costs are zero one would suspect that expenses will totally reflect every available dat. Regardless, if information is in sureness cost-less, it would be known even before market expenses are developed.

Warren Buffet (2013) illuminates in his review that his favored measure of currency markets is the Stock returns extent. He said that —The showcase estimation of all exchanged on an open market securities as a rate of the country's business—that is, as a rate of GDP—has certain imperatives in telling you what you need to know. Still, it is no doubt the best single measure of where valuations stay at any given moment. The climbing of the extent to extraordinary levels should be an uncommonly strong banner to examiners. Hussman (2013) in like manner discusses his contemplations on the perceptive limit of the Stock returns extent. In his 2013 study, he clears up that —Notably, the market estimation of U.S. values regarding GDP—however not as raised as at the 2000 air take top—is not demoralized by any strategies. Notwithstanding what may be normal, since the 1940's, the extent of significant worth market regard to GDP has demonstrated a 90% association with resulting 10-year indicate returns on the S&P 500 and the present level is associated with expected yearly total benefits for the S&P 500 of somewhat more than 3% consistently.

Fauzi (2009) did an examination on firms recorded on the New York Securities Exchange (NYSE) to choose the relationship among CSR and corporate cash related execution. Using a case of 101 associations recorded at the NYSE and a backslide appear with cash related execution as the dependent variable and CSR document as the free element, he found that CSR has no effect on CFP. He however found that impact (a control variable in the model) moderatingly influences the participation among CFP and CSR.

Buffet clears up the significance of the Stock returns extent in valuation the stock trade. In his review, he said that —... at whatever point that valuation stays at more than 100% of the total stock and undertakings in the economy suggests the time has come to be cautious about typical stocks. He then referred to a couple of valid events wherein the Stock returns extent was at its irrefutable apex, which incited the inescapable stoppage of the US securities trade. —In the year 2000, just before the market softened up the site bubble, the Stock returns was 183%. Besides, 2007, for the most part as the cabin credit air pocket was impacting, the extent was regarded at 135%. These are all times when the share exchanging framework looks overstated. In comparative review, he in like manner pointed out the illustrations when the Stock returns extent hailed a segment to the share exchanging framework. —The acquiring point for stocks was come to in March 2009, when the extent was only 73%. By examination, in the bear market of 1975 the extent was 75%, positively a buy hail... Even a predominant open entryway was 2009 when the extent tumbled to half. He encourage clarified by saying that —Most securities trade peaks have coordinated with a raised level for the Stock returns extent. It was the best way to deal with see the site bubble getting in contact and what's more the moving nearer whirlwind of the cabin and credit ascend in 2008.

There are studies that battle that it is not to the best favored point of view of shareholders for a firm to be required in CSR hone. Griffin and Mahons (1997) for instance assembled that the relationship among CSR and CFP could ensure, fair, and negative. They mapped

contemplates on the relationship among CSR and CFP for the periods of 1970s (16 studies), 1980s (27 studies), and 1990s (8 concentrates on), totaling around 51 articles. In the 1970s, out of 16 studies, 12 uncovered a positive course of the relationship among CSR and CFP. So furthermore in 1980s and 1990s, the positive bearing had been addressed 14 out of 27 studies and seven out of eight concentrates, autonomously. Negative results were kept up by one study in the 1970s, 17 ponders in the 1980s, and three studies in the 1990s while four studies in the 1970s and five studies in the 1980s gave questionable revelations.

Matten and Moon (2004) displayed that CSR hones separate from country to country in light of contrasts in their social conventions. In a consequent study, Matten and Moon (2008) demonstrated that these arrangements in CSR transversely over nations happen as showed by Whitley's (1999) national business frameworks structure. Specifically, they express that CSR in US affiliations has, in light of present circumstances, been unequivocal, while in Europe, in any event up 'til now, it has all things considered been gotten on. They finish up their examination by surveying the technique for the political, cash related, rule, work and social frameworks in the UK and Europe and explain how separates in these key institutional fields influence CSR on either side of the Atlantic. Advance, Visser (2007) conveyed that social customs fervently affect CSR execution in affiliations. CSR and benevolence are firmly related in making nations, things being what they are, because of their social customs. Culture is unequivocally subject to the religion took after, and in different Asian nations individuals hone Hinduism, Buddhism, Islam and Christianity.

