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Abstract

The Study attempted to address the question whether Corporate Social Responsibility (CSR) has effect on business performance of Insurance firms in Eldoret town in Kenya. The specific objective of the study was to examine the effect of environmental responsibility on business performance of insurance firms in Kenya. The study was anchored on stakeholder theory. Descriptive survey research design was adopted. The study was conducted in 32 insurance firms in Eldoret town. The target population was 394 insurance employees. The sample size was composed of 32 regional managers, 32 line managers and 64 sales representatives. A questionnaire and interview schedule was used as the main instruments of data collection of the study. Pilot study was conducted in Jubilee insurance company to ascertain the validity and reliability of the research instruments. The data was analyzed using both quantitative and qualitative techniques. The data from structured questionnaires was analyzed using descriptive statistics; frequencies and percentages and regression analysis. The data was analyzed with the aid of Statistical Package for Social Scientist (SPSS 23.0). Qualitative data was analyzed using content analysis. The study findings showed that majority of the respondents agreed that organization upholds fair business practices; provide quality goods and services through just processes, organization’s policies are motivated by social and ethical values. The results indicated that environmental responsibility activities undertaken by insurance firms significantly influence their performance ($\beta1 = 0.159$, $p < 0.05$).

1.0 Introduction

The past twenty years have seen a radical change in the relationship between business and society (Omboto, 2014). Key drivers of this change have been the globalization of trade, the increased size and influence of companies, there positioning of government and the rise in strategic importance of stakeholder relationships, knowledge and brand reputation (Turker, 2008). Today, there is an increased pressure on the corporate organizations to recognize their social and environmental responsibilities and adjust business practices to mitigate negative impacts of their operations and positively contribute to communities they operate. Corporate Social Responsibility (CSR) requires companies to do more than they are obligated to under applicable laws governing product safety, environmental protection, labor practices, human rights, community development, corruption, and so on. It implies that the companies should consider not only the interests of shareholders, but also other stakeholders. Not being able to meet these adverse demands threatens the company’s shareholder confidence, brand reputation, employee trust and other tangible and intangible corporate assets ((Blowfield & Murray, 2008).

A firm is at peak performance when it is able to effectively balance the varied needs of its stakeholders. Superior financial performance is a way to satisfy investors and can be represented by profitability, growth and market value (Cho & Pucik, 2005). Customers want companies to provide them with goods and services that match their expectations, to do that, companies must understand their needs, avoid defects and improve the perceived quality and value added by their offerings– Customer satisfaction. Employees’ satisfaction is related to investments in human resources practices. This group tends to value clearly defined job descriptions,
investment in training, career plans and good bonus policies. Social and environmental performance can be considered a way to satisfy communities and governments some activities associated with the satisfaction of these groups are safe environmental practices, increased product quality and safety, ethical advertising, minority employment and development of social projects (Harter, Schmidt, & Hayes, 2002).

Studies have been conducted on effect of CSR on organizational performance. Simone et al., (2016) conducted a study to investigate the influence of corporate social responsibility on employee satisfaction among 381 Brazilian companies. The study established that those employees prefer to work for organizations whose primary values align with their own, there is a significant relationship between employee concerns, company activities, and attitudinal and behavioral outcomes and that the perception of aligned values between employees and their organizations can create a more favourable identification with all organization initiatives. The study further indicated that perceptions of justice and fairness in the workplace may affect employee well-being. For instance, perceptions of justice and fairness concerning the attitudes of top management, both in general and in CSR terms, affect employee motivation and commitment. Such perceptions will affect employees’ personal identification with the organizational image.

According to Annual Insurance Industry Report of 2016 by the Insurance Regulatory Authority, there is total of 56 insurance and Re-insurance companies in Kenya, dominated by: Britam, C.I.C, C.F.C, PanAfrica and Kenya Re, that collectively control a market share of 70%. The sector is regulated by the insurance regulatory authority (IRA). The Insurance Regulatory Authority is a statutory government agency established under the Insurance Act (Amendment) 2006, CAP 487 of the Laws of Kenya to regulate, supervise and develop the insurance industry, the industry has witnessed improved regulation, setting minimum premiums chargeable for certain classes of business thereby reducing undercutting and unfair competition. In addition, the regulator (Insurance Regulatory Authority) has increased minimum capital requirements thereby improving capitalization and strengthening solvency. Managerial capacity and use of risk based models in pricing premiums has been greatly enhanced over the past decade (positive legislation in this regard has been the capping of single individual ownership of insurance underwriters at 25%) (Insurance Regulatory Authority, 2016).

Eldoret Town is the fifth largest town in Kenya after Nairobi, Mombasa, Kisumu and Nakuru. It is also the second largest urban Centre in Midwestern Kenya after Nakuru. Out of the 56 licensed insurance companies in Kenya, 33 of them have branches in Eldoret town as of 2016. Majority of these insurance companies engage in CSR activities. Kenya Re Ltd, for example has a campaign called “NikoFiti-Ability beyond Disability” Campaign. The campaign is geared towards empowering persons with disabilities and Britam Foundation for nurturing talents in Arts and Music. Other companies also support different aspects of CSR including education and environmental conservation.

