

**CORPORATE SOCIAL RESPONSIBILITY AND ORGANIZATIONAL
PERFORMANCE AT BASE TITANIUM IN KENYA**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT
SCIENCES, UNIVERSITY OF NAIROBI**

2022

DECLARATION

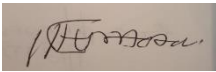
I declare that this Research Project is my original work and has not been presented for any award in any other academic institution.

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

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DEDICATION

I dedicate this research to my loving parents Mr. Julius Wanjekeche and Dr. Elizabeth Wanjekeche for the inspiration, drive and support you have given me. To my husband Stanley who has been incredibly supportive and my daughter Shantelle who has been an inspiration to self-betterment.

ACKNOWLEDGEMENT

This research project has been successfully executed with the assistance of several people. I am thankful to God for giving me the strength to keep going. I am appreciative of my supervisor Professor Evans Aosa for his intellectual advice, counsel and encouragement. I equally appreciate all the lecturers who made the MBA program possible. I sincerely thank my classmates Frank, Emma and Esther who sharpened my mind through the various discussions we held.

Further appreciation is to my respondents at Base Titanium Limited for their cooperation and participation. You made this undertaking a success.

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ABBREVIATIONS AND ACRONYMS

CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
NGOs	Non-governmental Organizations
SMEs	Small and Medium-sized Enterprises
ROA	Return on Assets
ROE	Return on Equity
G4S	Group 4 Securicor

ABSTRACT

Corporate social responsibility (CSR) involves firms integrating social and environmental concerns into their business operations. Reason for this is that all organizations operate with the aim of creating value for the stakeholders but at times end up destroying it through their operations. This can result in poor performance and rejection of the businesses and their products by the society. Therefore firms seeking to survive for long, gain and sustain high performance need to be seen as socially responsible. This study sought to ascertain whether corporate social responsibility affects organizational performance at Base Titanium. The study was anchored by two strategic management theories namely Stakeholders theory and Legitimacy theory. The study was a case study which utilized both secondary and primary information. Primary data was gathered using an interview guide while secondary information was acquired from the company's website and publications. The unit of study was on Base Titanium Limited which is the largest mining company in Kenya and is based in Kwale County. The company has a robust CSR program which is based on four pillars which are Community Infrastructure, Community Health, Livelihood Programs and Education. Qualitative data was collected from top management of Base Titanium who are in a position to critically articulate how CSR initiatives have impacted on the performance of the organization. The data was then scrutinized thematically using content analysis method. The discovery was that the corporate social responsibilities undertaken by Base Titanium were on education, economic empowerment, health of the community members and community infrastructure. These initiatives were aimed at improving the quality of life and standards of living for the residents and were guided by the environmental policy, the employment policy and Act, the energy management policy and occupational health and safety policy. The findings revealed that CSR programs have positively impacted the performance of the company, with interviewees noting that the company enjoys positive reputation, acceptance of its products and enhanced business partnerships. Because improved performance in this research was determined through self-reporting by the senior managers of Base Titanium which in itself can be biased, the study proposes a similar study to be executed using a different study design and a comparison of findings done. It also recommends further studies to be carried out in the entire mining sector in order to obtain a holistic view.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations across the globe seek to improve their performances in terms of profitability, growth margins, market share and brand recognition. Many of these organizations still face challenges in attaining these objectives, but Park (2020) noted that firms have sought to improve their performances regardless of the negative impact their operations have on the environment, society and customers. Therefore, forces and pressures from the customers, environmental factors, legal stipulations, and media scrutiny, have made organizations consider the impact and effects of their business activities and operations. Singh and Misra (2021) further reveal that organizations have a symbiotic relationship with the society and environment. Organizations get employees and raw materials from the society and operates in the business environment, thus to improve performance, these firms must reciprocate by appeasing the society and the environment. This is the birth of the concept of corporate social responsibility (CSR). Various researches have been carried out and CSR has been found to improve the performance of companies.

Corporate Social Responsibility (CSR) is a management concept of melding the social and environmental concerns into the business pursuits (Osei-Bonsu, 2019). CSR concept started in the 1950s and has grown in importance and significance whereby organizations commit to improve their environment and social performance. Wood and Logsdon (2019) defined CSR as a commitment to improve the well-being of the community using discretionary business practices while Aguinis and Glavas (2019) noted that CSR is the commitment of the business to contribute to sustainable economic development and improve comfort for the community. The management of firms adjusts its structures, culture and values in compliance with ethical, legal, environmental

and social demands and requirements. Turyakira (2018) shared that CSR is no longer an option but a requirement for organizations seeking to gain and sustain high performance for long.

In trying to link CSR activities to organizational performance, this research was guided by two thesis. These were the stakeholder theory by Freeman (1984) and the legitimacy theory by Dowling and Pfeffer (1975). The stakeholder theory focuses on safeguarding the interests of the owners of the company and at the same time spreading the benefits to other stakeholders including the local communities. The quest of firms is to make huge profits but it should be tampered by not harming the environment and the people. The legitimacy theory discusses how firms should comply with social standards. The adopted value systems in companies must align with societal principles for a good working relation and peaceful operations.

The mining sector has had little contribution to the Kenyan GDP due to minimal mineral deposits and the need for heavy capital investment. Abuya (2018) noted that mining poses a risk hazard to the health and safety of the people, thus the mining companies in searching for ores and profitability must also have measures that ensure the public are not harmed. The Base Titanium is among the largest mining companies in Kenya. Its operations affect the residents of Kwale and hence the need to consider how best to run their operations and spread their benefits even to the local communities (Odongo, 2020). The Company has a robust CSR program, but does it improve their performance?

1.1.1 The Concept of Corporate Social Responsibility

Corporate social responsibility is a form of self-regulation that is an indispensable part of the business model and its operating strategy. An organization that is said to be socially accountable is one that actively promotes legislation, adherence to ethical values and international business operating standards (Adekoya, Enyi & Akintoye, 2020). It is about taking responsibility of the activities in such a manner as not to harm the environment, the employees, consumers, local communities, stakeholders and the entire society. CSR is also seen as seeking for benefits that are enjoyed by both the organization and the social system that encompasses stakeholders, customers and communities (Abdallah & Ahmed, 2018). The CSR actions can enhance employee devotion levels since the organization has an eminent reputation for being socially responsible, abiding by ethical business practices and conserving the environment which results in improving individual and organizational performance.