Nelson (2004) demonstrated that Buddhist conventions are changed as per CSR in Asian nations. Moreover, Chapple and Moon (2005) have highlighted that 'CSR moves comprehensively among Asian nations however that this combination is not cleared up by [levels of] movement but rather by fragments in the particular national business structures'. These variables join their political, cash related, planning, work, and social frameworks. Gifts

and great practices are a vital subject of Buddhist theory; in this manner, really taking shape nations in Asia different charitable activities are considered as CSR. Burton et al. (2000) discovered complexities in the relative criticalness of the sorts of CSR commitments between Hong Kong and US understudies. Küskü and Fraser (2004) reported gigantic arrangements in CC rehearses among Australian and Turkish affiliations. These refinements merged the nonappearance of genuine headings and honest to goodness use of ordinary and against division laws, separates in the level of top association vitality for CSR, solid authoritative obligation and inside corporate culture, moreover in client steadiness. Particular producers have imparted that social contrasts are the essential thought behind these arrangements, while the level of progress of a nation might be a key pointer (Burton et al. 2000; Chapple and Moon 2005).

An impressive measure of CSR creating has been scattered on cross-national CSR groupings (Küskü and Fraser 2004; Chapple and Moon 2005), CSR applications (Carroll 1979; Wood and Jones 1995; Whitley 1999) and the progress of CSR structures for made nations (Clarkson 1995; Davenport 2000). In any case, there is little insistence identified with CSR structures, records and measures for making nations. On the other hand, specialists have brought up that CSR gives different vague motivations behind energy, for example, showcase notoriety, operator fulfillment, buyer unwavering quality, government support and change and survival. It can be fought that affiliations execute CSR dares to get business benefits (Porter and Kramer 2002, for example, improved undertaking picture and notoriety (Schwaiger 2004), augmented game plans and client consistency, expanded efficiency and quality, diminished flexible quality and costs; better control and association of dangers, a superior limit than attract and hold delegates, and higher worker inspiration. These central focuses have been found in the relationship in making nations that have related CSR contemplations, and in the entire arrangement this may improve affiliation CP (Ruf et al.

2001; Rais and Goedegebuure 2009). In any case, no fast attestation is interested in show that affiliations can profit by executing CSR coordinates in making nations.

Several focuses on (Chambers et al. 2003; Welford 2005; Baughn et al. 2007) have found that social contrasts are the gigantic constraint to getting comprehensive CSR benchmarks really taking shape scene. In addition, these producers have struggled that there are different capabilities among the making nations themselves, and hence system progress is a huge issue. In spite of this, Visser (2007) has presented a normal CSR structure for Asian and African nations in light of Carroll's CSR pyramid thought. In like way, the alliance's first duty is cash related responsibility, the second is liberal, the third is true blue and the fourth is optional commitment. The motivation behind the present study is to build up a CSR structure for a particular nation, for example, Sri Lanka, to perceive level of CSR practices, and look at the relationship among CSR and affiliation benefit utilizing budgetary bookkeeping degrees, utilizing the information open for the affiliations recorded by the Colombo Stock Exchange (CSE).

Mwai (2013) broke down the effect of the corporate social commitment on the corporate trade related execution out the corporate and NGO relationship in Kenya. Utilizing specific research graph and inferential examination, the study endeavored the indication of the relationship between Corporate Social Responsibility and Corporate monetary execution in NGO-Corporate utilizing colleague information covering a five year time distribution from 2008 to 2012. The study found a fundamental positive relationship between's Corporate Social Responsibility and Corporate Financial Performance of Corporate partaking in relationship with NGOs. The relationship postponed outcome of the study demonstrate found a positive relationship between's Corporate Social Responsibility and with both Corporate Size (log of favorable circumstances) and Cash Conversion Cycle. Moreover, the affiliation result found a negative relationship between Corporate Social Responsibility and Leverage.

Osino (2013) examined the relationship between corporate social duty and money related execution of little and medium attempts in Kenya. It showed that distinctive studies have been coordinated to discover the relationship between corporate social commitment (CSR) rehearses and their money related execution inside the general level for enormous firms yet not in the Kenyan SME locale. Return on resources degree was utilized as a bit of measuring connection's money related execution with lose the faith examination. The study uncovered that there was a positive and essential relationship between's ROA, particular segments under study and net pay. Consequently, there is a positive relationship between net wage, CSR, budgetary execution and change in the aggregate resources. Works out as expected in like way show that the relationship among's ROA and change in CSR and net wage was essential. The relationship between's ROA, change in pay, progression in CSR and net pay was sure and enormous.