Statement of the Problem
In a competitive market, customers associate themselves with products and services from organizations in accordance to their own perceptions towards such institution and institutions were becoming socially responsible to have good perceptions from their customers (Marcia, Otgonsetseg and Hassan, 2013). Kitzmuebery and Shimshack (2012) realized that firms could use CSR to maximize profits while not for profit firms could use CSR to satisfy its shareholders. Margolis, Elfenbein and Walsh (2007) found out that CSR has, indeed, an effect on firm financial performance. According to Olowokudejo and Aduluoju (2011), firms that involve themselves in CSR activities have satisfactory organizational effectiveness. With this kind of effectiveness the financial performance of the firm is also enhanced. It is therefore important to study the effect that would be there if insurance companies would involve themselves in CSR activities.

Studies in Kenya have proved that there is a link between CSR and firm performance. Okoth (2012) conducted a study on effect of CSR on financial performance of commercial banks in Kenya and established that that CSR has an effect on ROA and ROE. Gichana (2004) carried out a study on effects of CSR on performance of firms listed at NSE, and established a significant relationship between CSR and performance. Munyoki and Ong’olo, (2013) conducted a study on effect of CSR on performance of supermarkets in Kisumu, the study found that supermarkets that invested significantly in Social

Responsibility Programmes scored well as per the marketing index. According to Omoro, Kinyua and Okiro, (2014), it indicates that studies on CSR in Kenya have been done in Commercial banks, few studies has been conducted in the Non-commercial sector. Given the unique nature of the insurance sector and the fight to shed off the negative image associated with the past when proper policies had not been put in place, most insurance companies are yet to adopt any distinctive model, or at least have not done so in any bold, comprehensive, or brand-differentiating way. (Khalid Al-Amri, Said Gattoufi, Saeed Al-Muharrami, 2012). Many remain soloed in their business lines and conservative in their service offerings. This study aims to answer the question; what is the effect of corporate social responsibility on business performance of insurance firms in Eldoret Town.

2.0 Theory and Hypothesis Development

Stakeholders’ theory

Stakeholders’ theory was put forward by Edward Freeman (Freeman, 1984). According to the theory, all stakeholders are "customers" who have decisions to make in terms of whether the utility a firm provides them is greater than what they give up from other opportunities. Assumptions of the study argues that identifying and managing ties with key stakeholders may mitigate the likelihood of negative regulatory, legislative or fiscal action (Hillman and Keim, 2001). Critics by Freeman (1984) argues that companies should take multiple CSR. More and more companies take CSR actively and consider the interest of stakeholders from the strategic perspective. These stakeholders may include shareholders, managers, employees, creditors, suppliers, retailers, consumers, government, and community. In return, stakeholders are concerned more about the interest of corporate, which reduces the cost of opportunism behaviors, incentives and supervision. According to Waddock and Graves (1997), corporate social performance is positively correlated to financial performance. Building better relations with primary stakeholders like employees, customers, suppliers, and communities could lead to increased shareholder wealth by helping firms develop intangible, valuable assets which can be sources of competitive advantage.

The stakeholder theory is the central theory to this research, which seeks to establish if organizations can be socially responsible and have good performance by balancing the diverse needs of its stakeholders.

Effect of Environmental Responsibility on Performance

Mobil (2012) examined environmental implications of adopting CSR. The study discussed the concept of social responsibility as it can be understood at two levels, the internal level that relates to workers and, more generally, with all actors and stakeholders (who are affected by business and, in turn, may influence the results), and the external level which considers the consequences of the actions of an organization on its external environment, including, among other things, its business partners and the environment. 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, 2011). CSR is predicated on the belief that going about ‘business as usual’ is simply not sustainable.

Corrigan (2014) found that increasingly, the awareness of the destructive consequences of unsustainable practices among business enterprises has drawn a great deal of attention from international actors, policymakers, researchers, and governments, with respect to various aspects of the activities of business enterprises to mitigate environmental risks, to overcome the challenges of resources scarcities, and to promote sustainable development. Since an economic activity may result in a negative impact on the environment, there is a commitment to take responsibility for this condition. The commitment translates into developing such activities that are socially responsible, that aim at creating a society responsible for the environment on a voluntary basis and beyond the legal expectations. This means that obligatory orientation is a starting point for actions, but only optional orientation makes these actions more meaningful. Optional orientation leads to the situation where responsibility for the environment is a fundamental need and commitment towards the next generations, and not the consequence of strict respect for the law. Liliana Hawrysz and Joachim Foltys (2016) indicated that a number of research findings indicate that four elements affect the effectiveness of actions concerning environmental responsibility:
implementing the environmental policy into the organization strategic documents and everyday activities, stimulating employees’ awareness, increasing the amount and scope of responsibility for the environment, concerns the introduction of environmental responsibility into the core values of the organization. Ecological aspect of sustainability includes being responsible for future generations by sustaining a certain level of natural resources, thereby providing essential functions to human society. According to Ekins and Simon (2003), these functions are: Source function: delivery of natural resources to the economy (energy carriers, agricultural land, or biological resources), Sink function that refers to the possibility of disposing waste, Life support function which is a set of functions performed by land, water and air essential to sustaining life and human health and welfare function which includes services that maintain health and contribute to human well-being.

