



## EFFECT OF CORPORATE SOCIAL RESPONSIBILITIES ON ORGANIZATIONAL PERFORMANCE OF DEPOSIT TAKING SACCOS IN MOMBASA COUNTY

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### ABSTRACT

The study set out to determine the influence of corporate social responsibility on organizational performance of deposit taking SACCOs in Mombasa County in Kenya. The study's specific objectives were to determine the effect of economic social responsibility on organizational performance of deposit taking SACCOs in Mombasa County in Kenya; to examine the effect of legal social responsibility on organizational performance of deposit taking SACCOs in Mombasa County in Kenya; to examine the effect of ethical social responsibility on organizational performance of deposit taking SACCOs in Mombasa County in Kenya and to determine the effect of discretionary social responsibility on organizational performance of deposit taking SACCOs in Mombasa County in Kenya. To strengthen the conceptual framework the study adopted theories such as stakeholder's theory, slack resource theory, agency theory and fiduciary capitalism theory. The study will target 90 deposit taking SACCOs in Mombasa County. The study sample size was 74. A modified Likert scale questionnaire was developed and divided into three parts. A pilot study was carried out to refine the instrument. The quality and consistency of the study was further assessed using Cronbach's alpha. Data analysis was performed on a computer using Statistical Package for Social Science (SPSS Version 25) for Windows. Data was presented in form of means, standard deviation, percentages and tables. The study findings showed that economic social responsibility, ethical social responsibility and philanthropic social responsibility have a positive correlation and legal social responsibility had no correlation with organizational performance of deposit taking SACCOs in Mombasa County. The study concluded that economic social responsibility and philanthropic social responsibility affects organizational performance of deposit taking SACCOs in Mombasa County and legal social responsibility and ethical social responsibility has no effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya.

**Key words:** Corporate, economic, ethical, discretion

### 1. INTRODUCTION

Corporate Social Responsibility (CSR) is when organizations or institutions undertake activities that will both benefit the society in which it operates and thus making profits also as an organization (Khanifar, Nazari, Emami, & Soltani, 2018). CSR operates under four responsibility levels; which are the economic, legal, ethical and philanthropic which must all be accomplished in order of priority. Economic responsibilities by being profitable, creating good and safe working conditions and providing quality products; Legal responsibilities by complying with

laws and regulations; Ethical responsibilities by doing what is right beyond the requirement of law by conducting their businesses in just, accountable and transparent manner and philanthropic responsibilities by voluntarily supporting the society by contributing resources to better their well-being.

Corporate Social Responsibility (CSR) is a strategy employed by firms to achieve competitive advantages (Ching, Yin, Pei, Zhi & Pei, 2018). CSR enhances corporate image and reputation resulting in improved company's competitiveness (Carroll & Shabana, 2018; Chung & Safdar, 2018; Togun & Nasieku, 2018). It involves managing multiple stakeholder ties concurrently and therefore mitigates the likelihood of negative regulatory, legislative or fiscal action, and attracts socially conscious consumers and investors (Freeman *et al.*, 2018). Engagement with stakeholders enhances and sustains a firm's revenue generation through improved relationship with employees, customers and other stakeholders (Harrison & Wicks, 2018). The relationship between business and society has witnessed a massive transformation from the traditional view of business performance as profit maximizing economic agent to a more ethical outlook that analyzes the greater impact of business on society (Safwat, 2017).

## **2. RESEARCH PROBLEM**

Certainly, adopting the CSR principles involves costs. These costs might be short term in nature or continuous outflows. Being socially responsible involves costs and therefore it should be beneficial to the business and improve sustainability. Deposit taking SACCOs could not continue a policy that constantly generates negative cash flows (Orlitzky, Schmidt & Reynes, 2019). The shareholders invest their money deposit taking SACCOs, expecting the highest possible risk adjusted return. Therefore, being socially responsible should have bottom-line benefits in order to be sustainable. But in many cases, it seems that the time frame of the costs and benefits can be out of alignment-the costs are immediate, and the benefits are not often realized in the near future (King & Lenox, 2019).