Cheruiyot (2010) concentrated on the relationship between corporate social responsibility and money related execution of affiliations recorded at the Nairobi Stock Exchange. As indicated by the disclosures, CSR has a positive relationship to the money related execution of firms. The honest to goodness imperativeness is noted in the Return on resources (ROA) and Return on courses of action (ROS). The study mulled over that there is a positive relationship among CSR and cash related execution of affiliations recorded at the Nairobi Stock trade. Mwangi (2009) researched the relationship between corporate social duty and budgetary execution of advantageous correspondence firms in Kenya. The exposures were that the issues that had a noteworthy measure of impact of CSR were worker success and security issues, the need to control risky squanders and the security of things, however relationship with experts unions, retirement benefits issues, non-representation of premium social events in association, and strife in showcasing were not enter issues in the CSR arrangements of the telephone relationship in Kenya.

Mwangi (2013) investigated on the relationship between corporate social duty hones and budgetary execution of firms in the get-together, headway and related part of the Nairobi Securities Exchange. Partner information was picked up from the dissected money related reports of the relationship for the period from 2007 to 2011. Corporate social commitment score was picked up utilizing content examination of reports of the relationship on different segments of corporate social duty as reported in their evaluated money related reports. An other descend into sin model was created to pick the relationship between the two components. The outcomes exhibited the closeness of a relationship between the self-decision components (corporate social duty score, making productivity and capital power) utilized as a part of the model and the poor variable (advantage for resources) with an affiliation coefficient of 0.870. The deferred outcomes of the concentrate additionally demonstrated that there was a pointless positive relationship between corporate social duty hone and cash related execution. Money related execution and social affair .

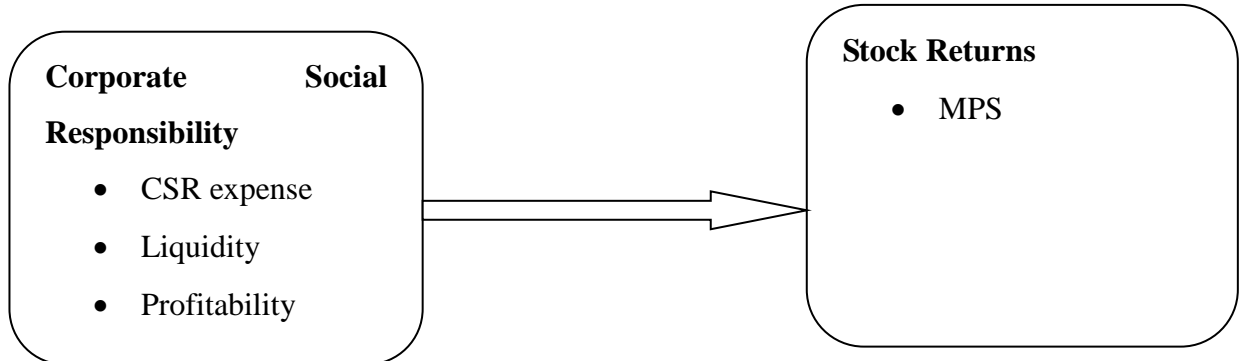
2.5 Conceptual Model

The Conceptual model gives a portrayal on how the factors are identified with each other. The factors characterized here are the autonomous (illustrative) and the needy (reaction) variable. A free factor impacts and decides the impact of another variable. The free factor in this study is corporate social duty. Subordinate variable is that element which is watched and measured to decide the impact of the autonomous variable. The reliant variable is stock return. Control factors are unessential components, perhaps influencing the analysis, that are kept steady in order to minimize their consequences for the result. In this study the control variables are liquidity and benefit

Figure 2.1: Conceptual Model

Independent variable

Dependent variable



2.6 Summary of Literature Review

While numerous studies have been done on CSR, not very many have looked to build up how they influence Stock returns in managing an account industry (Friedman, 2003; Vyakarnam, 2005; Wright and Ferris, 1997; Cordeiro and Sarkis, 1997). Large portions of the concentrate just focused on the impact of CSR on firm execution. This study recognized the current learning crevice on the impact of CSR on Stock returns of recorded banks in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the proposed research design, population, data collection and finally, data analysis that was employed.

3.2 Research Design

The study utilized an expressive overview as its exploration outline. Reviews are helpful in portraying the qualities of an expansive populace. Moreover, high unwavering quality is anything but difficult to acquire by giving all subjects an institutionalized jolt which guarantees that spectator subjectivity is significantly disposed of (Mugenda and Mugenda, 1999). This plan was favored in light of the fact that huge specimens are practical, making the outcomes factually noteworthy notwithstanding while dissecting different factors. The main role of the study was to concentrate on the relationship amongst CSR and Stock returns in recorded banks in Kenya.