Leszczynska (2011) mentioned that Business activity, in particular production activity, is based on the use of natural resources. The environment resources condition the existence and development of an enterprise and the enterprise as a system interacts with the environment in the form of a feedback. Though governments are increasingly regulating the impacts that businesses have on the environment themselves, while simultaneously enacting legislation that directly or indirectly mandates minimum. Vance (2010) opined that CSR standards required businesses to operate. Instead of waiting for such government action, businesses should consider adopting CSR by considering their product’s entire life cycle (Vance, 2010). This means taking into account not only how to get the product and service into the consumers’ hands and the related environmental impact, but also how the product will be used, and, ultimately, disposed of (Omboto, 2014). By considering how the product will end its life, the business can then implement more sustainable means of production as well as developing a method of minimizing their carbon footprint.

DiSegni et al., (2015) found that firms that are proactive in supporting social responsibility and environmental sustainability are characterized by significantly higher profits measures than the industry and the sector in which they operate. Structural equation modeling (SEM) was used to study the relationship between corporate social responsibility, competitive operational capabilities, and overall organizational performance.

Conceptual framework

A conceptual framework is a written or visual presentation that explains either graphically or in narrative form, the main things to be studied, the key factors, concepts or variables and the presumed relationship among them (Miles & Huberman, 1994). In this study, the independent variables are components of social corporate social responsibility which is environmental responsibility. Firm performance is a relevant construct in strategic management research and frequently used as a dependent variable (Bonomi & Artur, 2012). This study focused on market share, employees’ satisfaction and innovation as the core dimension of business performance.

Independent variable

Environmental responsibility
- Environmental policy and eco-friendly products
- Involvement in environmental protection exercises.

Business performance
- Market share
- Employees’ satisfaction
- Profit
- Innovation

Figure 2.1: Conceptual Framework

The environmental implication of CSR contemplates more than pure legal obligations imposed by statute (Mobil, 2012). 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, 2011). Every business operates within a society. It uses the resources of the society and depends on the society.
for its functioning. This creates an obligation on the part of business to look after the welfare of society. So all the activities of the business should be such that they will not harm, rather they will protect and contribute to the interests of the society (Dragoș Bigu & Ionut, 2014). The economic dimension of the sustainability agenda should rather consider the direct and indirect economic impacts that the organization’s operations and processes have on the surrounding community and on the company’s stakeholders. That is what makes up corporate economic responsibility (Sharma, 2013).

3.0 Methods

Research Design
To develop an understanding of the effects of corporate social responsibility on business performance, this study adopted a descriptive survey research design. Descriptive survey allowed the study to describe the relevant aspects of the phenomena under consideration and provide detailed information about each relevant variable, as it allowed the use of quantitative data (Seema, 2012). The quantitative data enabled the data to be subjected to statistical analysis and derive the existing relationships. Hence the design allowed collection of in-depth data on the effect of corporate social responsibility on performance of insurance firms in Eldoret Town.

Population of the Study
A population consists of a group that share common characteristics from which individuals or units of analysis are then chosen out of the population for the study (Fox & Bayat, 2007). In this study, the population was insurance companies regulated under the Insurance Regulatory Authority operating in Eldoret town. According to Annual Insurance Industry Report for the Year Ended 31st December 2016 by the Insurance Regulatory Authority, there is total of 56 insurance and Re-insurance companies in Kenya. Out of the 56 insurance companies in Kenya, 33 companies operate in Eldoret town. The target population was 394 employees. This composed of the regional managers, line managers and sales representative.

Sample size and sampling procedure
This study employed a combination of stratified random sampling technique. Stratified random sampling is a modification of simple random sampling in which the population is divided into two or more relevant and significant strata based on one or more attributes (Saunders et. al., 2007). From the records, the insurance firms in Eldoret town has staff establishment of 394. The mathematical sampling approach given by Miller and Brewer (2003) was used:

\[ n = \frac{N}{1 + N(\alpha)^2} \]

Where \( n \) = sample size
\( N \) = Sample frame
\( \alpha \) = margin of error

The sample frame (N) is the total employees in insurance firm in Eldoret town. The sample size (n) was then calculated out of the sample frame (N).