Nowadays, organizations publish their CSR disclosures in company reports as a declaration of their goodwill and contribution to the well-being of their employees and society. It is also linked to sustainable development for survival of the organizations (Osei-Bonsu, 2019). This study considered CSR under the internal aspects by catering for the well-being of employees and maintaining work-life balance and externally by taking care of the environment, customers and the communities. The activities of the organization must not harm the environment or the consumers and benefit the local communities.

1.1.2 The Concept of Organizational Performance

Organizational performance is conceptualized simply to be actual results of a firm as measured by the intended outputs. The results are measured after a specified time frame where managers compare the firm's expectations against the realized outputs (Al-Qudah, Obeidat & Shrouf, 2020). The performance can use financial elements namely payoffs, yield on assets, profit margins and sales volume or it can use non-financial aspects like customer gratification, efficiency and effectiveness of operations, employee retention and satisfaction and prudent use of organizational materials and assets (Wood & Logsdon, 2019). The organizational performance is determined by factors such as operational efficiencies, technical skills and experiences of the staffs, organizational structure, availability of raw materials and resources, support and commitment of top leaders of the firm and participation of stakeholders.

Organizational performance in this case, was viewed in terms of financial aspects with consideration on profitability within a financial year such that capital is use and gains made to the organization and its shareholders. The non-financial metrics included customer satisfaction levels with the organizational products and services, employee satisfaction hence high retention rates and reputation of the organization (Martinez-Conesa, Soto-Acosta & Palacios-Manzano, 2017). The performance of the organization was based on corporate reputation it holds in the public opinions and leads to customer loyalty and hence higher earnings from repeat business. High reputation meant that an organization has many individuals and corporates interested in investing with them (Ahmed, Khuwaja, Brohi, Othman & Bin, 2018). Customer satisfaction is linked to consumption experience such that if it is positive, it makes the customers to market the product to others in their

social cycle. Employee satisfaction is influenced by working condition, work-life balance elements and appreciation for their efforts.

1.1.3 Overview of the Mining Sector in Kenya

The mining sector was under the ministry of environment and natural resources, until formation of the ministry of mining in 2013. The ministry mandate was to streamline policies, health and safety of the mines and miners and also oversee to the exploration of the minerals. The ministry also works to develop the sector and map resources that are available to the country. Kenya lacks momentous mineral endowment and the sector has little donative to the country's GDP at less than 1% and the main contributor is the soda ash obtained from Lake Magadi.

Other than soda ash, Kenya also produces gold, salt, fluorspar, limestone and fossil fuel. The minerals that are still not extracted, as per the mining act are property of the government and the exploration and exploitation of minerals is control by the government through the department of mines and geology. The country has four belts of minerals namely the gold green stone belt in Western parts of Kenya, the Mozambique belt in central Kenya that produces unique gemstones, the rift belt that produces soda ash, diatomite, fluorspar and the coastal belt largely dealing with titanium.

There are regulatory frameworks in place to make certain that citizens' right to clean and healthy environments is not hampered by the activities of the mining companies. To ensure safe, clean and health environments, Mutwiri (2016) shared the need for public participation, access to information and CSR programs initiated by the mining companies. The mining activities should

not harm the local communities and make their environment inhabitable by harming the land and water sources. Abuya (2018) noted that mining in Africa is debated as either good or bad for development which has split the scholars' opinion on the subject. It is thought that CSR will help ameliorate the issues facing the mining sector and majorly displacement of people due to the project and likely harm of the environment. It is important the mining companies undertake CSR projects not only for their performance but to improve their reputation, goodwill and expand the benefits to the local residents.

1.1.4 Overview of Base Titanium

Base Titanium operates the largest mine in Kenya and is a subsidiary of the Australian and UK Company, Base Resources Limited. The Base Resources acquired the Kwale mineral sands project and started its construction having high grade ore body with high value mineral assemblage. In 2011, construction started in Kwale and its expansion project was done in 2018 to increase the mining rates and shipping of the mines through the Likoni port. The company does mining of ores rich in rutile, ilmenite and zircon that is mined as ore slurry then processed and taken to the Likoni port facility for export. The company also undertakes exploration to increase its shelf-life beyond 2022 by trying to get nearby ore deposits (Base titanium website).

The Base Titanium engages in CSR projects through its community programs that work to build long-term goals by mutual benefits shared between the company and the local residents. The company has established local committees for meaningful engagement and participation in all activities based on the four pillars. The first pillar is on community infrastructure where the company identifies physical infrastructure projects that will improve the living conditions of the

locals, such as boreholes and water projects, health facilities and construction of schools in the area. The second pillar is on community health by partnering with NGOs, government and other partners to improve to access to health care through medical camps, training and educating the community healthcare. The third pillar is on livelihood programs by supporting agricultural activities like cotton project and other economic impact projects to the employees and the community. The last pillar is on education that is done by through the scholarship program to cover tuition for secondary and tertiary going children from the community.

Odongo (2020) noted that conflicts are likely spark between the mining company, the government and communities stemming from land seizures, unfair and biased compensation, land degradation, abuse of human rights and no benefits enjoyed from the mining project. To manage the dissatisfaction and disaffection over the mining projects, the companies engage in CSR activities. The CSR activities work to improve and boost the welfare of the stakeholders and the local communities. This study explored how CSR programs influence the performance of Base Titanium in Kwale.

1.2 Research Problem

Firms seeking to improve their performance look at many strategies and initiatives, but in most instances CSR was thought to be a charitable element with no real consequences to the operations and management of the firm. CSR initiatives have been thought to help in hiding vicious corporate activities, conflicting interests and subvert the main responsibility of firms which is making profits and wealth for the shareholders. According to Ndugu and Koori (2020), firms use CSR initiatives to improve their reputation and returns. Singh and Misra (2021) further revealed that companies

engage in CSR not only to improve performance but also to establish a symbiotic relationship with the environment which in turn improves performance.

The mining sector in Kenya faces challenges that stem from shortened mine life, rejection of the project by the local communities, lengthy regulatory framework that mining companies must maintain and high capital input. The mining companies must endure costly exploration and equipment and systems that are capital intensive which affects the output of the firm. The study intends to determine if the use of corporate social responsibility initiatives would help resolve some of these challenges and improve performance outcomes. The adoption of CSR initiatives improved reputation, returns, customer and employee satisfaction in banking sector (Ndugu & Koori, 2020). Will the same apply in the mining sector and Base Titanium?