Pauline (2018) examined challenges of implementing CSR strategies at the Johnson's and Johnson in Kenya found out that Johnson and Johnson in itself did not participate in implementation of CSR initiatives but rather worked with partners by providing funding and support systems to ensure its success. Kemboi *et al.*, (2019) on effects of CSR practices on employee job satisfaction evidence of Commercial banks in Kenya found out that pay and benefits are motivating factors to employees' job satisfaction and that organizations should provide allowances to employees participate in social responsibilities. Chemwile (2018) on relationship between strategic CSR practices and the performance of Companies listed in Nairobi Securities Exchange in Kenya found out that there is high Performance when CSR practices are moderated by organizations size. However, several questions still remain unanswered as to which form of CSR activities affects organizational performance. The study therefore seeksto examine effect of CSR activities on organizational performance of deposit is taking Saccos in Mombasa County.

## **3. GENERAL OBJECTIVE**

To examine the effect of corporate social responsibility on organizational performance of deposit taking SACCOs in Mombasa County.

### **3.1 Specific Objectives**

1. To investigate the effect of economic social responsibility on organizational performance of deposit taking SACCOs in Mombasa County.
2. To determine the effect of legal social responsibility on organizational performance of deposit taking SACCOs in Mombasa County.
3. To evaluate the effect of ethical social responsibility on organizational performance of deposit taking SACCOs in Mombasa County.
4. To examine the effect of philanthropic social responsibility on organizational performance of deposit taking SACCOs in Mombasa County.

## **4. REVIEW OF LITERATURE**

### **4.1 Theoretical Framework**

This study was anchored on the following theories; Stakeholder theory and Slack Resource theory.

#### **4.1.1 Stakeholder Theory**

This theory emphasizes that the firm has a relationship with its stakeholders and the processes and outcomes of these relationships are of interest (Hillman and Luce, 2012). It purports that since businesses focus to appeal to both financial and non-financial stakeholders, they should focus on engaging in CSR undertakings that are apparently significant to non-financial stakeholder groups. This is because the firm needs both of these groups to be sustainable in the long run. Freeman and Reed (2013) identified two groups of stakeholders; those that affect and can be affected by the firm and those that provide support to the firm in form of resources. Stakeholder theory recognizes the long-term effect that the actions of stake holders may have on the company. Pedersen (2014) notes that maximizing the value of one's stakeholder will maximize the value of the company. Stakeholder relationship will also enhance trade. Kakabadse, Rozuel and Lee-Davies, (2015) emphasizes that, for business perform to well, they must deal with a variety of constituents other than its owners. Jensen (2012) proposes that the society expects the organization to perform various responsibilities in order for them to survive. Zingales (2010) also suggests that firms can only succeed by maintaining a quality relationship with the society.

Freeman (2014) postulated that a firm possesses both formal and informal agreements with numerous stakeholders and are hence liable to honor all such contracts. This enables the company to develop its reputation. Implied contracts become self-regulating through maintaining this relationship and the cost associated with these contracts also reduces (Telser, 2014). Moreover, Tesler argued that it improves performance and reputation of the firm. The function of management is to balance the demand of different existing stakeholders. The stakeholder theory proposes that CSR is positively associated with corporate financial performance. However, there are several critiques from scholars such as Sternberg (2013) who indicates that the theory challenges the property privileges of shareholders. Moreover, Sternberg posits that the theory also undermines the role of capitalism, relegates the role of government and hence compromises the mechanism of the free market.