3.3 Population of Study

Target populace alludes to the populace as at July 2016 to be examined or which the specialist needs to sum up his discoveries from the study. The objective populace included the ten recorded business banks at the Nairobi Securities Exchange as at July 2016 (Appendix I)

3.4 Data Collection

The study gathered auxiliary information. Auxiliary information was gathered from the different CBK Bank Supervision Annual Reports from the Central Bank of Kenya. The day and age that this study inspected was 5 years, which is a significant long era for Value pertinence thinks about. A five-year time span likewise relates to suggestions given by Easton

et al. (1992), who express that a time of five years can extensively clarify Stock returns.

3.5 Data Analysis

Information gathered was altered, coded and characterized into various parts to encourage a superior and proficient investigation. With the end goal of this study, CSR practice was broke down utilizing different parts in particular; natural CSR rehearse; group CSR hone; worker CSR hone; item/client CSR hone and other CSR hones. The "other" CSR hones constituted every one of those different exercises of CSR which couldn't be ascribed to any of the distinguished four CSR rehearses. Relapse investigation was utilized to test the relationship amongst CSR and Stock returns of recorded banks in Kenya.

3.5.1 Analytical Model

The numerous direct relapse model and t-measurement was utilized to decide the relative significance (affectability) of free factor in influencing the Stock returns of recorded banks in Kenya. The outcomes are said to be factually noteworthy inside the 0.05 level, which implies that the noteworthiness esteem must be littler than 0.05. The essentialness was controlled by the t-esteem, which demonstrates what number of standard mistake implies the specimen separates from the tried esteem (Kothari, 2004).

The numerous straight relapse logical model particular was as per the following

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon.$$

Where;

Y= Stock returns= [MPS]

$$\text{Total Stock Return} = \frac{(P_1 - P_0) + D}{P_0}$$

P_0 = Initial Stock Price

P_1 = Ending Stock Price(Period 1)

D = Dividends

$X_1 = \text{CSR practice} = [(\text{CSR expense} / \text{Total assets}) * 100]$

$X_2 = \text{Liquidity}$ was measured by market liquidity ratio

Market liquidity ratio = $\frac{\text{Cash and equivalents} + \text{Short-term investments} + \text{Accounts receivable}}{\text{Current liabilities}}$

$X_3 = \text{Profitability}$ was measured by the ROA

$\text{ROA} = \frac{\text{Net Income}}{\text{Average Total Assets}}$

$\text{EPS} = \text{net income} / \text{average outstanding common shares}$

ε = error term

β = coefficient of independent variables

α = constant

3.5.2. Test of Significance

The consequences of the relapse examination were translated in view of the R², ANOVA, noteworthiness of F insights and the essentialness of beta qualities from the coefficients of the X factors. Results were said to be factually noteworthy inside the 0.05 level, which implies that the hugeness esteem must be littler than 0.05. Essentialness was tried at 5% level.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research objective and research methodology. The general objective of the study was to establish the relationship between CSR and Stock returns of listed banks in Kenya. The data was gathered exclusively from the secondary source which included records at companies audited financial report. Data was collected from a total of 10 banks listed at Nairobi securities exchange.

4.2 Descriptive Statistics

Illustrative insights are the measures that characterize the general way of the information under study. They characterize the way of reaction from essential information as well as auxiliary information. Graphic measurements for this study were: mean, standard deviation, least and most extreme and. Distinct information investigation was performed on the stock return, CSR, liquidity, return on resources and procuring per share. The illustrative measurements results are arranged underneath

Table 4.1: Stock return

	Minimum	Maximum	Mean	Std. Deviation
2011	-.77	-.14	-.4030	.16412
2012	-.14	.88	.4000	.29364
2013	.17	1.12	.4950	.26954
2014	-.07	.67	.2370	.23113
2015	.17	1.13	.5010	.27327

Table 4.1 presents the discoveries on the illustrative measurements for stock return for the years 2011-2015. Stock Returns are the profits that the financial specialists produce out of the share trading system. This arrival could be as benefit through exchanging or as profits given by the organization to its shareholders every once in a while. The methods depict year 2015 with the most astounding mean of 0.5010 while 2011 reported the least stock return of -0.2030. Also the scores of standard deviation demonstrate variety in stock return for the different recorded banks measurably.

Table 4.2: CSR

	Minimum	Maximum	Mean	Std. Deviation
2011	3.78	157.00	77.4510	56.16557
2012	.00	235.00	89.8730	73.97292
2013	.00	555.31	142.7780	159.06977
2014	.00	571.97	147.0614	163.84179
2015	.00	589.13	151.4732	168.75703

Table 4.6 presents the discoveries on the enlightening measurements for CSR rehearse for the 5 years 2011-2015 with the most reduced being 77.451 million in the year 2008 and the most elevated being 151.4732 million in 2015. Furthermore the standard deviation figures are high for CSR work on, showing that the information focuses are spread out over an expansive scope of qualities, implying that there is abnormal state of inconstancy in the information. There is a tight crevice between the most extreme and least CSR rehearse, which implies that there is low fluctuation of CSR practice change in the banks.

