CORPORATE SOCIAL RESPONSIBILITY AND PERFORMANCE OF SELECTED AIRLINES OPERATING IN KENYA

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D53/OL/20489/2012

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS FOR PARTIAL FULFILMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT), KENYATTA UNIVERSITY

NOVEMBER, 2018
DECLARATION

I declare that this research project is my original work and has not been presented for a degree or other award in any other University. No part of this research project should be reproduced without authority of the author or/and Kenyatta University.

Signature ___________________________ Date 13/11/2018

MUNYAO GEORGE MUMO
D53/OL/20489/2012

Supervisor(s)
I confirm that the work presented in this research project was carried out by the candidate under my supervision.

Signature ___________________________ Date 13/11/2018

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DEDICATION

To my beloved family for their tireless support and dedication throughout the study period. To my Mum and my sister Veronica for your encouragement. To my children and to my nephew Mark, all this is for you. May you follow my steps as you climb the ladder through your academic journey?
ACKNOWLEDGMENTS

I give thanks to the Almighty God for the sound health and grace granted to me throughout my project. Secondly, my sincere appreciation goes to everyone who made contributions towards the completion of this project. Special thanks to Dr. Samuel Maina of the Department of Business Administration, Kenyatta University for his professional and academic guidance. My utmost thanks to all lecturers of the Department of Business Administration who guided me during my coursework.

My appreciation also goes to all airline staff members who participated in this study for the assistance and willingness that they accorded me while collecting data. Mr. Hesbon Makori deserves gratitude for wise counsel, critique, and editing of the lexical setup of my work and not forgetting my family who motivated me to work throughout the trying period of this scholarship.
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**ABBREVIATIONS AND ACRONYMS**

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<thead>
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<th>Full Form</th>
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<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
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<td>CAB</td>
<td>Civil Aviation Board</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>CSRI</td>
<td>Corporate Social Responsibility Index</td>
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<tr>
<td>DCA</td>
<td>Directorate of Civil Aviation</td>
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<td>ICAO</td>
<td>International Civil Aviation Organization</td>
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<td>JKIA</td>
<td>Jomo Kenyatta International Airport</td>
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<td>KCAA</td>
<td>Kenya Civil Aviation Authority</td>
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<td>KQ</td>
<td>Kenya Airways</td>
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<tr>
<td>MBV</td>
<td>Market Book Value</td>
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<td>NACOSTI</td>
<td>National Commission for Science, Technology and Innovation</td>
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<tr>
<td>NIM</td>
<td>Net Interest Margin</td>
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<tr>
<td>ROA</td>
<td>Return on Assets</td>
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<td>ROCE</td>
<td>Return on Capital Employed</td>
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<td>ROE</td>
<td>Return on Equity</td>
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<td>ROI</td>
<td>Return on Interest</td>
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<td>SARPs</td>
<td>Standards and Recommended Practices</td>
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OPERATIONAL DEFINITION OF TERMS

**Corporate Social Responsibility:** Is the various benefits an organisation or company offers to a society for a given time frame.

**Customer retention:** Refers to different strategies an organization undertakes to maintain customer loyalty.

**Economic responsibility:** refers to the striving by an association to guarantee that we are gainful with the end goal to make long haul an incentive for its partners and add to a worldwide and practical economy. The monetary effect ranges over clients, providers, governments and society on the loose.

**Legal responsibility:** refers to a measure of mental limit, utilized in choosing the degree to which an association can be considered responsible for a wrongdoing. Particular obligations forced upon associations to think about others, for example, the clients, providers, governments and society on the loose.

**Market share:** Refers to the portion of services an organisation or company has on the market.

**Performance:** Refers to the an organisation’s accomplishment of the set standards.

**Philanthropic responsibility:** Refers to the humanitarian duty, obligation, or liability for which an organization is held accountable.