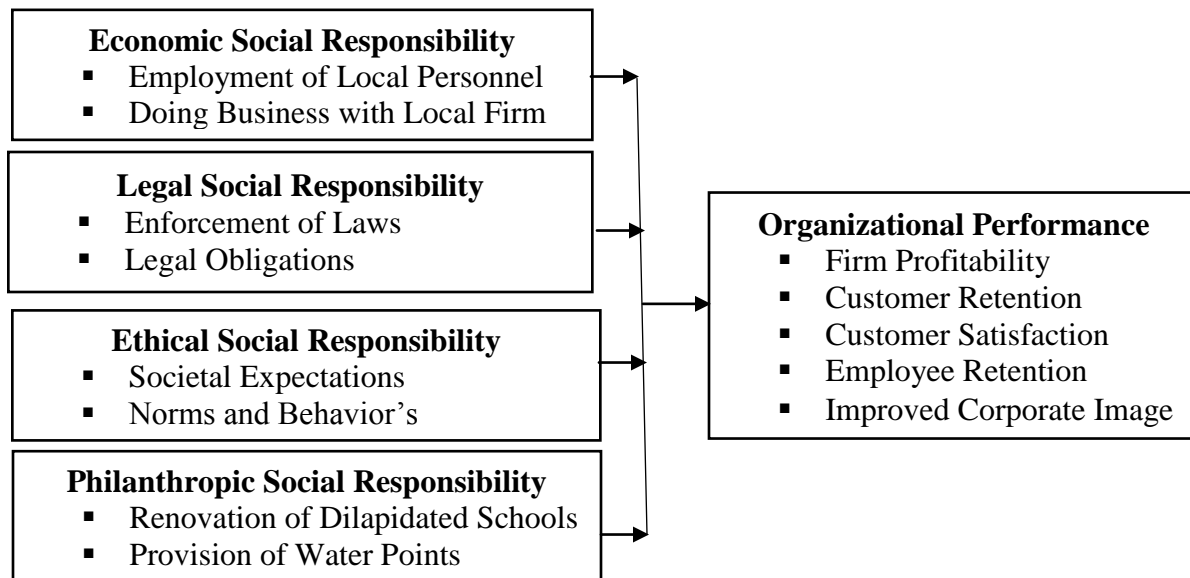
**4.1.2 Slack Resource Theory**

Cyert and March (2013) defined slack resource as any free or underutilized resources that can be redeployed for use by the organization. This theory proposes that companies with slack resources at their disposal have an opportunity to invest more on CSR activities thus improving its corporate social performance (Wissink, 2012). Waddock and Grave (1997) noted that a company is enabled to perform its CSR activities when it has improved financial performance due to the availability of slack resources. The insinuation of this approach is that CSR is an extra cost and social actions by companies can only be pursued if the firm has extra resources or cash flows (McGuire, 1988). Proper utilization of slack resources enhances effectiveness and efficiency and can augment to achievement of organizational goals. Buchholtz (2014) further argued that this enables a firm to effectively adjust to inside burden for modification or to outside burdens for modification in policy.

Whereas CSR may influence the company’s financial performance, there is a different direction of causation in this theory whereby a CFP-CSP relationship is involved. The financial performance is interpreted as the independent variable and it is the one that drives the corporate social performance which is the dependent variable (Ahmed, 2014). It shows an interesting cycle whereby responsibility and improved performance goes hand in hand. There is no clear evidence showing whether slack resources enhance or hinders financial performance (Zhong, 2011). Managers can make decisions that encourage use of its extra resources to engage in useful projects thus positively influence performance. However, agency theory proposed by (Ross, 1973) tends to differ as it suggests that slack resources can be a source of agency problem and can cause inefficiencies and thus negatively influence performance.