Various inquests have been effected on CSR and organizational performance. Pallathadka and Pallathadka (2020) on social responsibility and organizational performance for SMEs in India, showing positive link between the two. It created contextual gaps as it was done in India and SME sector. Sameer (2021) studied on CSR and organization's financial performance in the Maldives public limited companies. CSR was negatively correlated to financial performance measures of ROA and ROE and also created gaps in context as it was done in Maldives and methodologically, it used secondary data. Obure (2016) considered CSR and organizational growth, case of Equity bank, revealing that Equity's growth is linked to CSR since its participatory element and educational activities allowed the bank access to talented staff. Methodological gaps were created as it was a case study and might limit application of findings.

Miyogoh, Arasa and Ngui (2021) studied on CSR influence on market share in the Kenyan telecommunication firms. Revealing that community social support, consumer protection, environmental responsibility and economic expectations led to improved market share for the telecommunication industry in Kenya. The study created gaps in concept by linking CSR to market share where organizational performance was not covered.

Studies carried out so far indicate that companies do incorporate CSR in their corporate activities. The studies also established that different companies implement different aspects of CSR. Some of the studies indicate that CSR contributes to improved performance while others have not found such a relationship. Base Titanium is expected to be incorporating CSR activities in their business operations and it is not clear whether CSR leads to improved performance of Base Titanium or not. How have CSR activities at Base Titanium in Kwale affected the company's performance?

1.3 Research Objectives

This study had one objective. This was to establish how corporate social responsibility has influenced organizational performance at Base Titanium.

1.4 Value of the Study

The study focused on determining the effect that CSR had on organizational performance at Base Titanium. The study will be beneficial to all practitioners including management at Base titanium and other industry players by guiding them on how to implement CSR initiatives and projects. The managers will gain insight on the importance of CSR and how the organization will make gains from it. It will also show how best to involve other stakeholders to enhance the implementation of CSR initiatives and spread the benefits to local communities.

To the policy makers, the study will aide them in formulation of policies and regulations that will guide them in employing CSR as a way of including all stakeholders and giving back to the society. The policy makers will gain information on how best to craft regulations and operating standards that will improve the well-being of the beneficiaries.

The study will also be beneficial to the academicians by enriching and expanding knowledge on corporate social responsibility and organizational performance. This study will expand literature on the subject area and also the study can be used as a reference material for future studies. The study will also recommend areas where new research studies can be carried out.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter presents discussions on literature by different scholars. The chapter is divided into sections covering the theoretical foundation of the study, corporate social responsibility in organizations and literature on organizational performance. There is also a section linking the two study variables CSR and organizational performance, the empirical literature and a summary showing research gaps.

2.2 Theoretical Foundation of the Study

The study was anchored on two theories namely the stakeholder theory and legitimacy theory. The theories are discussed in the subsequent sections.

2.2.1 Stakeholder Theory

This theory was formulated by Freeman (1984) and its main concept is such that every single individual in the organization is present with the main focus being to safeguard their interests. The organization's main duty to its own shareholders is to make large profits and maximize the wealth of these investors. Therefore, the theory seeks for ways in which to manage the stakeholders and stakeholder relations for high productivity. Thus, the theory looks at the interests, needs and demands of the stakeholders and develops strategies and steps to satisfy the stakeholders (Freeman & Dmytriyev, 2017). The organization also adopts processes and practices that do not disadvantage the stakeholders, plunge the company into ethical and legal issues thus causing problems to the community. Harrison, Freeman and Abreu (2015) the organizational culture, structure and value system must align with the society and therefore any stakeholder joining the organization must abide by it or else they risk being left out.

The theory, as shared by De Gooyert, Rouwette, Van Kranenburg and Freeman (2017) advocates for better handling and management of stakeholders since they have a huge impact on the operations and processes of an organization and determine its attainment of objectives and set goals. Successful projects, programs and initiatives are those that align their goals and interest with the stakeholders' needs, interests and goals. Harrison, et al. (2015) noted that meeting the needs and preferences of the stakeholders is motivation enough for their cooperation and participation in organizational short and long-term objectives. But Moriarty (2016) criticizes the theory by noting that the theory offers unrealistic views of the operations of an organization, since the interests of different stakeholders are varied and no stakeholder will forego their interests for the good of the organization. While Freeman and Dmytriyev (2017) revealed that the idea that this theory promotes moral values in business enterprises, the literature shows that the theory is strategic and has little in normative state.

The challenges that business entities face is in creating value while conducting trade. There is the issue of maintaining business ethics even in the face of capitalistic markets and its shares and issues of leadership and management mindset. The theory thus looks at how investors and other stakeholders can by-pass the challenges in business entities by focusing on aligning the interests of the different stakeholders to that of the organization. The theory was relevant in this study concept by considering Base Titanium and its stakeholders and how they can make gains through aligning their interests with the firm. The management at Base Titanium should find measures to handle the challenges and adopt practices and processes that do not harm the general public or disadvantage them in any way. It also exposed how Base Titanium can use ethical and legal considerations to enhance its productivity.

2.2.2 Legitimacy Theory

The legitimacy theory established by Dowling and Pfeffer (1975) aims to ensure that all firms and their undertakings are conducted in accordance with communal norms along with regulations. Legitimacy is delineated as a set of conditions in which a company's value systems are consistent with the credos of the society in which it operates. As stated by the theory, it is important for companies to ensure that they fulfill the societal standards in order to remain competitive and succeed for a longer period of time. According to the theory, a firm's ability to bring out the possibility of boycott and regulatory actions by different stakeholders is dependent on its corporate social responsibility initiatives. This also offers a strong authorization that allows for peaceful operation and the establishment of an effective environment in which to operate in (Solikhah, 2016).

The theory argues that businesses engage in corporate social responsibility and sustainability projects and programs for purposes of remaining legal and abide by the ethics and values dictated by the society (Dube & Maroun, 2017). Furthermore, profitability, high revenue earnings and command of huge market is dependent on the society accepting the company and its products. Legitimacy is derived from the alignment of the firm's belief system with that of society as a whole.

Firms that value sustainability as a critical component of their company will demonstrate this dedication to their numerous shareholders and stakeholders. Legitimation is a mechanism that ensures that a company can comply with the laws in place by putting in place a committee of managers to monitor the entity's environmental impact, partnering and networking with

community members, putting in place systems that effectively respond to emergencies and ensuring that the firm is well aligned with its advocates (Islam, 2017).