Using a confidence level of 95%,
\[ n = \frac{394}{1 + 394(0.05)^2} \]
\[ n = 128 \]

Stratified random sampling was employed to select the respondents. The employees are arranged in three strata; Regional managers, line managers (administrative and care managers), and sales representatives. The sample for the study was 32 insurance firms. The sample was composed of 32 regional managers, 32 line managers and 64 sales representatives. Purposive sampling was used to select regional managers and line managers, while simple random sampling was used to select sales representatives. The sample size of the study was 128 respondents. Table 3.1 presents the sample size.

<table>
<thead>
<tr>
<th>Strata</th>
<th>Target population</th>
<th>Sample</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional managers</td>
<td>32</td>
<td>32</td>
<td>25</td>
</tr>
<tr>
<td>Line managers</td>
<td>64</td>
<td>32</td>
<td>25</td>
</tr>
<tr>
<td>Sales representative</td>
<td>298</td>
<td>64</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>394</td>
<td>128</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 3.1 Summary of the Target Sample
Data Collection Instrument

Questionnaires

Questionnaire was the main instrument for data collection. The questionnaires comprised of closed ended questions. A 5-Point Likert-type scale constituted part of the questionnaire. Likert-type scale is considered more reliable because under it, respondents conveniently answer each statement included in the instrument (Kothari, 2004). The choice of this method of data collection is informed by the fact that questionnaires are low-cost even when the population is large; it is free from the bias of the interviewer (Mugenda & Mugenda, 2003).

Interviews Schedule

According to Orodho (2009) many people are willing to communicate orally than in writing and they would provide data more readily and fully than on a questionnaire. The researcher is able to encourage subjects and probe them deeply into a problem.

Data Collection Procedure

The data was collected using a self-administered questionnaire procedure and interview carried out by the researcher, where the questionnaires was administered to the selected respondents; it was through drop- and pick- later technique. A week was provided so as to allow the respondents enough time to fill the questionnaire. Since the population under study is manageable, the researcher delivered the questionnaires in person to the respondents. The study was also supported by secondary data that is readily available from the companies’ websites, newsletters, published financial statements, brochures and all the other available publications.

Validity and reliability of Research instruments

Validity of Research Instruments

Validity was done to ascertain that the instruments are measuring the concept one set out to measure. Rymarchyk (2002) suggested that validity in social science has several components which should ideally all be included in a research project in order to enhance the overall validity of the study. The study examined content validity and construct validity. To achieve content validity, the research questionnaire was designed according to the research variables in the study objectives. In addition, validity was verified through expert opinions of the university supervisors and other research expert in the university to ascertain representativeness and suitability of the questions. To ensure construct validity of the research instruments, the researcher checked the questionnaire coverage of all the areas of each variable based on the research objectives. The questionnaire was structured in a clear, easy manner, using appropriate language to make the interpretation possible by the respondents.

Reliability of Research Instruments

Reliability refers to the consistency, stability and repeatability of results. The result is considered reliable if consistent results have been obtained in identical situations but different circumstances (Twycross & Shields, 2004). In order to ascertain the reliability of the questionnaires, the researcher conducted a pilot study in Jubilee insurance, this provided the researcher the opportunity to test the instruments prior to the actual study. According to Kothari (2004), a pilot test is the replica and rehearsal of the main study and it brings to the light the weaknesses (if any) of the research instruments and also the sampling techniques. According to Gall and Borg. (1996) the total number of respondents for the pilot study should be between 9% - 10% of the sample population. To measure the reliability of the gathered data Cronbach’s alpha was applied. Cronbach’s alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability. The study obtained a Cronbach’s coefficient of 0.83, which was taken as having good internal consistency. According to Zikmund et al. (2013), scales with a coefficient alpha between 0.80 and 0.95 are considered to have very good reliability; those with a coefficient alpha between 0.70 and 0.80 have good reliability while those between 0.60 to 0.70 indicates fair reliability. Those below 0.60 have poor reliability. The statistical package for social science (SPSS) was used to compute the alpha coefficient.

Data Processing and Analysis

Data analysis involves data coding and analysis (Gatara, 2010). Data analysis was done using quantitative approaches. Both Descriptive and inferential statistics was applied in the data analysis. Descriptive statistics method was applied to analyze quantitative data where data is scored by calculating the frequencies and percentages. This was done using Statistical Package for Social Sciences (SPSS) computer software. Multiple regression was used to
establish the effect of the independent variables on the dependent variable. A multiple linear regression model shows the relationship between the dependent variable and multiple (two or more) independent variables. In multiple linear regression, there are X explanatory variables, and the relationship between the dependent variable and the explanatory variables is represented by the following equation:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where:

- $\beta_0$ is the constant term and
- $\beta_1$ to are the coefficients relating the X explanatory variables to the variables of interest.
- $\epsilon$ is an unobserved random variable, known as the error or disturbance term.

The results are presented using tables with explanations on all parameters used.

### 4.0 Data Analysis, Presentation and Interpretation

#### Response Rate

The study targeted 128 respondents but managed to obtain responses from 94 of them thus representing a 73.4% response rate. This response rate is considered sufficient to make conclusions for the study. Mugenda and Mugenda (2003) observed that a 50% response rate is adequate, 60% and above as good, while 70% and above rated as very good. The results are presented in table 4.1.