**4.2 Conceptual Framework**

Bryman and Bell, (2018) defines conceptual framework as a diagrammatical, graphical or visual depiction of a relationship between the independent variables and the dependent variable as shown in Figure 1



**Independent Variables**

**Dependent Variables**

*Figure 1 Conceptual Framework*

### 4.3 Review of Study Variables

#### 4.3.1 Economic Social Responsibility

Business organizations are entities designed to provide goods and services to society. The profit motive is central to entrepreneurship. As its principal role, businesses were required to produce goods and services and make an acceptable profit in the process. At some point in time the idea of profit motive got transformed into a notion of maximum profits and this has been an enduring value ever since (Krishnan, 2017). CSR is a commitment by businesses to consider, not just the shareholders of an enterprise, but the interests of all stakeholders impacted by its activities (Mobil, 2014). These include the employees, the consumers and suppliers of the business, the community in which it operates, and the environment. Mobil (2014) particularly focuses on the environmental implications of adopting CSR. CSR contemplates more than pure legal obligations imposed by statute. The commitment is a holistic approach to business that, in light of the state of the environment, attempts to address more than the financial bottom-line (Connelly, 2014). CSR is predicated on the belief that going about 'business as usual' is simply not sustainable.

CSR can be implemented by a business without government intervention, yet it often is undertaken through consumer pressure (Clark & Master, 2016). This self-motivated approach can often be less unsettling than changes imposed by legislation. Here, CSR is proposed as a part of the core business operations of a company, rather than a separate 'add on', distinguishing it from corporate philanthropy, which may be funded out of operations that are damaging to the communities in which business is conducted (Birmingham, 2014). However, governments are increasingly regulating the impacts that businesses have on the environment themselves, while simultaneously enacting legislation that directly or indirectly mandates minimum CSR standards required for businesses to operate (Mobil, 2014). Instead of waiting for such government action, businesses should consider adopting CSR by considering their product's entire life cycle (Vance, 2014).

Regarding the impact of CSR on the economic system, several works (Omboto, 2014) have analyzed this relationship, focusing primarily on the link between CSR and the financial performance of the certified firms. However, the effect of CSR is reflected on the whole economic system, in line with the stakeholder theory. Therefore, there are different effects of CSR to be classified according to different variables. Research shows that there is a difference in the prediction of financial performance between measures of market-based accounting and CFP-based measures of CFP (Tomecko & Dondo, 2014). Most recently the concept has spread to Europe and Sweden and it has even become trendy for companies in Sweden to engage in CSR (Jenkins, 2014). Before a company thinks about being a good corporate citizen, it first needs to make sure that it can be profitable (Jerkee, 2014).

#### 4.3.2 Legal Social Responsibility

According to Carroll's Society has not only sanctioned business to operate according to the profit motive; at the same time business is expected to comply with the laws and regulations promulgated by federal, state, and local governments as the ground rules under which business must operate. As a partial fulfillment of the "social contract" between business and society, firms are expected to pursue their economic missions within the framework of the law. He further states that, Legal responsibilities reflect a view of "codified ethics" in the sense that they embody

basic notions of fair operations as established by our lawmakers. They are depicted as the next layer on the pyramid to portray their historical development, but they are appropriately seen as coexisting with economic responsibilities as fundamental precepts of the free enterprise system. Society has not only sanctioned business to operate according to the profit motive; at the same time business is expected to comply with laws and regulations promulgated by federal, state and local governments as the ground rules under which businesses must operate. Businesses are expected to pursue their economic pursuits within the framework of law (Krishnan, 2017).

Firms engage in CSR activities to signal their orientation towards higher quality products (Boatright, 2014). Consumers realize that only firms that care about product quality are willing to invest in CSR activities because profit-oriented firms find these investments too expensive (Owiti, 2014). Therefore, such firms that engage in CSR activities end up growing and expanding faster than the profit-oriented ones (Iqbal *et. al.*, 2014). Moreover, senior management in such firms keeps searching for new, hard-to-imitate, less tangible sources of competitive advantage. These ‘soft sources may include the benefits achieved through the successful implementation of corporate social initiatives (Boatright, 2014). Better corporate image and reputation are arguably the most important of these benefits.