Legitimacy concerns of an organization arise when there are contradictions between the society and values and that of the organization. The further the differences deviate the more the reputation of the organization suffers, resulting in the markets refusing to consume products and services from the stated organization (Dube & Maroun, 2017). In this case, Base Titanium has to adopt values, practices and behaviors that align to what is acceptable to the society and the local communities. The alignment of values improves the reputation of the firm and results in higher sales volume, incomes and revenues, as the market willingly consumes its products and services. Thus, Base Titanium can improve its performance by aligning its values to the society and engaging in activities, programs and initiatives that will endear the firm to the market. The theory operates on the principle of social contract, showing that viability and existence of the firm is based on norms and provisions of the society. Thus to survive and thrive Base Titanium can look at the societal norms to improve its performance.

2.3 Corporate Social Responsibility in Organizations

Corporate social responsibilities in organizations can take two formats. The first is the internal corporate social responsibility where the organization takes care of the well-being and prosperity of its staff. This is done by the management treating the staff in a fair manner and giving them opportunities for growth as well as enhancing the work-life balance. The human resource management works to provide a good work environment and building and maintaining relationships with all the stakeholders of the community (Singh & Misra, 2021). The second aspect is external social responsibility where firms consider the effect of their business practices, impact

to the community, society, consumers and environment. External CSR includes aspects such as environmental conservation initiatives, philanthropic activities, socio-economic activities and legal activities that work to improve the corporate reputation and brand image (Loosemore & Lim, 2017).

It is also about the customer such that the organization is transparent and willingly shares information to them on different products and brands. CSR is also about the community in terms of human rights, labor rights, involvement of community members in the firm's activities and corporate endeavors that benefit the community members such as building schools, educating the needy students, providing medical aid and maintenance of roads and parks (Abdallah & Ahmed, 2018). CSR initiatives work to build a strong brand and corporate reputation that result in improved profitability from increased sales and market share.

2.4 Organizational Performance

Organizational performance is one of the key determinants of success of a business entity and is a reflection of the ability and capacity of an organization to implement strategies. Latif, Sajjad, Bashir, Shaukat, Khan and Sahibzada (2020) noted that without performance, the organizations risk closure or stopping some product processing and delivery. It is the actual results realized after consuming inputs and elapse of a stated duration of time. Managers in different enterprises have adopted strategies, approaches and measures to improve their chances of attaining the organizational performance as indicated in the strategic plan (Wood & Logsdon, 2019). Some of these strategies include focusing on human resources, their capacities and competencies, education, training and development programs, customer-centric elements, technological systems

and applications and operating processes that deliver quality products. It is also linked to maximization of profits, command of the market and having repeat customers (Kikwiye, 2019).

Organizational performance can be improved through conservation of natural resources when the firms undertake CSR initiatives for eco-system that ensures survival and ability to draw materials in future. Enterprises taking CSR activities that are geared to social and economic uplifting of the society results in more disposable income that can be used in purchasing more products and services, resulting in higher earnings for the enterprises. Social responsibility initiatives aligned to the internal processes of an organization cover well-being of the employees and when supported by the managers and provided with all resources and raw materials respond by improving their performance and productivity. Wanjiku (2019) noted that investing and provision of a good work condition is returned back in higher performance, production levels, efficiency and effectiveness of operations. It is the clear that investing and participation in CSR initiatives is beneficial to the organization by improving performances and outcomes.

2.5 Corporate Social Responsibility and Organizational Performance

Corporate social responsibility affects the performance of the organization in different ways. It succours to increase the financial performance of the company so that company will grow rapidly and gain maximum revenue in the market. If a company engages in CSR and tries to satisfy their stakeholders then it will definitely able to beat its competition. Pallathadka and Pallathadka (2020) noted that organizations engaged in CSR initiatives have higher financial performance since investing in the markets, consumers and society has a reverse effect in terms of improved reputation and confidence in the organization, its brand and products. Kim and Thapa (2018) further noted that firms having CSR programs are more virtuous and gain long-run high performances even when the initial costs are high, the firm gains in higher sales volume, profit

margins and reputation. The sociable responsible organizations reap its investment by having loyal customers, meaning more earnings in the long-run and wider market share.

Corporate social responsibility initiatives directed to employees work by providing good work conditions, resources and a source of motivation that improve individual productivity (Abdallah & Ahmed, 2018). CSR initiatives are done in the communities in terms of income-generating programs, handling general community issues in health, education, social amenities and development agenda. The resultant effect is support and confidence towards the organization and its products. It also improves the organizational reputation and public image that increase command of the market, thus more earnings and high performance for the firm (Singh & Misra, 2021) CSR initiatives directed to customers is through communication, transparency and integrity in production of quality products. The organizations also inform the public on negative impact of the products and give warnings. CSR is also known to improve corporate reputation of an organization leading to improved organizational performance.

2.6 Empirical Studies and Research Gaps

Loosemore and Lim (2017) study was on linking corporate social responsibility and organizational performance in the construction industry. The focus on CSR is based on the fact that communities, employees and general public have become socially conscious and expect firms to behave as good corporate citizens. The study looked at CSR in construction industry in Australia and New Zealand and collected data from 104 professionals in the supply chain sector. The study found out that CSR initiatives in the construction sector mainly focused on environmental activities but otherwise, they were integrative and isolated operation instead of being strategic. CSR initiatives led to economic performance with aspects such as corporate loyalty, brand loyalty and engagement with

organizational stakeholders. The study created contextual gaps, since it was done in the construction industry and the setting was in Australia and New Zealand.

Singh and Misra (2021) researched on the link connecting corporate social responsibility (CSR) and organizational performance and the moderating effect of corporate reputation in European multinational firms. The investigation collected data from 340 senior managers in these multinational firms who participated in the study. The study used a two-stage approach by first-building a theoretical model and second- it was on regression analysis. The findings showed that CSR initiatives done by external stakeholders positively influenced the performance of these organizations. The influence of CSR was varied for different categories of the firms in terms of well-established, reputable firms and business firms having poor reputations. The study created contextual gaps since it was done in European multinational firms.