Table 4.3: Liquidity

	Minimum	Maximum	Mean	Std. Deviation
2011	.00	.43	.3050	.11769
2012	.00	.47	.3530	.13590
2013	.00	.68	.3520	.16565
2014	.27	.46	.3540	.06293
2015	.30	.51	.3890	.06935

The discoveries as appeared in Table 4.1 above show the pattern of liquidity values over the 5 year time span. The least esteem for liquidity was a mean of 0.3050 in year 2011 while the most astounding quality for liquidity was a mean of 0.3890 in year 2015. This spoke to a positive change in the liquidity mean estimations of 0.084 over the 5 year time span. The unflinching ascent in liquidity values over the 5 year time frame shows that the money related execution of the recorded banks has been on the expansion throughout the most recent 5 years. Then again, low scores of standard deviation show low variety in the monetary execution for the different recorded banks, measurably.

Table 4.4: ROA

	Minimum	Maximum	Mean	Std. Deviation
2011	2.23	7.18	4.8020	1.52112
2012	1.70	7.40	4.9800	1.64911
2013	1.90	7.70	5.0700	1.49298
2014	1.98	8.01	5.2730	1.55237
2015	1.98	8.04	5.2930	1.55959

In view of the discoveries over, the most minimal esteem for ROA was a mean of 4.8020 in year 2010 while the most noteworthy esteem for ROA was a mean of 5.2930 in year 2015. This spoke to a positive change in the ROA mean estimations of 0.491 over the 5 year time frame. The unfaltering ascent in ROA values over the 5 year time span demonstrates that the stock returns of the banks have been on the expansion throughout the most recent 5 years. Then again, low scores of standard deviation show low variety in the money related execution for the different banks, factually.

Table 4.5: EPS

	Minimum	Maximum	Mean	Std. Deviation
2011	1.49	19.28	6.6060	5.74397
2012	1.49	26.60	8.1830	8.21385
2013	1.40	30.00	9.4640	9.29399
2014	1.50	33.80	10.5630	10.44999
2015	.00	24.78	9.4770	8.33082

Table 4.5 presents the findings on the descriptive statistics for EPS for the years 2011-2015. The means portray a steady increase in the EPS for all the listed banks with the lowest being 6.6060 in the year 2011 and the highest being 10.5630 in 2014. Additionally the standard deviation figures are high for EPS, indicating that the data points are spread out over a large range of values, meaning that there is high level of variability in the data. There is a narrow gap between the maximum and minimum EPS, which means that there is low variability of EPS change in the banks

4.3 Inferential Statistics

The study further applied general Linear Model to determine the predictive power of the relationship between corporate social responsibility and stock returns in listed banks in Kenya. This included regression analysis, the Model, Analysis of Variance and coefficient of determination.

4.3.1 Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the relationship between earnings management and stock market returns among companies listed in Nairobi Securities Exchange. The study used SPSS V 21.0 to code, enter and figure the estimations of the different relapses for the study.

Coefficient of assurance discloses the degree to which changes in the reliant variable can be clarified by the adjustment in the autonomous factors or the rate of variety in the needy variable (securities exchange give back) that is clarified by all the four free factors (CSR practice, Liquidity, profitability, and EPS).

4.3.2 Model Summary

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.925 ^a	.856	.801	.04131

Table 4.8 outlines that the quality of the relationship between stock returns and autonomous factors. From the assurance coefficients, it can be noticed that there is a solid relationship amongst needy and free factors given a R2 estimations of 0.856 and changed in accordance with 0.801. This demonstrates the free factors (CSR rehearse, Liquidity, benefit, and EPS) represents 80.1% of the varieties in stock returns as measured by MPS.

4.3.2 ANOVA Results

Table 4.7: ANOVA of the Regression

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	80.375	4	20.094	8.635	.002 ^a
	Residual	11.635	5	2.327		
	Total	92.01	9			

The significance value is 0.002 which is less than 0.05 thus the model is statistically significant in predicting how (CSR practice, Liquidity, profitability, and EPS) affect stock returns. The F critical at 5% level of significance was 2.25. Since F calculated is greater than the F critical (value = 8.635), this shows that the overall model was significant.