<table>
<thead>
<tr>
<th>Response rate</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administered</td>
<td>128</td>
<td>100</td>
</tr>
<tr>
<td>Returned</td>
<td>94</td>
<td>73.4</td>
</tr>
</tbody>
</table>

### Validity and Reliability

The study examined content validity and construct validity. To achieve content validity, the research questionnaire was designed according to the research variables in the study objectives. In addition, validity was verified through expert opinions of the university supervisors and other research expert in the university to ascertain representativeness and suitability of the questions. To ensure construct validity of the research instruments, the researcher checked the questionnaire coverage of all the areas of each variable based on the research objectives.

Reliability refers to the consistency, stability and repeatability of results. The result is considered reliable if consistent results have been obtained in identical situations but different circumstances (Twycross & Shields, 2004). In order to ascertain the reliability of the questionnaires, the researcher conducted a pilot study in Jubilee insurance; this provided the researcher the opportunity to test the instruments prior to the actual study. Reliability analysis was done using Cronbach’s Alpha coefficient to measure the internal consistency of the research questionnaire. From the study finding in table 4.2 it was found out that the reliability of all variables were more than 0.7 hence indicating their reliability. According to Zikmund et al. (2013), scales with a coefficient alpha between 0.80 and 0.95 are considered to have very good reliability; those with a coefficient alpha between 0.70 and 0.80 have good reliability while those between 0.60 to 0.70 indicates fair reliability. Those below 0.60 have poor reliability.

<table>
<thead>
<tr>
<th>Reliability</th>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental responsibility</td>
<td>.754</td>
<td>4</td>
</tr>
<tr>
<td>Business performance</td>
<td>.844</td>
<td>7</td>
</tr>
</tbody>
</table>

### Background Information of the Respondents

The study examined background information of the respondents, and the following subsections was discussed; the gender of the respondents, age of the respondents, education level of the respondents, education level of the respondents and community service responsibility activities.
Gender of the Respondents
The study sought to determine the gender of respondents who participated in the study. The study findings indicated that majority of the respondents 59(62.8%) were males while 35(37.2%) were females as indicated in table 4.3 Gender of the Respondents, page 40. This implies that the insurance company employee both male and female. Also it implies that the study collected data from both gender hence avoiding gender biasness in the study.

Table 4.3 Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>59</td>
<td>62.8</td>
</tr>
<tr>
<td>Female</td>
<td>35</td>
<td>37.2</td>
</tr>
<tr>
<td>Total</td>
<td>94</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Age of the Respondents
The study sought to determine the age of respondents who participated in the study. The study findings found out that majority of the respondents 49(52.1%) aged between 31-40 years, 24(25.5%) aged between 20-30 years, 17(18.1%) aged 41-50 years while 4(4.3%) aged 51-60 years, as illustrated in table 4.4 Age of the Respondents. This gives implication that the study gets information from all age categories to avoid age biasness.

Table 4.4 Age of the Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>24</td>
<td>25.5</td>
</tr>
<tr>
<td>31-40</td>
<td>49</td>
<td>52.1</td>
</tr>
<tr>
<td>41-50</td>
<td>17</td>
<td>18.1</td>
</tr>
<tr>
<td>51-60</td>
<td>4</td>
<td>4.3</td>
</tr>
<tr>
<td>Total</td>
<td>94</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Education Level of the Respondents
The study sought to determine the education level of respondents who participated in the study. The study findings show that most of the respondents 47 (50.0%) had a diploma, 10 (10.6%) had certificate, 21 (22.3%) had bachelor’s degree while 16 (17.0%) had a master’s degrees, as presented in table 4.5 Education Level of the Respondents. This gives an implication that majority of respondents who participated in the study had a diploma in their level of studies. Also the study gets information from all education level.

Table 4.5 Education Level of the Respondents

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>10</td>
<td>10.6</td>
</tr>
<tr>
<td>Diploma</td>
<td>47</td>
<td>50.0</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>21</td>
<td>22.3</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>16</td>
<td>17.0</td>
</tr>
<tr>
<td>Total</td>
<td>94</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Working Experience of the Respondents
The researcher sought information on the number of years in which the respondents have worked in the company. This information was important in gauging the knowledge of the respondents about the company. Most of the respondents 37(39.4%) have worked in the company for less than five years, 34(36.2%) have worked for between 5-10 years, 17(18.1%) have worked for 11-15 years and 6(6.4%) have worked for more than 15 years, as indicated in
Table 4.6 Working Experience of the Respondents.

This implies that majority of respondents had worked for the insurance company for between 5-10 years hence have enough information on effect of corporate social responsibility on business performance of insurance firms in Eldoret town, Kenya.