González-Rodríguez, Martín-Samper, Köseoglu and Okumus (2019) conducted a study on corporate social responsibility practices, organizational culture, firm reputation, and performance of hotels. CSR practices are a key aspect influencing the success factors for firms' performance. This study aimed at incorporating the inter-linkages amongst the CSR practices, organizational culture and corporate reputation and how they affected performances in the hotel industry. The results of the study exposed that organizational culture influenced the different dimensions of CSR. It was also revealed that hotels use the CSR practices to strengthen their reputation. CSR practices positively influenced firm performance and improved the reputation of the hotel. The study created conceptual gaps since CSR was not directly linked to performance.

Muloli (2020) study was on corporate social responsibility and its effects on firm performance. The study focused on the Tanzanian banking sector and how they use corporate social responsibility as a key determinant for enhancing their performance. Data was collected from 20 registered and operating banks for a period of 10 years (2008 – 2019). The study revealed that banks performance declined despite support given to the banks in conducting CSR practices. The conclusion made was such that performance of banks is negatively stirred by corporate social responsibilities offered to the society and increased extra costs from offering aids. To change the performance trend, managers in the firms should develop and implement appropriate marketing strategies, review policies on cost-benefit analysis for CSR. The study setting was in Tanzania, which has a different setting to the Kenyan.

Wanjiku (2019) researched on corporate social responsibility and the impact it has on organizational performance. The study was a case study of Group 4 Security (G4S) and the focus was on CSR activities involvement, CSR strategies and government policies and regulations on CSR and its impact on performance. The researcher used structured questionnaires to collect data from the 140 G4s staff and analyze with findings showing that CSR activities led to sound public image, self-regulation and sustain high growth and performance. The involvement of workers in CSR initiatives through participative and democratic management style led to improved profitability and the community was involved in determining the CSR initiatives. The study also found out that government policies and regulations and keen concern on CSR activities led to responsible management at G4S that boosted the firm performance. The study deduced that CSR activities led to improved performance at G4S and recommends brainstorming sessions with employees, period evaluation of CSR strategies and initiatives and the government should create

more awareness on CSR initiatives. The study created methodological gaps as it was a case study and findings may not be applicable to other firms and industries.

Chebet and Muturi (2018) study was on the effect of corporate social responsibility on organizational performance, the case of Sony and Chemelil sugar factories. The study focus was on CSR aspects of philanthropic, ethical, economic and legal activities and how they affect organizational performance of the two sugar factories. The study revealed that business entities have an economic responsibility to the society, there are standards and ground rules in which businesses can operate, organizational ethics work to improve the public image of the firm and stimulating philanthropy and tax leads to more investments and hence more returns and higher performance. The study concluded that CSR activities cannot work in isolation but need the support from the management and participation by all stakeholders to attain coordination and cooperation in all CSR initiatives for improved organizational performance. The methodological gaps were created since it was a case study and the context was sugar factories, limiting applicability of the findings.

Judith (2020) did a study on corporate social responsibility practice and organizational performance of Nzoia Sugar Company Limited, Kenya. CSR as a strategy is done to improve performance and benefit the local communities. Nzoia Sugar Company has embraced CSR practices and has initiatives under sports sponsorship, educational support, promoting community health and supporting income-generating activities that positively influenced the performance of the company. The company involves and informs the community on the CSR practice and initiatives that they have undertaken through advertisements. The study concludes that CSR

practice has positive influence on organization performance at the Nzoia Sugar Company Limited. The study created contextual gaps since it was done in the Kenyan sugar sector.

Ojuando and Kihara (2021) studied the adoption of CSR strategy and performance of plastic manufacturing firms in Kenya. The focus of the study was on strategic adoption of CSR initiatives and how they affected the performance of the 23 targeted firms. The study collected data from 115 respondents and after a descriptive and inferential analysis, it was revealed that environmental conservation initiatives, ethical labor practices and involvement of business operators significantly and positively affected performance in these firms. The study also noted that philanthropic initiatives had insignificant effect on performance of the firms. The study concluded that CSR practices led to high performance of the firms and recommended that the manufacturing companies to have structures and culture incorporating CSR initiatives. The study was done in the manufacturing sector, thus creating contextual gaps.

Kingwara (2020) study was on social responsibility disclosure and financial performance of Kenyan firms. The researcher collected secondary facts from annual reports of concerns listed at the Nairobi Securities Exchange (NSE). The panel data set was for the period of 2007 to 2015 for CSR disclosure and 2008-2016 for financial performance. The control variables were firm size, industry type and leverage. The study findings showed lack of significant aftermath of corporate social responsibility disclosure and financial performance of firms. Thus the study concluded that corporate social responsibility disclosure had little or no improvement to financial performance. The study used secondary data and thus created methodological gaps.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the research methods that were used to seek for responses to the research questions. This section covers the research design, the population and sample size of the study and data collection and analysis formats.

3.2 Research Design

A research design is the blueprint indicating the processes and steps that will be followed when searching for answers to the research questions (Turner, Cardinal, & Burtonm 2017). This study adopted the use of case study research design that did in-depth investigation of CSR initiatives at Base Titanium and describe how it is done and its effect on the achievement of the firm. Primary data was collected and it was qualitative in nature. Secondary data was also collected to broaden the primary data. This was from the company's website, journals and other internal documents. The data that was collected was organized and a theme established and studied in detail (Kombo & Tromp, 2006).

A case study was preferred for the reason that it provides in-depth information about the subject of study. It also allows the researcher to retain holistic and meaningful characteristics of real life events. Base Titanium was selected as an entity operating in the mining sector. The top management was selected to be interviewed and this was because of their understanding of the company and its objectives. Various researches have been carried out using different designs like longitudinal and cross sectional surveys but case studies have been used successfully by Wanjiku (2019), Chebet and Muturi (2018) and Kingwara (2020).

3.3 Data Collection

The data that was collected to determine the influence of corporate social responsibility on the performance of Base Titanium was qualitative in nature. This is because qualitative data provides flexible ways of collecting the data and enables a researcher to gain a deeper understanding of the aspect being studied.

An interview guide served as a data collection vehicle. It comprised of questions on the demographic data of the respondents, corporate social responsibility initiatives and organizational performance. The interview guide had open-ended questions which allowed for flexibility of the researcher and enabled them to undertake an in-depth probing of the research questions.

Primary data was collected through phone interviews and notes taken. Interview is an easy and cost effective way of collecting data and can be conducted over a wide geographical scope. It also allows the researcher to probe further. The interview sessions with the managers took about 40 minutes each. Secondary information was gathered from the company's website, annual financial reports, impact assessment reports and journals.