**Social responsibility:** Refers to the recommends that a person or organization has a responsibility to represent the interests of the disadvantaged society.
ABSTRACT

The increase in the thorough examination of the operation of businesses has made the organizations to meet the needs of the stakeholders such as customers and government. Normally the organizations that embrace the requirements of CSR have the high level of achievement. The essential traits of CSR that lead to improved performance are those projects that emphasize on health, environment, education and sports. In view of these contentions, this investigation seeks to draw out the connection between CSR and airlines’ performance with an emphasis on carrier organizations working in Kenya, concentrating on interest in charitable, financial, legal and moral obligations. Using descriptive research design, the study sought to investigate the connection between CSR and performance of selected airlines operating in Kenya. The target population was all the airlines which operate either passenger or freight flights to JKIA. Census method was utilized to gather data from all the 38 carriers that work in JKIA. Self-administered questionnaires were utilized to gather information. The information gathered were broken down utilizing both descriptive statistics (mean scores and standard deviations) and inferential statistics. The findings uncovered that the studied carriers undertook philanthropic responsibilities whereby the average responses gave a total mean of 4.582 (SD=0.544) suggesting that dominant part of the respondents unequivocally concurred with the things contained in the poll understudy. The discoveries additionally uncovered that the examined airlines had financial duties, for example, creating wage for investors and proprietors, giving quality items and services, offering steady employments for their workers and offering sensible costs for their merchandise and ventures; this upheld by a total mean of 4.82 (SD=0.321). Legal obligations incorporate; consistence to laws and directions overseeing flying industry, founded measures to guarantee the security of merchandise and enterprises, and protecting workers rights significantly affected execution on carrier industry with a total mean of 4.85 (SD=0.160). The contemplate discoveries uncovered that the tested airlines minimized wastage, responsibility to society and prompt network on asset utilize and preservation, maintaining regard for good guidelines for fitting conduct in the public eye and straightforwardness in the firm generation frameworks; The insights got a total mean of 4.61 (SD=0.495). This study concluded that all the four components of CSR that were under study contributed positively to the performance of airlines that operate in JKIA. The study recommended that airlines should adopt CSR programs inorder to enhance their brand image and improve their performance. It further recommended that the policy makers and airline regulators should put adequate legislation in place, that require airlines to initiate and maintain CSR programs within the societies where they operate. The airlines CSR strategy should therefore be well aligned with the broad national objectives of the country.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Angelidis, Magee & Massetti (2008). The relationship among CSR responsibilities and performance is the least comprehended aspect of CSR. Studies have shown some positive relationship (Orlizky, 2003). However, this relationship has not been fully proven and the systems through which association's budgetary implementation can be upgraded throughout CSR isn't fully known (Jawahar & McLoughlin, 2001). According to a number of researchers, CSR contributes to a firm’s strategic competitiveness implying a positive correlation between CSR and performance of a firm (Weber, 2008). Most researchers contend that good corporate reputation enhances a firm's strategic value (Rumet, 1987). Neville, Bell & Menguc (2005) urge that organizations that have enough useful resources have the highest possibilities of getting more profits. However, according to Barney (1991), organizations with inviable importance or hard to establish as achieve a reliable and sustainable performance.

According to Bhattacharya & Luo (2006) All around, CSR has developed as a prominent thought that has vital significance to numerous organizations. Organizations are finding a way to convey the spending of CSR to customers. According to Bhattacharya most of the marketing strategies have prove that CSR initiatives are so crucial on the performance of an organization or firm. In this way an organization with good reputation on CSR makes a good setting that emphatically supports firm performance. (Girhan - Canli and Batra, 2004).

In endeavoring to fulfill their objectives and accomplish their objectives, organizations cannot work in detachment from the society in which they are a part of. They require the utilization of factors of production and other elements of the community. The economic effectiveness of associations is influenced by legislative,
social, technical and cultural factors. Consequently, the general public need merchandise and ventures made and provided by the organisations. Organizations’ success therefore depends on mutual relationship between them and the society. This relationship leads to more obligations to the community in general (Mullins, 1985).