4.3.3 Coefficient of Correlation

Table 4.8: Coefficient of Correlation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.103	4.653		5.132	0.000
	CSR practice	0.852	7.710	0.1032	6.569	.001
	Liquidity	-0.231	17.177	0.1178	3.968	.002
	ROA	0.654	6.295	0.1425	4.117	.004
	EPS	0.463	5.319	.694	2.463	.021

Source: Author (2015)

Multiple regression analysis was led as to decide the relationship between the relationship between stock returns and the four factors. According to the SPSS created table beneath, relapse condition

(Stock Returns= $\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$) gets to be:

(Stock Returns = $1.103 + 0.852 X_1 + 0.231 X_2 + 0.654 X_3 + 0.463 X_4$)

As indicated by the relapse condition built up, considering all components (CSR rehearse, liquidity, ROA and EPS) steady at zero, stock returns will be 1.103. The information discoveries investigated additionally demonstrates that taking all other free factors at zero, a unit increment in CSR practice will prompt a 0.852 increment in stock returns; a unit increment in ROA will prompt a 0.654 increment in stock returns, unit increment in liquidity will prompt a 0.231 increment in stock returns, while a unit increment in EPS will prompt a

0.463 increment in stock returns

This surmises CSR rehearse contributes most to the stock returns took after by ROA. At 5% level of essentialness and 95% level of certainty, CSR rehearse, ROA, liquidity and income was all noteworthy in stock returns.

4.4 Summary and Interpretation of Findings

The target of the study was to decide the impacts of corporate social duty on stock returns in the recorded banks in Kenya. The goal was evaluated by utilization of auxiliary information and the resulting examination in view of the factors of the study.

From the discoveries, stock returns of the recorded banks under study expanded over the 5 year time frame. The mean increment in the stock comes back from - 0.2030 in year 2011 to 0.5010 in year 2015 show a consistent development in the recorded banks' stock returns over the 5 year time frame. Along these lines, corporate social obligation improved the stock returns of the recorded banks in Kenya. These discoveries are reliable with Margolis and Walsh's (2003) survey who led 127 studies and found that CSR has been utilized as a needy variable and is impacted by the stock returns. In 22 out of 127 studies looks into, 22 considers, 16 thinks about reported a positive relationship between stock returns and CSR. In 109 of 127 studies, CSR was dealt with as a free factor ready to impact the stock returns. Right around 54 concentrates on out of 127 studies reported a positive relationship and just seven demonstrated a negative relationship. The rest of the studies out of the 127 studies, 28 found a non-critical connection and 20 reported blended results. Margolis and Walsh (2003) proposed the connection and the impacts between the CSR and stock returns ought to be broke down in subtle elements keeping in mind the end goal to have a more entire vision of the subject.

CSR rehearses contribute most to the stock returns took after by ROA and that at level of criticalness and 95% level of certainty, CSR hone, ROA, liquidity and income was all noteworthy in stock returns. In opposition to the discoveries, Gichana (2004) then again did an overview of corporate social obligation hones by Kenyan Companies: A case for organizations recorded in the Nairobi Securities Exchange. In his study, his goal was to distinguish the CSR practices of firms recorded on the NSE and to decide the elements that clarify the sort of CSR practices. From the discoveries, CSR rehearses in Kenyan organizations were observed to be generally liberal and did not influence the budgetary execution of organizations recorded in the Nairobi securities trade. Thus, Fauzi (2009) did an exploration on firms recorded on the New York Securities Exchange (NYSE) to decide the relationship amongst CSR and corporate money related execution. Utilizing an example of 101 organizations recorded at the NYSE and a relapse show with monetary execution as the needy variable and CSR list as the free factor, he found that CSR has no impact on CFP. He however found that influence (a control variable in the model) moderatingly affects the connection amongst CFP and CSR.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the discoveries of the study are condensed and talked about in connection to the study. Likewise in the section are the impediments, conclusion and proposals utilized for arrangement and practice and recommendations for further research in the zone of Corporate Social obligation.

5.2 Summary of Findings

The study required to build up the impacts of corporate social duty on stock returns of recorded banks. Auxiliary Data was gathered from the corporate yearly reports for the period and information accumulation sheet. The study utilized expressive plan, which portrayed the pertinent parts of the wonders under thought and give itemized data about each significant variable. Numerous relapse model was utilized to see if there is a relationship between the factors to be allotted and to discover if the relationship is critical or not.

The study built up that there is unfaltering ascent in MPS values over the 5 year time span shows that the stock returns of the recorded banks has been on the expansion in the course of the most recent 5 years. The concentrate assist uncovered a consistent increment in the CSR rehearse for all the recorded manages an account with the with the most reduced being 77.451 million in the year 2008 and the most elevated being 151.4732 million in 2015. An unfaltering increment on liquidity was additionally noted with the most minimal having a mean of 0.3050 in year 2011 while the most astounding quality for liquidity was a mean of 0.3890 in year 2015. ROA additionally reported an expanding pattern with a mean of 4.8020 in year 2010 while the most noteworthy esteem for ROA was a mean of 5.2930 in year 2015.