Data was collected from a total of 6 senior managers at Base Titanium using an interview guide. These were part of top management and were in a position to critically articulate how corporate social responsibility initiatives have impacted on the performance of the company. They included the managing director, executive director, general manager external affairs, general manager operations, human resources manager and finance and administration manager. Since the responses were all similar, the researcher stopped after interviewing the 6th manager.

3.4 Data Analysis

The study collected data that was qualitative in nature because the researcher wanted to assess the influence of corporate social responsibility on the performance of Base Titanium. The study adopted content analysis whereby the data that was collected was arranged in themes. The findings were then presented in prose formed from the discussions. Unlike quantitative data driven by figures and numbers, qualitative analysis seeks to see patterns obtained from the data and group it into similar trends.

Content analysis was well suited because of its flexibility for analyzing open ended questions as it allows systematic, qualitative and objective description of communicating content (Turner, Cardinal, & Burtonm 2017). Kingwara (2020) stated that content analysis helps to make inference of data easy and effective.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The chapter presents discussion on the study findings after the researcher had collected qualitative data and conducted content analysis. The findings are described as per the objective of the study and its main elements. The section is divided into sections that cover the background information of the study participants and the connection between CSR and organizational performance. The chapter also presents a discussion of the findings.

4.2 Demographic Information

The study engaged senior management of Base Titanium being that they are directly involved in the planning and execution of social accountability initiatives and below are the findings based on the gender, academic qualifications, position and term of service.

4.2.1 Gender of Interviewees

The study aspired to establish the gender of the respondents and it was discovered that both genders were represented. These findings indicated that the study collected data from both genders and there was no bias. Furthermore, having both genders included in the study widened the viewpoints allowing for a variety in viewpoints.

4.2.2 Academic Qualifications of Interviewees

The study strived to determine the highest academic qualifications of the interviewees and the results indicate that all respondents had degrees from various institutions of higher learning. This is an indication that the respondents were learned and comprehended the questions asked and gave quality responses that were useful to the study.

4.2.3 Position of Interviewees

The interviewees indicated the position that they were holding at Base Titanium. The list of positions included managing director, executive director, general manager external affairs, general manager operations, human resource manager and finance and administration manager. The decision to choose these category of interviewees was based on the presumption that they would be directly involved in making decisions on corporate social responsibility (CSR) activities at Base Titanium. In addition they are in a position to share information on the performance of the organization.

4.2.4 Years of Service

The researcher asked the interviewees how long that they have been holding the stated position within Base Titanium Mining. All the subjects have been in those positions for a period of seven to ten years. The response is an indication that the interviewees have held that position for long and thus can respond to the research questions and they are well informed on the activities of the company.

4.3 Corporate Social Responsibility and Organizational Performance at Base Titanium in Kenya

4.3.1 CSR Initiatives undertaken by Base Titanium

The findings revealed that Base Titanium Limited had performed several CSR initiatives in the last three years. These CSR initiatives included stationing water tanks for hand-washing in shopping centers that are near the mine. This initiative was very important and useful in keeping people clean and also preventing illnesses and abided by the Ministry of Health recommendations

to curb covid-19 pandemic. The company also helped in supply and distribution of masks, sanitizers, soap and gloves to medical staff in clinics and hospitals in Kwale. Base Titanium Limited has launched a program for food supply and distribution to local residents. This was done in conjunction with the local chiefs and aided the locals of whom the majority worked in the tourism sector and hotel industry. Many of the people had lost their jobs and sources of income when the pandemic erupted and the company made a decision to come to their aid.

Other CSR initiatives mentioned by the interviewees include construction of pit latrines at Juhudi secondary school, science laboratory at Kingwede Girls secondary school, drilled of a community borehole at Kilole primary school and installing water tank shed at the same primary school. Base Titanium Limited has also constructed boundary fence for Magaoni Dispensary and at the PAVI business park. The company also has a scholarship program that is given to 400 bright and high performing students to ensure they stay and complete their school. Another CSR initiative undertaken by the company is giving the local residents priority during the recruitment stage to fill the vacant positions.

4.3.2 Impact of the CSR initiatives on the community

Further findings revealed that these initiatives have impacted the community by meliorating the quality of life and raising the level of contentment for the locals. The initiatives targeted the education as the students can learn in facilities that are worth and the scholarships ensure there are few drop-out cases in the area. The quality of life is also improved by the local community members' ability to access clean and safe water from the drilled boreholes and installed water tanks. The boreholes are treated and there is a water purification project that ensures the water is safe for use and limits cases of water-borne diseases that can become fatal. The initiative targeting

healthcare means that the residents can access better healthcare services in the facilities and from qualified health personnel. When the locals can access health facilities and services, then they can use their energies and effort to improve their lives by engaging in income-generating activities.

Another observation was such that the initiatives that targeted and supported agricultural production were based on linking the farmers to the sustainable commercial markets, leading to economic development and growth at the households and community level. The farmers could earn more from agriculture and there was money in circulation, leading to improved quality of life for the people. The CSR initiatives had positive impact on environmental conservation efforts with elements such as waste recycling and land rehabilitation after mining. The company worked to return the natural deposits such as water and land back to the status they were in before mining activities took place. The company gives priority during recruitment to the locals and in creating employment for the people, it impacts their social and economic life as well as improving lifestyle and living condition.

4.3.3 Policies informing CSR initiatives undertaken by Base Titanium

The study revealed that environment policy, the occupational health and safety policy, energy management policy, communities' policy and employment policy informed the leadership at Base Titanium on the type of CSR activity to undertake. The company also followed the integrity standards and the revised 2010 constitution of Kenya with Acts that dictate the action of organizations operating in the country.

Base Titanium Limited is in the mining sector and thus regulated by the Mining Act that states the environmental standards that each player must abide to. The Mining Act also addresses compliance

issues from international treaties, national regulations and policies in individual institutions. The Mining Act (Cap. 306) directly reference that it is the burden of any possessor of a mining lease to compensate the people for using their land and any disturbances that are created from mining activities. Base Titanium is then charged with compensating land owners for using their lands for mining and any disturbances caused during the drilling. In such a case, then Base Titanium considers compensating the people for land use and any disturbances that they would suffer.

