

## **Abstract**

Numerous studies and literature with varied results have been conducted in the subject of CSR. Several questions about CSR still remain, for example there is no evident answer if CSR activities affect the financial performance, why companies engage in CSR and how they apply to it. There are several different definition of CSR and companies choose to apply it in different ways therefore it is a rather complex subject. A peculiar paradox of Kenyan economic history is that the large firms listed at the NSE have been the symbol of economic progress and yet a clear relation between the progress and involvement in community outreach programs has never been clear. This study therefore sought to investigate the relationship between CSR and performance of firms listed in the Nairobi Securities Exchange. The study specifically sought to examine the relationship between ethical CSR, environmental CSR and philanthropic CSR on the performance of firms listed in the NSE. The study focused on the CSR activities done and documented by the firms listed in the NSE. Moreover, the study focused on the CSR activities for the five year period 2010-2014 because the trading at the NSE before then was affected by the post-election violence that occurred in 2007 in Kenya. The study was anchored on the open systems theory. The nature of this study was document analysis. The population for the purpose of this study was the NSE listed firms in Nairobi County. The total population of firms listed in the NSE stands at 61. The study was a census because of the small population size. The study adopted a data collection form to gather data which was analysed using both content analysis and SPSS. Frequency tables, percentages and means were used to present the findings. Out of the sixty one (61) firms targeted with the data collection forms, only fifty four (54) data forms were fully filled with relevant information that could be entered and analysed. The result reveals that ethical CSR, environmental CSR and philanthropic CSR can be held responsible for the fluctuations in EBIT of firms listed at the NSE, Kenya. From the findings, it can be concluded that ethical CSR, philanthropic CSR and environmental CSR indeed affect the performance (EBIT) of firms listed at the NSE. Environmental CSR had the major influence on performance of firms listed at the NSE while philanthropic CSR had the least influence on performance of firms listed at the NSE. Moreover, the study findings show that ethical CSR has a positive relationship with performance; environmental CSR has a positive effect on performance and philanthropic CSR has a positive influence on performance of firms listed at the NSE. The study recommends that the firms listed

at the NSE should come up with strategies to strengthen and align their CSR activities to fast track and build the CSR programs so as to improve performance.