#### **4.3.3 Ethical Social Responsibility**

McWilliams and Siegel (2017) argued: ‘The idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations.’ By identifying and distinguishing the ethical and discretionary categories, Carroll (2017) explicitly spelled out what Friedman (2016) referred to as the responsibilities that extend beyond the economic and legal responsibilities. Carroll (2017) then made the notion of CSR more explicit when he contended that the economic and legal responsibilities are ‘required’, the ethical responsibilities are ‘expected’, and the discretionary/philanthropic responsibilities are ‘desired’. By doing so, he made a distinction between the traditional and the new responsibilities of the corporation. The classical responsibilities of the corporation which are embodied in its economic and legal responsibilities reflect the old social contract between business and society (Haji & Ghazali., 2017).

Alternatively, the new responsibilities of the corporation which are embodied in the ethical and discretionary responsibilities reflect the new, broader, social contract between business and society (Haji & Ghazali., 2017). Since what is debated in the subject of CSR are the nature and extent of corporate obligations that extend beyond the economic and legal responsibilities of the firm, it may be understood that the essence of CSR and what it really refers to are the ethical obligations of the corporation towards society. Kotler and Lee (2016) essentially see CSR in the same way. Kotler and Lee (2016) define CSR as ‘a commitment to improve community well-being through discretionary business practices and contributions of corporate resources. Ethical responsibilities could include being environmentally friendly, paying fair wages or refusing to do business with oppressive countries (Owiti, 2016). The influence of morality in markets is enhanced through disclosure and dissemination of information (Lathan, 2017).

Increasingly, pressure is building on firms to provide information on the social impact of all of their activities regardless of whether or not the firm is undertaking significant community involvement programs. This pressure results from the recent revival of the social reporting movement (Owiti, 2016). The recent “Millennium Poll” of over 25,000 persons in 23 countries

conducted by Environics International Ltd. showed that in almost all countries, and strongly in the United States and Great Britain, the public believes corporations should go beyond simply making a profit and creating jobs and should “help build a better society for all (Kitchen, 2016).” Moral pressures in the marketplace may be enhanced through credible reporting of social activities by firms and may be directly influenced by peer pressure. This explains why certain firms record an impressive rise in market share right after successful and well marketed corporate social responsibility (Kitchen, 2016). In both the United States and Europe, corporate social auditing, accounting, and reporting (SAAR) is gaining increasing attention. SAAR is a means of measuring a firm’s social performance, communicating its performance to stakeholders, and considering feedback from stakeholders (Owiti, 2016).

#### **4.3.4 Philanthropic Social Responsibility**

A company that practices corporate social responsibility (CSR) embraces responsibility for its actions and, through its activities, positively affects the environment, society, consumers, employees, communities, and other stakeholders (Clark & Master, 2016). One type of CSR is philanthropic giving (Lathan, 2017). The roots of corporate philanthropy date back to the rise of industry in the 19th and early 20th century, when pioneering businessmen like Henry Ford and John D. Rockefeller established a number of philanthropic foundations. Today, corporate philanthropy can involve donating funds, goods, or services to another organization or cause (Mobil, 2014). For example, the local branch of a bank might donate money to fund the purchase of uniforms for a school sports team, or a health care company might donate to the city opera (Clark & Master, 2016).

While individual philanthropists use their own resources to change the world for the better according to their interests, corporate philanthropy directs organizational resources to support a worthy cause or address a societal need (Ocran, 2015). The practice is not without its critics; some complain that philanthropic CSR is not directly related to an organization's core business. For instance, many large arts organizations receive funding from corporations in completely different industries simply because their executives happen to love music and wish to support a local symphony (Owiti, 2016). Although philanthropic CSR may provide public relations or branding advantages to a business, these benefits are difficult to measure and track. A business's philanthropic activity does not occur without oversight (Clark & Master, 2016). Since the early 2000's, corporations have sought to hold charities accountable for how they use donations. As a result, many nonprofit groups have adopted business practices for measuring their own performance. In this way, these beneficiaries of philanthropy demonstrate both a responsible use of the funds they have received and evidence of their performance relative to their mission. Companies engaging in philanthropic CSR can then use those results to measure the impact of their own efforts to support social causes (Kitchen, 2016). If a company is able to meet all of its other responsibilities, it can begin meeting philanthropic responsibilities (Kitchen, 2016). Philanthropic responsibilities are responsibilities that go above and beyond what is simply required or what the company believes is right. They involve trying to benefit society for example, by donating services to community organizations, engaging in projects to aid the environment or donating money to charitable causes.

