

**RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY
AND FINANCIAL PERFORMANCE IN KENYA
(A CASE OF NAIROBI SECURITY EXCHANGE)**

BY

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ABSTRACT

The purpose of the study is to determine the relationship between corporate social responsibility and the financial performance using cost of Corporate Social Responsibility and Return on Asset as the measure of financial performance. This study is expected to bring a new insight between corporate Social Responsibility and Financial Performance using accounting literature an area that has not been expounded in prior studies, The result of this study can resolve the existing conflict in literatures by developing integrated model of the link between CSR and Financial Performance.

The study used descriptive research design. The design was preferred since it seeks to obtain information concerning the current status of a particular phenomenon. The population consisted of 60 companies listed in the NSE. The main sampling technique used in this study was purposeful sampling technique to select the companies with required information. In this case a sample size of six companies was used. The study was facilitated by the use of secondary data. This study considered disclosures made in the corporate annual reports. Annual reports are regarded as important documents in financial reporting due to the high degree of credibility.

The data collected was analyzed using regression. This was done to determine whether a relationship exists between corporate social responsibility and financial performance of quoted companies. The data was also analyzed through application of statistical techniques where computer software Microsoft excel was used to analyze the data. Qualitative analysis involved application of various qualitative techniques. Data was then organized and presented using tables and charts.

The findings of the study revealed that the expenditures in CSR, though positive, do not have a significant influence on a firm's financial performance. The profitability of listed firms is not significantly responsive to the expenditure in corporate social programs.