**Table 4.6 Working Experience Of The Respondents**

<table>
<thead>
<tr>
<th>Experience</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>37</td>
<td>39.4</td>
</tr>
<tr>
<td>Between 5-10 years</td>
<td>34</td>
<td>36.2</td>
</tr>
<tr>
<td>Between 11-15 years</td>
<td>17</td>
<td>18.1</td>
</tr>
<tr>
<td>Above 15 years</td>
<td>6</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>94</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Community Service Responsibility Activities

The study established that insurance firms in Eldoret town are engaged in various CSR activities. Most firms 33 (35.1%) are engaged in environmental cleanup and tree planting, 19(20.2%) are involved in charity donation, 17(18.1%) participate in employee welfare, while the rest 25(26.6%) are engaged in other CSR activities such as working with vulnerable groups in the society as indicated in table 4.7 community service responsibility activities. This implies that majority of insurance firms have participated in community service responsibility activities especially on environmental cleanup and tree planting.

**Table 4.7 Community Service Responsibility Activities**

<table>
<thead>
<tr>
<th>CSR</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charity donations</td>
<td>19</td>
<td>20.2</td>
</tr>
<tr>
<td>Environmental cleanup and tree planting</td>
<td>33</td>
<td>35.1</td>
</tr>
<tr>
<td>Employee welfare</td>
<td>17</td>
<td>18.1</td>
</tr>
<tr>
<td>Others</td>
<td>25</td>
<td>26.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>94</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Descriptive Statistics of Study Variables

This section describes the descriptive Statistics of effect of environmental responsibility on business performance, effect of social responsibility on business performance of insurance firms in Kenya, effect of economic responsibility on business performance of insurance firms in Kenya and effect of legal responsibility on business performance of insurance firms in Kenya. The study determined the respondents’ level of agreement on a five point Likert scale which ranged from strongly disagree (1) to strongly agree (5).

Effect of Environmental Responsibility on Business Performance

The first objective of the study was to examine the effect of environmental responsibility on business performance of insurance firms in Kenya. The study established that most insurance firms have a functioning waste management and pollution prevention programme in place, as indicated by 34(36.2%) of the respondents who agreed and 24(25.5%) who strongly agreed with a mean of (M=3.649). Most respondents 32(34.0%) agreed and 41(43.6%) strongly agreed that involvement in environmental conservation has positive effect on business (M=4.000). Majority of the respondents 38(40.4%) agreed and 36(31.9%) strongly agreed with the statement that our company considers potential environmental impacts when developing new products and services, 42(44.7%) of the respondents agreed and 30(31.9%) strongly agreed with the statement (M=3.840), as indicated in table 4.8. The study results on environmental responsibility on business performance revealed that majority of the respondents strongly agreed that involvement in environmental conservation has positive effect on business. Environmental conservation ensures that there is sustainability on the production unit and therefore there is no possibility of limitation on the supply of resources for the future generation. The
company will operate for several generations with adequate supply units of raw materials as well gain desirable profits. The study findings concur with DiSegni et al., (2015) who found that firms that are proactive in supporting social responsibility and environmental sustainability are characterized by significantly higher profits measures than the industry and the sector in which they operate. Structural equation modeling (SEM) is used to study the relationship between corporate social responsibility, competitive operational capabilities, and overall organizational performance.

### Table 4.8 Response on Environmental Responsibility

<table>
<thead>
<tr>
<th>SA</th>
<th>A</th>
<th>UD</th>
<th>D</th>
<th>SD</th>
<th>Total</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have a functioning waste management and pollution prevention programme in place</td>
<td>F</td>
<td>24</td>
<td>34</td>
<td>19</td>
<td>13</td>
<td>4</td>
<td>94</td>
<td>3.64</td>
<td>1.13</td>
</tr>
<tr>
<td>%</td>
<td>25.5</td>
<td>36.2</td>
<td>20.2</td>
<td>13.8</td>
<td>4.3</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement in environmental conservation has positive effect on business</td>
<td>F</td>
<td>41</td>
<td>32</td>
<td>7</td>
<td>8</td>
<td>6</td>
<td>94</td>
<td>4.0</td>
<td>1.20</td>
</tr>
<tr>
<td>%</td>
<td>43.6</td>
<td>34</td>
<td>7.4</td>
<td>8.5</td>
<td>6.4</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees fully support environmental conservation efforts</td>
<td>F</td>
<td>36</td>
<td>38</td>
<td>9</td>
<td>5</td>
<td>6</td>
<td>94</td>
<td>3.98</td>
<td>1.13</td>
</tr>
<tr>
<td>%</td>
<td>38.3</td>
<td>40.4</td>
<td>9.6</td>
<td>5.3</td>
<td>6.4</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our company considers potential environmental impacts when developing new products and services</td>
<td>F</td>
<td>30</td>
<td>42</td>
<td>8</td>
<td>5</td>
<td>9</td>
<td>94</td>
<td>3.84</td>
<td>1.21</td>
</tr>
<tr>
<td>%</td>
<td>31.9</td>
<td>44.7</td>
<td>8.5</td>
<td>5.3</td>
<td>9.6</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Inferential Statistics

This section describes the results of the relationship between independent variables and the dependent variables and shows the effect of the independent variables on the dependent variable. The inferential statistics used in this study were correlation and multiple regressions. This was used to shows the relationship between independent and dependent variable. The study started with correlation analysis.

