

**EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON
ORGANISATIONS' PROFITABILITY OF THE BANKS LISTED ON NAIROBI
SECURITIES EXCHANGE.**

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**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS
AND ENTREPRENEURSHIP IN THE SCHOOL OF BUSINESS AND
ECONOMICS IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR
THE AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION OF SOUTH EASTERN KENYA UNIVERSITY.**

2015

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DECLARATION

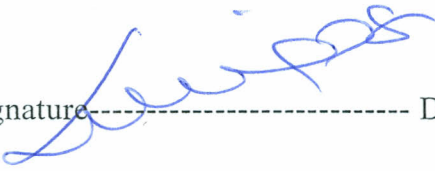
This report is my original work and has not been presented for a degree in any other University


Anthony Mutuku Mbithi Signature -----Date 13/6/15

Registration Number: D61/MTI/20198/2012

RECOMMENDATION

This report has been submitted with our approval as University Supervisors

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ABSTRACT

The concept of corporate social responsibility has prevailed since time immemorial and has for a long time paved way for organizations' to have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. For a long time, corporate social responsibility has raised issues on who actually benefits from the CSR initiatives. Business analysts have documented that CSR benefits the organization by pushing the business to the next level while at the same time benefiting the society. CSR has been associated with financial performance for organizations but this area has not been well researched. The main objective of this study was to assess the effects of corporate social responsibility programs on organizations' financial performance in Kenya. The study will help both private and public companies to realize the need of establishing CSR for achievement of the competitive advantage and improved performance. The study was carried out at Kenyan commercial banks listed in NSE. The research instrument was an interview guide and data was collected through a drop and pick later method of the questionnaire. The data was then be analyzed and the findings recorded by use of tables and figures. The process involved tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives through use of SPSS. Data analysis was based on the findings on amounts spent on health, education, environment and sports for six years compared to the profits realized by the banks over the period. The results are based on a response rate of 100% (n=11). The dependent variables were found to have a positive correlation with profitability. Sports CSR having P (value=0.97) was the most significant variable impacting CSR, followed by environment and education with P (value=0.87) and P (value=0.54) respectively. However health with P (value=0.17) was the least impacting variable. The study concludes that CSR has a positive impact on an organizations financial performance and recommends that the banks should have a well-planned and effective CSR approaches in order to enhance brand and company reputation as well

as improve efficiency, reduce the risk of business disruptions, and open up new opportunities driving innovation.