Security markets are efficient with respect to information set, if and only if, revealing to all agents would change neither equilibrium prices nor portfolios (Lathan, 2017). Efficiency in CSR philanthropy is usually discussed and tested in various forms. The different forms are based on

the definition of the information set used in the tests. Some researchers have the view that securities markets in developing countries are not efficient in CSR philanthropy because of their operating characteristics such as size, market regulation, trading costs and the nature of the investors (Drake, 2016; Samuels, 2017; Kitchen, 2016).

#### 4.3.5 Organizational Performance

Chebet and Muturi (2017) defines an organizational performance is an analysis of a company's performance as compared to goals and objectives. Within corporate organizations, there are three primary outcomes analyzed: financial performance, market performance and shareholder value performance (in some cases, production capacity performance may be analyzed). Significant efforts have been made to understand the impact of CSR activities on organizational performance (Husted and Salazar, 2016; Marom, 2016; Moneva *et al.*, 2017; Orlitzky *et al.*, 2013). Pava and Krausz's (2015) comprehensive review of empirical studies of the relationship between CSR and organizational performance found that, overall, firms perceived as having met social responsibility criteria have either outperformed or performed as well as other firms that are not necessarily socially responsible. Such positive relationship has also been supported by a recent meta-analysis of the relationship between CSR and organizational performance (Orlitzky *et al.*, 2017). Corporate social responsibility aims at improving organization performance. Social responsibility has become a strong and irreversible part of corporate actions. When managed effectively, CSR programs and projects can create significant benefits in terms of reputation and returns as well as the motivation and loyalty of employees. CSR can also contribute toward strengthening valuable partnerships. Nordberg (2014) state that CSR strategies can create competitive advantages if used properly, pointing out that there is a positive association between strategic social responsibility actions and competitive advantage.

Customer satisfaction is a communal outcome of the customer's perception, evaluation, and psychological reaction to consumption experience with product or service. According to a research carried out by Nevine, Sobhy, Abdel and Megeid (2014) Customer satisfaction is a post purchase attitude formed through mental comparison of the quality a customer expects to receive from an exchange, and the level of quality the customer perceives actually receiving. Customer satisfaction results in behavioral outcomes such as customer retention, commitment, creation of a mutually rewarding bond between the user and the service provider, increased customer tolerance for services and products failures, positive word-of-mouth advertising about the organization, increased future customer spending, and it might result in more selling, attracting new customers, lowering costs, and greater profitability. Some researchers have argued that CSR can improve the competitiveness of a company in the long run, implying a positive relationship between the CSR involvement of a company and its financial success (Qu, 2017). The relationship between CSR and financial performance represents the least understood area of CSR (Angelidis *et al.*, 2018). While studies suggest a mild positive relationship, this connection has not been fully established and the mechanisms through which firm's financial performance can be enhanced through CSR is not well understood (Sagebien & Lindsay, 2018). Most researchers argue that good corporate reputations have strategic value for firms that possess them. Firms with assets that are valuable and possess a competitive advantage may expect to earn superior returns. Those whose assets are difficult to imitate may also achieve sustained superior financial performance (Qu, 2017).