### Correlation Findings

Correlation analysis was performed to determine the correlation between environmental responsibility, social responsibility, economic responsibility, legal responsibility and business performance of insurance firms in Kenya. Pearson’s product – moment correlation (r) was used to determine the relationship between the independent variables and dependent variable to assess both the direction and strength. Each of independent variables and dependent variable where correlation coefficient (r=between +1 and -1) measures the strength and direction of a linear relationship between each of independent variables and dependent variable.

As per Thanoon, Adnan and Saffari (2015) Pearson Correlation of r=+0.7 indicates a very strong relationship; r=+0.5 to below 0.7 indicates a strong relationship; r=+0.3 to +0.49 indicates a moderate relationship and r=.029 and below indicates a weak relationship. Where r= 0 it indicates that there is no relationship. However r value of +1 shows a perfect linear relationship. The established relationship between dependent variables and independent variable is described in Table 4.15. The study findings indicated there was a moderate positive and significant relationship between environmental responsibility and firm performance (r=0.493; p< 0.05). This means that environmental responsibility positively affect firm performance. Environmental conservation ensures that there is sustainability on the production unit and therefore there is no possibility of limitation on the supply of resources for the future generation. The company will operate for several generations with adequate supply units of raw materials as well gain desirable profits. The study findings concur with DiSegni et al., (2015) who found that firms that are proactive in
supporting social responsibility and environmental sustainability are characterized by significantly higher profits measures than the industry and the sector in which they operate. Structural equation modeling (SEM) is used to study the relationship between corporate social responsibility, competitive operational capabilities, and overall organizational performance.

**Table 4.9 Correlation Findings**

<table>
<thead>
<tr>
<th></th>
<th>Environmental responsibility Pearson Correlation</th>
<th>Performance Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>1</td>
<td>.493**</td>
</tr>
<tr>
<td>responsibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td>Performance Sig. (2-tailed)</td>
</tr>
<tr>
<td></td>
<td>.493**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(.000)</td>
<td></td>
</tr>
</tbody>
</table>

**Multiple Regression Analysis**

The research used multiple regression analysis to determine the linear statistical relationship between independent variables and dependent variable. The independent variables were: environmental responsibility and legal responsibility while dependent variable was business performance of insurance firms in Kenya. The study results are indicated in table 4.10, 4.11, 4.12. Table 4.24 reveals the value of coefficient of correlation (R) which is 0.821 indicating a positive linear relationship between dependent and independent variables. The coefficient of determination \( R^2 \) value was 0.673 indicating that CSR activities; environmental responsibilities, 67.3% change in performance in insurance firms. Therefore, the study results revealed that 67.3% can be explained by independent variable in relation to dependent variable. The adjusted \( R^2 \) value is 0.659 which is slightly lower than \( R^2 \) value shows a relationship between the independent and dependent variables since its sensitive when irrelevant variables are added. However, the typical error when the model is used to predict firm performance is 0.24595.

**Table 4.10 Regression Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>( R )</th>
<th>( R^2 )</th>
<th>Adjusted ( R^2 )</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.821*</td>
<td>.673</td>
<td>.659</td>
<td>.24595</td>
<td>1.378</td>
</tr>
</tbody>
</table>

Analysis of Variance (ANOVA) examine whether the multiple regression model was fit for the data. This helped to find out if firm performance can be predicted without relying on environmental responsibility, social responsibility, economic responsibility and legal responsibility. The study findings provides F test which shows an overall test of significance of the fitted regression model. Table 4.17 show analysis of variance, the table indicated the extent in which the data fit into the regression model. The F value indicates that all the variables in the equation were significant hence the overall regression model is significant (\( F = 45.854, \ P = 0.000 \)).

**Table 4.11 ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum Squares of df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>11.095 4</td>
<td>2.774</td>
<td>45.854</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>5.384 89</td>
<td>.060</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>16.479 93</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Coefficients of independent variables**

The study conducted t-test of statistical significance of each individual regression coefficient and results are presented in Table 4.18. The findings indicate that all the t values were significant implying that...
independent variable is a predictor of the dependent variable; environmental responsibility (t=2.139; p<0.05).

Therefore the multiple regression model equation was developed from the coefficient as shown in equation 4.1:

\[ Y = 1.101 + 0.159X_1 + \ldots \ldots \ldots \text{Equation 4.1} \]

### Table 4.12 Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.101</td>
<td>.245</td>
<td>.159</td>
<td>4.494</td>
</tr>
<tr>
<td>Environmental responsibility</td>
<td>.104</td>
<td>.049</td>
<td>.159</td>
<td>2.139</td>
</tr>
</tbody>
</table>

### Testing of Hypothesis

In this study, all the four hypotheses were tested using multiple regression model. For every hypothesis the choice decide was that if the p value is less than 0.05 we reject and when p value is greater than 0.05 null hypotheses is rejected. The results were presented in table 4.12.