Corporate Social Responsibility (CSR) is a model that involves the practice in which corporate players at their pleasure connect not only social but also environment advancement in their strategy of the business activities. CSR has turned into a major problem in the current business world. The fundamental purpose behind an association’s presence is that of profit maximization.

Hypothetically, CSR is required to enhance an organisation’s budgetary enforcement for a long period of time. The surrounding environment directly affects the survival of an organisation in existing market or new. Unreliable market of an organisation barres the potential customers from trusting the organization. Whereas reliable markets places the organization in a reliable and stable picture which in long run changes the customer’s needs into requirements.

1.1.1 Firm Performance

Muchira (2013) urges that the performance of a firm is directly equal to the standard indicators natural obligation, efficiency and viability such as compliance of the administration, time frame, and waste reduction. In addition, performance is directly linked to the scales associating with the way a given demand is perceived or how performance is portrayed; attaining effective things, use of knowledge. According to Aaltonen & Ikavalko (2002), it is the results of the strategies operations of the organization. Greenwood & Jovanovic, 199) organization utilization of major assets from its main business and create more revenue is a subjective measure of financial performance. His concept is also applicable in the measurement of an organization’s financial stability over a specific time frame and can also be applied in the comparison of the sectors in general.
Performance can be measured by use of varied styles, but all should be applied in totality. Al-Hussein et al.,(2009) the level in which objectives are met is also used to measure performance. It a way of using monetary to measure the firm’s outcomes over a specified timeframe. Performance additionally alludes to the measurements identifying with how a specific demand is taken care of, or the demonstration of performing; of accomplishing something effectively; utilizing knowledge rather than simply having it. It is the result of the majority of the association's activities and techniques (Aaltonen and Ikavalko, 2002). Greenwood & Jovanovic (1990) asserts that financial performance is an abstract proportion of the way best an association would utilize resources from its main style of production and produce income (Greenwood and Jovanovic, 1990). This terminology is likewise utilized as a gauge of an association's economic wellbeing over time and can also be utilized to do comparative analysis of organizations operating in the same industry. There are a wide range of methods to measure performance.

However all measures ought to be taken into account. For instance, income from procedure, operational proceeds or cash flood from activities can be utilized, (Jayawardhera and Foley, 2000). According to (Al-Hussein et al., 2009), money related execution is explained by the level of planning objectives are organism or have been expert. It is how toward weighing the cost of a company's strategies and performance in monetary related terms. It is utilized to quantify company's by and large monetary satisfaction over a specified period and can as well be used to think on relative firms over a same firm or to seem at businesses or parts in compilation.

Each organization aims at making and maximizing profits. According to Murthy & Sree (2003), various ratios are used to measure profitability such as ROE, RAO and NIM. ROA majorly shows the business profitability. According to Khrawish (2011), RAO refers to total income and profits a firm has. It is normally expressed as %percentage of organization’s total earnings over a given a specified time frame + assets minus (-) the interest divide by overall assets earned in that timeframe. ROE is the ratio of finances that indicates the total profits a firm has made compare to the overall stakeholder equity on the balance sheet.
ROI, ROE and ROA entail an organization’s internal efficiency. These accounting indicators are to measure the performance of an institution in a given period of time and are also used to weigh the strength of an organization and others in the same industry. ROA is used to measure the fin’s effectiveness significant to shareholders (Marshall, 2009).

Benefit is a definitive objective of the firm. To gauge the productivity, there are variety of proportions utilized of which Return on Asset (ROA), Return on Equity (ROE) and Net Interest Margin (NIM) are the real ones (Murthy and Sree, 2003). ROA is a noteworthy proportion that shows the gainfulness of an association. It is a proportion of Income to its aggregate resource (Khrawish, 2011). It quantifies the capacity of an association's administration to produce wage by using organization resources available to them. Net Interest Margin (NIM) is a proportion of the contrast between the intrigue wage created and the measure of intrigue paid out, in respect to some of their benefits. It is generally communicated as a level of what the organization acquires in a particular period and different resources short the premium paid on obtained subsidizes separated by the normal measure of the benefits on which it earned salary in that period (the normal procuring resources). ROE is a money related proportion that alludes to how much benefit an organization earned contrasted with the aggregate sum of investor value contributed or found on the monetary record. ROE is the thing that the investors search as a by product of their venture.