## 5. RESEARCH METHODOLOGY

This study adopted a cross sectional survey and mixed methods research design. The target population of the study were chief executive officers of registered SACCOs in Mombasa County and this included chief executive officers. There are 90 registered SACCOs in Mombasa County. Therefore, the study targets 90 SACCOs in Mombasa County. The sample size for this study was 74 respondents. The study adopted a simple random sampling technique. The primary data was collected using a structured questionnaire. Items in the questionnaire were arranged in a logical sequence according to the themes being studied and items that would elicit similar responses being grouped together. The questionnaire had closed ended questions. Secondary data was from literature sources through review of published literature such as journals, articles, published theses and textbooks. The researcher made use of secondary data from the SACCOs. These sources were reviewed to give insight in the search for the primary information.

## 6. DATA ANALYSIS AND RESULTS

### 6.1 Correlation Analysis

**Table 2 Pearson Correlation**

<b>Correlations</b>					
	<b>Organizational Performance</b>	<b>EcSR</b>	<b>LSR</b>	<b>EtSR</b>	<b>PSR</b>
Organizational Performance	1				
	63				
Economic Social Responsibility	.426**	1			
	.000				
	63	63			
Legal Social Responsibility	-.145	-.075	1		
	.258	.560			
	63	63	63		
Ethical Social Responsibility	.040	.327**	.186	1	
	.005	.009	.144		
	63	63	63	63	
Philanthropic Social Responsibility	.510**	.172	.325**	.437**	1
	.000	.178	.009	.000	
	63	63	63	63	63

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (Organizational Performance) and the independent variables (economic social responsibility, legal social responsibility, ethical social responsibility and philanthropic social responsibility). According to Sekaran, (2015), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari & Gang, 2014). In trying to

show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation. This is as shown in Table 4.11 above. According to the findings, it was clear that there was a positive correlation between the independent variables, economic social responsibility, legal social responsibility, ethical social responsibility and philanthropic social responsibility and the dependent variable organizational performance. The analysis indicates the coefficient of correlation,  $r$  equal to 0.426, -0.145, 0.040 and 0.510 for economic social responsibility, legal social responsibility, ethical social responsibility and philanthropic social responsibility respectively. This indicates positive relationship between the independent variable namely economic social responsibility, ethical social responsibility and philanthropic social responsibility and the dependent variable organizational performance (Morara, 2018). However, the variable legal social responsibility had a negative relationship with the dependent variable organizational performance of deposit taking Saccos in Mombasa Kenya.

## 6.2 Coefficient of Determination (R<sup>2</sup>)

**Table 3 Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.679 <sup>a</sup>	.461	.424	1.58013
a. Predictors: (Constant), Philanthropic Social Responsibility, Economic Social Responsibility, Legal Social Responsibility, Ethical Social Responsibility				

To assess the research model, a confirmatory factors analysis was conducted. The four factors were then subjected to linear regression analysis in order to measure the success of the model and predict causal relationship between independent variables (economic social responsibility, legal social responsibility, ethical social responsibility and philanthropic social responsibility), and the dependent variable (Organizational Performance). The model explains 46.1% of the variance ( $R^2 = 0.424$ ) on Organizational Performance. Clearly, there are factors other than the four proposed in this model which can be used to predict organizational performance. However, this is still a good model as Bryman and Bell, (2018) pointed out that as much as lower value  $R^2$  0.10-0.20 is acceptable in social science research. This means that 46.1% of the relationship is explained by the identified four factors namely economic social responsibility, legal social responsibility, ethical social responsibility and philanthropic social responsibility. The rest 53.9% is explained by other factors in the organizational performance of the deposit taking Saccos in Mombasa County not studied in this research. In summary the four factors studied namely, economic social responsibility, legal social responsibility, ethical social responsibility and philanthropic social responsibility or determines 46.1% of the relationship while the rest 53.9% is explained or determined by other factors (AfDB, 2018).