The first hypothesis (H0) was that environmental responsibility has no effect on business performance of insurance firms in Kenya. The regression results indicated that environmental responsibility activities undertaken by insurance firms significantly influence their performance (\(B_1= 0.159, p = 0.035<0.05\)), hence the null hypothesis was rejected at (p = 0.05) and the alternate hypothesis was adopted by the study. This implies that environmental responsibility activities have great impact on performance of an organization. The surrounding environment should be protected to enable growth in performance of the firm.

The study findings concur with DiSegni et al., (2015) who found that firms that are proactive in supporting social responsibility and environmental sustainability are characterized by significantly higher profits measures than the industry and the sector in which they operate. Structural equation modeling (SEM) is used to study the relationship between corporate social responsibility, competitive operational capabilities, and overall organizational performance.

### Results Interview Schedule

The responses from interview schedule were grouped into themes and discussed basing on the study objectives to draw conclusions.

The company participate in environmental conservation initiatives but the level of participation is still low thus recommendations are made that experts need to continue improving on the implementation process of the environmental corporate strategies.

The company takes part in actives geared towards uplifting social well-being of the community. The community well-being further influence business decisions of the company since most of the resources are drawn from the nearby community.

In addition the initiatives in the company are geared towards economic empowerment of the community. Since over 50% business requirements are sourced from the community. The company have the policies in place to entrench the legal requirements within the company operations. The company encourage compliance to laws and regulations by making regular awareness to the community through social media like radio as well send messages to the community through local schools and the chief’s offices.

Finally, corporate social responsibility influence business performance. Corporate social responsibility can be ranked as the top most contributor to positive corporate image since the society around has to testify the image of the company and its performance.
5.0 Summary of Findings, Conclusion and Recommendations

Summary of the findings
The first objective of the study was to establish effect of environmental responsibility on business performance of insurance firms in Kenya. The study established that most insurance firms have a functioning waste management and pollution prevention programme in place and involve employees to support environmental conservation efforts. The insurance firms also consider potential environmental impacts when developing new products and services. The first hypothesis of the study (H0), stated that environmental responsibility has no significant effect on business performance of insurance firms in Kenya. The regression results indicated that environmental responsibility activities undertaken by insurance firms significantly influence their performance, therefore the null hypothesis was rejected. The results indicate that members of the public are environmental conscious, hence they will associate with insurance companies that participate in environmental conservation initiatives (β1 = 0.159, p = 0.035), hence will project positive publicity which will translate to good business performance.

Effect of environmental responsibility on business performance
The study established that most insurance firms have a functioning waste management and pollution prevention programme in place. Most insurance firms believe that involvement in environmental conservation has positive effect on business, and as a result, employees fully support environmental conservation efforts. The findings concur with DiSegni et al., (2015) who found that firms that are proactive in supporting social responsibility and environmental sustainability are characterized by significantly higher profits measures than the industry and the sector in which they operate. The insurance firms also consider potential environmental impacts when developing new products and services. The regression results indicated that environmental responsibility activities undertaken by insurance firms significantly influence their performance. The results concur with Okiro, Omoro and Kinyua (2013) who tested the relationship between investment in CSR and sustained growth of commercial banks in Nairobi County. The findings revealed an increasing positive attitude towards CSR in terms of investment was essential for the success of the firm.

Conclusions
The study established that most insurance firm have a functioning waste management and pollution prevention programme in place. Most insurance firms believe that involvement in environmental conservation has positive effect on business, and as a result, employees fully support environmental conservation efforts. The insurance firms also consider potential environmental impacts when developing new products and services. The study found out that organization upholds fair business practices; provide quality goods and services through just processes. Similarly, organization’s policies are motivated by social and ethical values. Most insurance firms have whistle-blowing policy in place for employees to report any misconduct at work. Insurance firms also support employees’ activities in the community. Furthermore, the company takes part in improving social infrastructure and living conditions in the communities.

Recommendations
The study found that CSR is good for the business performance in insurance firms. This is in agreement with Auger et al. (2003) argument firms that enjoy favorable reputations for their CSR may be able to charge premiums for their products and services. The study recommends that insurance firms should be proactive in environmental conservation this can be done jointly with other like-minded institutions to reduce cost while achieving similar goals. Insurance firms can partner with telecommunication industries, manufacturing industries, commercial academic institutions or hospitals to spearhead similar CSR objectives. This study recommends that insurance firms should formulate clear-cut policies to guide their philanthropic activities in alignment to the overarching objectives. This will not only provide a guide, but will also enable shareholders to evaluate the extent to which the firm has invested in promoting their company’s corporate citizenship.

The study recommends the use of Triple bottom line (TBL) theory because the theory shows how companies can be committed to social and environmental concerns.
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