Bookkeeping based pointers, for instance, ROA, ROE, and ROI catch a company's inward expertise. These pointers are applied to gauge companies generally speaking money connected comfort over a specified period and can similarly be make use of to look at relative firms over a comparable business or to think about enterprises or parts in conglomerate. ROA is making use of to gauge the proficiency of reimbursement in forming salary while ROE estimates the implementation of the firm with reverence to saver venture (Marshall, 2009). A section of the constraints of accounting methods are that they only catch chronicled parts of the association's execution, are liable to inclination from executive management and the difference in record systems (McGuire, Schneewe is, and Hill, 2006). Bookkeeping process are as well internal appearance given that they generally reflect the efficiency of inside options and thus
don't reproduce outer market reactions to the organization (Branch, 2003). Regardless of the impediments of statistical strategies, record keeping strategies are preferable indicators of CSR over market strategies (Moore & Spence, 2006).

1.1.2 Corporate Social Responsibility

CSR is a moral hypothesis that an entity must act in a way that payback the general public. It is a responsibility that each entity requirements to perform to maintain a harmony amid the economy and the environments. CSR performance can be accumulated into four central characterizations: money related, real, good and helpful. Such gathering expect abiding by the CSR esteems, where association's obligation towards the overall populace relies upon normal benefit heightening, after the legal fundamentals, and great obligation and furthermore altruistic activities. CSR as a contemplation relies upon the connection between business universal and society, and on the behavior of the association's to its basic best gathering, for example, workers, buyers, monetary authorities, benefactors, adjacent system and exact vested gatherings (Carroll, 1991).

The possibility of CSR created in the intelligent research in the midst of the 1960s. At first, there was an unquestionable centre concerning what common commitment is and why it is fundamental for associations and society. These days, readily available is a wide extent of composing on CSR that is particularly varying and needs to proffer a concession to the correct significance of CSR (Scherer and Palazzo, 2007). An examination by (Gathungu and Ratemo 2013) revealed that divulgence of the CSR developments by relatives was used as an estimation instrument of execution as in the notice in CSR practices planned that the component of benefits close-by and even more essentially the regard that the general public had credited to the beneficiaries of the tasks. Disregarding the way that CSR was seen as a segment of the errands of an affiliation, its impact on the affiliation's money related execution was to some degree not exactly equivalent to that of various limits, for example, creation, fund, offering and conveyance.
For an organization to be practical, it must be monetarily secure, reduce its negative regular impact and act in congruity with the wants for society. Regardless of the way that the prime point of convergence of the business is making benefits, organizations can add to social and biological goals by applying corporate social obligation as a fundamental line in their inside business practices, corporate organization, and organization instruments (Waddock and Graves, 1997). According to (Carroll 1991), associations wrap money related, real, moral and discretionary wants that society has of the organization at some arbitrary time. Associations can use moral essential authority to stay their associations by settling on decisions that consider government workplaces to restrain their consideration with the partnership.
1.1.3 Airline Operations in Kenya

The transporter business accept a tremendous activity in money related enhancement of any country. The critical duty being the movement of people, load, and mail. A country, for instance, Kenya which depends enthusiastically on outside pay through the passage of its farming make is a prompt beneficiary of the transporter organizations. The improvement of people and stock for hypothesis is furthermore made possible through the conveyor organizations. The movement business is one of the standard supporters of the national pay, and the flow of vacationers is energized by the transporters which work in the distinctive bit of the world including Kenya Airways. Well past this, air ships moreover give manage work to various people and the prompt duty to the exchequer can't be overemphasized (Chemayiek, 2005).

