RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES AND ORGANISATIONAL PERFORMANCE OF MANUFACTURING FIRMS IN NAKURU, KENYA

BY

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ABSTRACT

Comprehensive evaluation of empirical studies on the relationship between Corporate Social Responsibility and Organizational Performance indicates that those firms that have been perceived as having engaged in corporate social responsibility activities tend to show good performance compared with firms that have not been socially responsible. Although there have been studies conducted on CSR as highlighted, focus has not been given to the manufacturing sector. There also seems existence of scant empirical investigations on the topic under study especially focusing on manufacturing sector within Nakuru town which according to the United Nation's report (2013) is the fastest growing town in Africa with an average annual growth rate of 13%. The purpose of this study was to examine the relationship between Corporate Social Responsibility practices and Organizational Performance of manufacturing firms in Nakuru town. The study was guided by the following specific objectives; to examine the relationship between philanthropic CSR activities, environmental CSR activities, ethical CSR activities and Organizational Performance of manufacturing firms. The study was based on stakeholder, slack resource, agency and corporate social performance theories. The population of the study comprised of two hundred and seventy nine permanent employees of the twenty four manufacturing firms operating in Nakuru town. The study used exploratory research design and stratified proportional sampling technique. Primary data was collected using structured questionnaires. Data was analyzed using descriptive statistics including, frequencies, mean and standard deviations and inferential statistics methods including spearman correlation and chi-square with the assistance of SPSS as the tool of analysis. The research findings were presented inform of tables and figures for ease of interpretation. The study established that there exist statistically insignificant, negative relationship between philanthropic CSR practices (rho= -0.044; $p>0.05$) while there exist statistically significant, positive relationship between environmental CSR practices and Organizational performance (rho= 0.195; $p<0.05$) and statistically insignificant, positive relationship between ethical CSR practices and Organizational performance (rho= 0.094; $p>0.05$). It is recommended that firms should not focus more in terms of funds allocation on Philanthropic CSR activities since these activities were found to have a negative relationship with performance. More focus should be given to specifically environmental CSR activities which reported a statistically significant positive relationship and ethical CSR activities which reported a positive relationship.