The Water Act (Cap. 8 of 2002) speaks of conserving, usage and control of water resources and water sources; thus Base Titanium activities are guided by the Act. The leadership formulates the company guidelines on water use, control and conservation efforts for the resource and sources. The activities undertaken by Base Titanium concerning water licensing and regulation is guided by the Water Act.

Base titanium's CSR initiatives are also directed by the Environmental Management and Coordination Act (Cap. 8 of 1999) that helped in establishing NEMA –National Environmental Management Authority that works to identity projects and programs that need environmental impact assessments, environmental monitoring and audits. The company does environmental impact assessments in a manner that the leaders get ample time to formulate strategies that can mitigate against undesirable and negative effects of the activities of the firm. Base Titanium also provides environmental audit reports to NEMA to show its compliance with the law. CSR initiatives undertaken Base Titanium is guided by the Employment Act (2007) that informs the company on what rights and freedoms of the employees they must abide with. Even when giving

priority to the neighboring communities to the company, the leaders must abide by the law on elements such as not employing children and providing basic work conditions.

4.3.4 Measures taken by Base Titanium to remain socially responsible

The researcher wanted to know the steps taken by Base Titanium Company in ensuring that they behave in a responsible, the study respondents shared that the company behaves in a responsible manner through its interaction and engagement with the communities. The community members' advice on the proper conduct and acceptable behaviors expected at the firm, while the leaders abide by them. The compliance audits conducted, inform the company to behave responsibly or else they risk losing the mining contracts that will have negative effects. Base Titanium consults with the public and gets feedback on its activities. The close ties with the general public mean that the company has to behave in a responsible, accountable and transparent manner. This is based on acknowledging that the company's actions are monitored by public members.

The leadership at Base Titanium places value and formulates action-plans that align with the environmental and social impact assessments. Therefore, the assessments push the company to behave in an accountable, responsible and transparent manner. In addition, the social monitoring programs share the regulatory requirements, give warning signs on impact on the environment and social aspects and predict outcomes. Lastly, the respondents shared that Base Titanium behaves in a responsible manner due to presence of community members who work together to formulate sustainability measures. It is important that the company takes an active role and consciously push for responsible behavior across all units and departments of the firm.

4.3.5 Measurement of CSR performance by Base Titanium

On measuring CSR performance, the findings revealed that Base Titanium benchmarked its performance to the top performers in CSR in the industry and in the area. The company also measured its CSR performance by comparing the changes realized in the community due to the developmental activities and initiatives done by Base Titanium. The performance is also measured through building rapport and trust with community members and together they conduct monitoring and evaluation and the reported outcomes showed the progress and boon enjoyed by community members.

The study revealed that the company used the recognized industry-based standard measures on sustainable developmental goals and key performance indicators on CSR initiatives to rate the outcome of their activities. The performance was also an element of the changes and satisfaction levels in the community as result of the initiatives undertaken by Base Titanium. The CSR performance is also measured against general outcomes and specific indicators that are shared by the district consultative committee that works together with the company in measuring the quantity and quality of changes that are based on the CSR initiatives.

4.3.6 Challenges facing Base Titanium on CSR

The respondents revealed that Base Titanium was facing an issue with its CSR activities since there lacked laws and regulations to guide its CSR programs. The company is also facing pressure as the community members in Kwale demand more initiatives and programs from Base Titanium and yet the company's capacity to provide all that is demanded is low. There are concerns that the mining contract for Base Titanium will close in 2023 and hence the CSR initiatives and activities

will also come to a close. The community members can no longer enjoy the benefits gained from CSR initiatives and programs once the company is no longer operational.

4.3.7 Organizational Performance

The study findings showed that CSR initiatives had positively impacted on the overall performance of Base Titanium. This is in terms of improved reputation of the firm that has enabled the company to get investors, expand its operations as linked to attracting and retention of highly skilled, trained and experienced staffs. CSR initiatives have led to improved acceptance of Base Titanium' products and its operations at the community level which has allowed for smooth operations leading to better outcomes.

The performance of the company is measured using growth of revenues and profit margins realized in each financial year as its main indicators. Other indicators of performance at Base Titanium include employee participation and engagement resulting in higher satisfaction and retention rates. The performance is also an aspect of attracting top talents to handle the activities and operations of the firm. Performance is also about market awareness of the company's products and its brand and also the customer satisfaction with the products.

The respondents shared that for continued positive effect of CSR initiatives to the performance of the company, transparency and openness is an important aspect. There is also need for involvement and engagement of all stakeholders when implementing initiatives and programs for the community. The internal stakeholders include the company staff and external ones cover the community members and leaders who work together in conjunction with the company leadership during the implementation of CSR programs that improve the company performance.

4.4 Discussion of Findings

4.4.1 Link to Theory

According to the stakeholder theory, stakeholder engagement is a key part of CSR since stakeholders can influence everything in an organization so those that manage stakeholder relations efficiently survive longer and perform better hence maximizing gains. From the study, Base Titanium has established committees that work together with the stakeholders to identify concerns and development opportunities. This kind of engagement has assisted the company to build and strengthen their relationship with their stakeholder and this has resulted in improved performance.

From the literature review on the legitimacy theory, profitability, high revenue earnings and market share is dependent on the society accepting the company and its products. Organizations should carry out their operations in accordance with the social standards of the society they operate in in order to be seen as legitimate. This allows the organization to operate peacefully and take advantage of available resources. Base Titanium does CSR reporting each year in an effort to disclose their corporate social responsibility initiatives and the impact they have had on the environment and community. Base Titanium has also put in place a community engagement committee that engages the community and stakeholders to determine their values and ensure that there are no contraindications with those of the company.

4.4.2 Link to other Studies

The study corresponded with other researches that have been done previously. Miyogoh, Arasa and Ngui (2021) studied on CSR influence on market share in the Kenyan telecommunication firms revealing that community social support, consumer protection, environmental responsibility and economic expectations led to improved market share and performance for the telecommunication industry in Kenya. Obure (2016) did a case study on Equity bank revealing that Equity's growth is linked to CSR since its participatory element and educational activities allowed the bank access to talented staff.

Ndugu and Koori (2020) and Pallathadka and Pallathadka (2020) did studies on Safaricom and SMEs in India respectively and revealed that adoption of CSR initiatives improved reputation, returns, customer and employee satisfaction. This study concurred with the studies above which established that different companies implemented different aspects of CSR ranging from environmental, philanthropic, ethical, and economic initiatives and that this contributed to improved performance of the companies.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a discussion on the findings after researcher had conducted content analysis. It is divided into sections that present summary of findings, the conclusion made, the recommendations, the limitations study faced and suggested areas for future research.

