

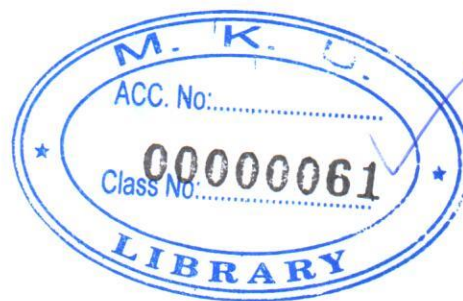
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**AN INVESTIGATION OF INTERNAL CORPORATE SOCIAL RESPONSIBILITY
EFFECT ON FIRM FINANCIAL PERFORMANCE: A CASE STUDY OF
KENYA COMMERCIAL BANK, UASIN GISHU COUNTY**

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ABSTRACT

The role of corporate social responsibility on employees is becoming more prevalent in the business world, one of the reasons being that successful companies should attract and retain the best work force. Few studies have linked the relationship between internal corporate social responsibilities and firm financial performance. This study investigated the effect of internal corporate social responsibilities on financial performance in Kenya commercial bank. The study aimed at investigating employee welfare on financial performance, equity on financial performance, how employee benefits affect the financial performance and workforce diversity on financial performance. The study was guided by social exchange theory. Social exchange theory was used to explain the effect of internal CSR practices on commitment. The study also utilized conceptual framework. Explanatory research design was used to find cause effect relationship. The study's target population was 283 employees from 3 branches of Kenya Commercial Bank in Uasin Gishu County in Kenya. Stratified sampling technique was used to select a sample size of 165. Primary data was collected using structured questionnaire and interviews schedule. Data was analyzed using descriptive statistics such as measures of central tendency and inferential statistics such as Pearson correlation and multiple regression model. Multiple regression model was used to test the hypotheses. The study showed that employee welfare ($\beta_1 = 0.172$, s.e (β_1) =0.041, $\rho=0.000$) had significant effect on financial performance of firm, followed by workforce diversity with positive and significant effect of financial performance ($\beta_4 = 0.244$, s.e (β_4) =0.048 $\rho=0.000$). Similarly, employee benefits ($\beta_3 = 0.284$, s.e (β_3) =0.054, $\rho=0.000$) and equity ($\beta_2 = 0.097$, s.e (β_1) =0.043, $\rho=0.026$) among employees had positive and significant effect on financial performance. Thus, internal CSR practices enhance firm financial performance. Therefore, the study recommends that firms should encourage and promote employee welfare so that employees have the gusto to perform tasks and renewed energy. Benefits should also be increased which will in turn lead to increase in financial performance. Moreover, workforce diversity should be implemented fully.