The concentrate additionally settled a relentless increment in the EPS for all the recorded saves money with the least being 6.6060 in the year 2011 and the most astounding being 10.5630 in 2014.

The study discovered that considering all components (CSR hone, liquidity, ROA and EPS) steady at zero, stock returns will be 1.103. The information discoveries examined additionally demonstrates that taking all other autonomous factors at zero, a unit increment in CSR practice will prompt a 0.852 increment in stock returns; a unit increment in ROA will prompt a 0.654 increment in stock returns, unit increment in liquidity will prompt a 0.231 diminishing in stock returns, while a unit increment in EPS will prompt a 0.463 increment in stock returns.

5.3 Conclusions

The study infers that considering all elements (CSR hone, liquidity, ROA and EPS) steady at zero, stock returns will be 1.103. The information discoveries dissected additionally demonstrates that taking all other free factors at zero, a unit increment in CSR practice will prompt a 0.852 increment in stock returns; a unit increment in ROA will prompt a 0.654 increment in stock returns, unit increment in liquidity will prompt a 0.231 reduction in stock returns, while a unit increment in EPS will prompt a 0.463 increment in stock returns. The study presumed that there is a reasonable critical relationship between the CSR and stock returns (stock returns) for all totaled recorded banks in Kenya. The Regression investigation on recorded banks in view of the market estimate inferred that CSR impacted the stock profits for all banks.

5.4 Policy Recommendations

Banks ought to participate in a lot of CSR exercises as this expands their client base which

will in the long run increment the measures of benefits subsequently the organization's stock returns additionally moves forward. In addition, CSR builds an association's perceivability and exposure. By taking part in CSR, firms are in a position to contribute generally to the group on the loose.

The positive relationship amongst CSR and stock returns proposes that banks administrators can utilize CSR to enhance client trust, moderate reputational hazards, and make long haul shareholder esteem. In spite of the fact that CSR is discretionary in Kenya, banks CEOs and Boards of Directors ought to know about the vital advantages that banks may achieve from taking part in CSR exercises.

5.5 Limitations of the Study

Amid the exploration, different restrictions may have influenced the discoveries of this study. For example, the study depended on auxiliary information sources. Optional information can be untrustworthy on the off chance that they were expected for different purposes like satisfying the shareholders and the administration, which will prompt the banks to change their financials or give wrong data to the specialists. This should be possible keeping in mind the end goal to persuade outer partners and shareholders that the banks are performing great.

Deciding how CSR and stock returns are associated is muddled by the absence of accord of estimation strategy as it identifies with CSR. Subjective markers are utilized amid the information examination handle that is vague precisely how these pointers measure are program to give the exact results. Along these lines, data about CSR is interested in inquiries regarding impression administration and inclination. At times an association can over report or others under report.

Assist, the stock returns of the recorded banks in Kenya are impacted by different variables

other than commitments to the CSR exercises. In this way, building up the relationship between the two factors CSR and stock returns could be defective. The study tried the importance of the relationship built up to ease the study.

5.6 Suggestions for Further Study

Not all that numerous studies have been done on this range of research here in Kenya, along these lines it's still a crude field and there are such a variety of crevices which facilitate studies can connect it. In this way, encourage Studies could be completed on similar theme, which may incorporate studies on the impacts the corporate social duty on stock returns of recorded organizations in Kenya.

It is further prescribed that a study be embraced to figure out whether interest in CSR expands the client trust, alleviation of notoriety dangers and makes a long haul shareholder esteem. On or after the reasonable confinement understood, the study could have been led on different parts of corporate social obligation. Different perspectives that could be considered later on in he same field incorporate partners impression of Corporate Social Responsibility, the relationship between corporate social duty and gainfulness and the connection amongst CSR and system, contextual analysis on whether CSR is an outlet for defilement, where supervisors utilize reserves for their own pick up in recorded banks. This could depict the past, simultaneous and resulting stock returns identified with both CSR execution and gainfulness.

Likewise, this concentrate just covers a time of five years from 2011 to 2015 as a result of lack of information. Future studies could build the extension and consider the Relationship between corporate social duty and securities exchange returns among recorded banks in

Kenya.