5.2 Summary of Findings

The purpose of this study was to determine the impact of corporate social responsibility on corporate performance at Base Titanium. Primary data was collected by interviewing 6 senior managers. Secondary data was collected from the company's website and published reports to supplement data collected from the interviews. Collected data was then analyzed using content analysis.

The study revealed that Base Titanium Limited has incorporated corporate social responsibility in its corporate strategy and has a department that is charged specifically with the role of identifying and implementing corporate social responsibility initiatives. A budget specifically meant to cater for implementation of CSR initiatives is also set aside each year. The study established that the organization outlines its CSR activities along 4 pillars which are community infrastructure, community health, livelihood programs and education. These are the areas that have been identified as being critical for sustainable economic development.

The study revealed that the choice of CSR initiatives by the company is pegged on government regulations and the societal standards set by the locals and the other stakeholders. The company

also partnered with other organizations and its stakeholders in identifying and implementing the selected CSR initiatives thus guaranteeing success. The company relied on social monitoring programs and environmental and social impact assessments done periodically to understand the effects that the CSR initiatives have on the people of Kwale. Some of the main challenges that Base Titanium faced were lack of regulations and laws that guided their CSR activities and community members demanding more than the company could offer. The findings revealed that CSR programs have impacted the organization's performance, with the interviewees noting that the company has enjoyed positive reputation, acceptance of its operations by the locals and enhanced business partnerships.

In general, corporate social responsibility had positively influenced the performance at Base Titanium and continued high performance at the company relies on transparency, integrity and engagement of all stakeholders in CSR programs and initiatives.

5.3 Conclusion

The study focused on determining the effect that corporate social responsibility had on Base Titanium's performance. The study found out that the CSR initiatives undertaken by Base Titanium included improving the education of the people neighboring the mining company, through scholarships, drilling boreholes, installing water tanks and constructing boundary fences. The other programs were for healthcare by providing masks, sanitizers, soaps and gloves and also constructing boundary fences for the health facilities and also covered economic activities by offering employment opportunities for the locals. The findings showed that these CSR initiatives led to improved performance at the Base Titanium

The study thus, concludes that CSR initiatives have led to improved performances of Base Titanium. The CSR initiatives have led the company to behave in a responsible and ethical manner by abiding with different policies such as employment Act, environmental policy and occupational health and safety policy. The study further concludes that these corporate social responsibility initiatives have improved performance at Base Titanium in terms of profitability margins, improved revenues, acceptance of the company and its products, improved company reputation and having satisfied employees with high retention rates. The study also concluded that Corporate Social Responsibility (CSR) led to improved customer satisfaction with the products of the company and enhanced brand awareness.

5.4 Recommendations

For any players in the mining sector to survive for long, yield and sustain high performance they need to incorporate corporate accountability in their strategy. The mining sector poses many risks by virtue of its operations hence the study puts more emphasis on the need for mining companies to establish a symbiotic relationship with interested parties and the environment. This relationship enables them to be able to operate peacefully and also take advantage of available resources thereby improving performance.

The mining sector in Kenya contributes little to economic growth of the country and is dominated by international companies. This study provides an abridgement to policy makers to help them identify, understand and define the real problems of the mining sector in Kenya. This will assist them in designing favorable policies and guidelines that will open it up and encourage investment resulting in the growth of the sector.

For academicians, this study gives them a better understanding of the subject on corporate social responsibility and performance of companies and gives them an opportunity for further research to support or disapprove the findings.

5.5 Limitations of the Study

The study sought to establish whether CSR initiatives influence the performance of Base Titanium. Improved performance was established through self-reporting by the senior managers which is subject to biases. This can threaten the reliability and validity of measurement. The researcher guaranteed confidentiality of the respondents to eliminate the risk of them being dishonest and used clear words in order to ensure consistent interpretation of the interview questions.

The level of information that the senior managers shared was limited to what they could comfortably divulge without breaking the rules of confidentiality of the company. Secondary information from the company's website, internet and other internal documents were used to supplement the primary information that was collected.

5.6 Suggestions for Further Research

The study aimed to establish whether corporate social responsibility influenced the performance of Base Titanium and this was determined through self-reporting by the senior managers. Future researchers can therefore duplicate this study but collect data both primary and secondary from all levels of employees of Base Titanium and a comparison done to validate the results of this study. The study was done on a profit-making organization and thus, future researchers can consider non-profit making organizations, non-governmental organizations and government parastatals to assess how CSR influences the performance of the companies.

A similar study can also be done in other companies in different sectors of the economy such as manufacturing, food processing and production, banking and financial services and education sector. This will help to determine if CSR initiatives affect performance in different sectors the same way it did for Base Titanium.

Future researchers can consider the effect of corporate social responsibility has on other aspects of organizations other than performance such as productivity level, sustainability or competitive advantage of these organizations, both in the enterprise section and government agencies and institutions.

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APPENDICES

Appendix I: Interview Guide

**CORPORATE SOCIAL RESPONSIBILITY AND ORGANIZATIONAL
PERFORMANCE AT BASE TITANIUM**

SECTION I: GENERAL INFORMATION

1. What is your gender?

Male [] Female []

2. What is your highest academic qualification?

Diploma [] Degree [] Masters' Degree [] PhD []

3. What position do you hold at Base Titanium?

.....

4. How long have you held this position?

0-3 Years [] 4-6 Years [] 7-10 Years [] 10+ Years []

**SECTION II: CORPORATE SOCIAL RESPONSIBILITY AND ORGANIZATIONAL
PERFORMANCE**

5. What CSR initiatives have been initiated by the company in the last three years?

.....

6. What impact has the initiatives had on the community?

.....

7. What policies inform the type of CSR activity to be undertaken?

.....

8. What steps have been taken by the company to ensure they behave in a responsible way?

.....

9. How do you measure CSR performance?

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10. In what other ways can CSR activities be improved in the firm?

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11. What are the challenges that Base Titanium is facing in CSR?

.....

12. Would you say that CSR initiatives have impacted on Base Titanium's performance?

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13. How does CSR affect the organizational performance?

.....

14. What indicators do you use to measure the performance of the company?

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15. Any other recommendations/comments on CSR and performance of the firm?

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Appendix 2: Letter of introduction – University of Nairobi