## 6.3 Analysis of Variance

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the  $p$ -value was less or equal to 0.05. The significance of the regression model was as per Table 4.13 below with  $P$ -value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors of organizational performance. Basing the confidence level at 95% the

analysis indicates high reliability of the results obtained. The overall Anova results indicates that the model was significant at  $F = 12.423$ ,  $p = 0.000$ .

**Table 4 ANOVA<sup>a</sup>**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124.074	4	31.019	12.423	.000 <sup>b</sup>
	Residual	144.815	58	2.497		
	Total	268.889	62			
a. Dependent Variable: Organizational Performance						
b. Predictors: (Constant), Philanthropic Social Responsibility, Economic Social Responsibility, Legal Social Responsibility, Ethical Social Responsibility						

#### 6.4 Regression Analysis

**Table 5 Regression Coefficients**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.310	<b>2.773</b>		<b>3.717</b>	<b>.000</b>
	EconomicSocialRespon sibility	.272	.108	.279	2.516	.015
	LegalSocialResponsibil ity	-.278	.094	-.303	-2.944	.005
	EthicalSocialResponsib ility	-.040	.068	-.071	-.587	.560
	PhilanthropicSocialRes ponsibility	.521	.107	.591	4.888	.000
a. Dependent Variable: OrganizationalPerformance						

The regression equation was:

$$Y = 10.310 + 0.272 X_1 + -0.278X_2 + -0.040X_3 + 0.521X_4$$

Where;

Y = the dependent variable (Organizational Performance)

X<sub>1</sub> = Economic Social Responsibility

X<sub>2</sub> = Legal Social Responsibility

X<sub>3</sub> = Ethical Social Responsibility

X<sub>4</sub> = Philanthropic Social Responsibility

The regression equation below established that taking all factors into account (Organizational Performance of deposit taking SACCOs) constant at zero Organizational Performance of the deposit taking SACCOs, Kenya will be 10.310. The findings presented also showed that taking all other independent variables at zero, a unit increase in economic social responsibility would lead to 0.272 increase in the scores of organizational performance of deposit taking SACCOs in Mombasa County; a legal social responsibilities would lead to a -0.278 increase in the

organizational performance of deposit taking SACCOs in Mombasa County; a unit increase in ethical social responsibility would lead to -0.040 increase the scores of organizational performance of deposit taking SACCOs in Mombasa County and a unit increase in philanthropic social responsibility would lead to 0.521 increase the scores of organizational performance of deposit taking SACCOs in Mombasa County.

## **7. CONCLUSIONS AND RECOMMENDATIONS**

### **7.1 Conclusions**

The following is the conclusions made from the study findings:

The study results on regression rejected the null hypothesis that economic social responsibility has no effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya. Further the results revealed that there was a strong positive correlation between the independent variable and dependent variable. Therefore, it shows that economic social responsibility has an effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya.

The study results on regression accepted the null hypothesis that legal social responsibility has no effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya. Further the results revealed that there was no correlation between the independent variable and dependent variable. Therefore, it shows that legal social responsibility has no effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya.

The study results on regression accepted the null hypothesis that ethical social responsibility has no effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya. Further the results revealed that there was a weak positive correlation between the independent variable and dependent variable. Therefore, it shows that ethical social responsibility has no effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya.

The study results on regression accepted the null hypothesis that philanthropic social responsibility has no effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya. Further the results revealed that there was a strong positive correlation between the independent variable and dependent variable. Therefore, it shows that philanthropic social responsibility has an effect on organizational performance of deposit taking SACCOs in Mombasa County, Kenya.

### **7.2 Recommendations**

1. Deposit taking SACCOs should institutionalize CSR activities to make them more sustainable to continue serving the public.
2. Deposit taking SACCOs should legalize corporate social responsibility into their main activities.
3. That deposit taking SACCOs should continuously engage in ethical practices that espouse good corporate citizenship.
4. That deposit taking SACCOs should dedicate a certain percentage of their income to support CSR activities in Kenya.

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