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Appendix I: Listed Commercial Banks as at December 2015

1. Barclays Bank of Kenya Limited
2. CFC Stanbic of Kenya Holding Limited
3. I&M Holdings Ltd
4. Diamond Trust Bank
5. Kenya Commercial Bank Limited
6. National Bank of Kenya
7. NIC Bank Limited
8. Standard Chartered Bank Limited
9. Equity Bank Limited
10. Co-op Bank of Kenya Limited

(Source: Nairobi Securities Exchange website, 2016)

Appendix II: Stock Returns

	2011	2012	2013	2014	2015
Barclays Bank of Kenya Limited	-0.77	0.28	0.17	-0.01	0.17
Co-op Bank of Kenya Limited	-0.33	0.07	0.44	0.16	0.45
I&M Holdings Ltd	-0.49	0.36	1.12	0.52	1.13
Diamond Trust Bank	-0.32	0.29	0.66	0.26	0.67
Kenya Commercial Bank Limited	-0.14	0.88	0.56	0.33	0.57
National Bank of Kenya	-0.47	-0.14	0.57	-0.07	0.58
NIC Bank Limited	-0.47	0.64	0.52	0.03	0.53
Standard Chartered Bank Limited	-0.34	0.55	0.27	0.24	0.27
Equity Bank Limi	-0.36	0.52	0.37	0.67	0.37
CFC Stanbic of Kenya Holding Limited	-0.34	0.55	0.27	0.24	0.27

Appendix III: CSR

	2011(M)	2012	2013	2014	2015
Barclays Bank of Kenya Limited	136.67	152.02	165.92	170.898	176.025
Co-op Bank of Kenya Limited	53.2	75.4	133.3	137.299	141.418
I&M Holdings Ltd	26.16	29.63	93.15	95.9445	98.8228
Diamond Trust Bank	3.78	5	0	0	0
Kenya Commercial Bank Limited	157	151	172	177.16	182.475
National Bank of Kenya	49.1	55.66	29.7	30.591	31.5087
NIC Bank Limited	6.95	0	0	0	0
Standard Chartered Bank Limited	108.45	107.02	142.4	146.672	151.072
Equity Bank Limited	109.2	235	555.31	571.969	589.128
CFC Stanbic of Kenya Holding Limited	124	88	136	140.08	144.282

Appendix IV: Liquidity

	2011	2012	2013	2014	2015
Barclays Bank of Kenya Limited	0.43	0.47	0.42	0.44	0.48
Co-op Bank of Kenya Limited	0.27	0.36	0.33	0.34	0.37
I&M Holdings Ltd	0	0	0	0.27	0.30
Diamond Trust Bank	0.34	0.38	0.33	0.36	0.40
Kenya Commercial Bank Limited	0.31	0.36	0.33	0.31	0.34
National Bank of Kenya	0.34	0.3	0.42	0.32	0.35
NIC Bank Limited	0.27	0.35	0.29	0.33	0.36
Standard Chartered Bank Limited	0.34	0.39	0.38	0.46	0.51
Equity Bank Limi	0.37	0.46	0.34	0.3	0.33
CFC Stanbic of Kenya Holding Limited	0.38	0.46	0.68	0.41	0.45

Appendix V: ROA

	2011	2012	2013	2014	2015
Barclays Bank of Kenya Limited	7.18	5.9	5.8	6.03	6.06
Co-op Bank of Kenya Limited	3.64	4.8	4.7	4.89	4.91
I&M Holdings Ltd	5.8	5.2	5.5	5.72	5.74
Diamond Trust Bank	4.19	4.9	4.9	5.10	5.12
Kenya Commercial Bank Limited	4.98	5.2	5.5	5.72	5.74
National Bank of Kenya	3.56	1.7	1.9	1.98	1.98
NIC Bank Limited	4.57	4.2	4.6	4.78	4.80
Standard Chartered Bank Limited	5.03	7	6	6.24	6.26
Equity Bank Limi	6.84	7.4	7.7	8.01	8.04
CFC Stanbic of Kenya Holding Limited	2.23	3.5	4.1	4.26	4.28

Appendix VI: EPS

	2011	2012	2013	2014	2015
Barclays Bank of Kenya Limited	1.49	1.61	1.4	1.5	1.5
Co-op Bank of Kenya Limited	1.54	1.84	1.86	1.64	2.4
I&M Holdings Ltd	8.79	9.84	11.8	13.6	17.1
Diamond Trust Bank	13.15	17.44	19.64	21.42	24.78
Kenya Commercial Bank Limited	3.72	4.11	4.74	5.57	6.49
National Bank of Kenya	3.19	1.49	3.6	2.8	(3.7)
NIC Bank Limited	5.54	6.03	5.1	6.4	7.0
Standard Chartered Bank Limited	19.28	26.60	30.0	33.8	18.5
Equity Bank Limited	2.64	2.97	3.5	4.5	4.6
CFC Stanbic of Kenya Holding Limited	6.72	9.90	13.0	14.4	12.4