Kenya's bearer industry is coordinated by the Kenya Civil Aviation Authority, a state association which was set up in 2002 by the regular flight (Amendment) Act, 2002. Its fundamental limits are overseeing and controlling the flight prosperity and security, fiscal course of air organizations, headway of regular flying, game plan of air course organizations and getting ready of flying workforce. Its endeavors are guided by the approaches of the custom on comprehensive typical flying and the related ICAO Standards and Recommended Practices (SARPs) and the Kenya Civil Aviation Act, Cap 394, the essential flight heading, framework, and practices. The segments of the KCAA were starting late performed by the Civil Aviation Board (CAB) and the Directorate of Civil Aviation (DCA) (http://www.kcaa.or.ke).

1.2 Statement of the Problem

The airline industry has a significant role in the development of the economy. However, in the recent past, attributable to the open sky policy and liberalization of the airline industry, performance of most carriers has been on the decrease minimizing the contribution that the industry has had in the economy. Productivity, piece of the overall industry and client maintenance in the greater part of the aircrafts has been antagonistically influenced. For example, as indicated by Kenya Airways Annual Report and Financial Statement (2016), Kenya Airways recorded lost around
26 billion Kenya shillings in the 2015/2016 monetary year. Statistical surveying uncovers that a huge level of the aggregate number of aircrafts working in the Kenyan carrier industry recorded powerless execution amid the 2012/2013 money related year. (Kenya Airways Annual Report and Financial Statement 2013)

A few researchers have attempted to do explore gone for setting up the variables that have affected unfavourably on the execution of the carrier business in Kenya. Thigh (2002), for example, built up that the changing condition inside which carriers work hurt their execution. The discoveries of the recently made reference to researcher could be legitimized by the way that the changing natural factors, for example, monetary components have harmed the execution of carriers in the aircraft business in Kenya. For example, the instability of oil costs has affected antagonistically on the benefit of aircrafts as it has seen a portion of the carriers embrace supporting techniques that have turned out to be exorbitant to the carriers.

Researchers have likewise settled that expanded rivalry in the business has had a huge commitment to the declined execution of the Kenyan aircrafts working in the Kenyan carrier industry. For example, statistical surveying uncovers that passage of Qatar Airways and Emirates Airways in a portion of the courses that were at first told by Kenyan aircrafts has contributed fundamentally to the diminished volume of offers recorded by Kenyan carriers and subsequently the decreased benefit. Extraordinary rivalry has prompted the closure of a few aircrafts (Thigh, 2002). For example, Jetlink stopped to work in 2013. Carriers have likewise been compelled to suspend activities on a few courses. For instance, Kenya Airways has over the time suspended its flights to Rome, Ouagadougou, and Ndjamen. (Kenya Airways Annual Report and Financial Statement, 2012)

Different researchers have investigated the association of Kenyan aircrafts in corporate social obligation. For example, Muhia (2012) conducted research to build up the corporate social duty rehearses by Kenya Airways, the carrier with the biggest piece of the overall industry in the aircraft business of Kenya. The examination uncovers that the aircraft is effectively engaged with corporate social duty rehearses. It is the situation with different aircrafts in the Kenyan carrier industry. There is, in
any case, no examination that has built up the connection between Corporate Social Responsibility and execution of carriers that work in Kenya. It is in such manner that this exploration was directed, to set up the relationship between's corporate social obligation and execution of chosen aircrafts working in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The main objective of this study was to investigate the effect of Corporate Social Responsibility on Performance of Selected Airlines Operating in Kenya.

1.3.2 Specific Objectives of the Study

The following were the specific objectives guiding this study;

i. To determine the effect of Philanthropic responsibilities on the performance of selected airlines operating in Kenya.

ii. To examine the effect of Economic responsibilities on the performance of selected airlines operating in Kenya.

iii. To determine the effect of Legal responsibilities on the performance of selected airlines operating in Kenya.

iv. To assess the effect of Ethical responsibilities on the performance of selected airlines operating in Kenya.

1.4 Research Hypotheses

The following were research questions guiding this study:
i. There is no effect of Philanthropic responsibility on the performance of selected airlines operating in Kenya?

ii. There is no the effect of Economic responsibilities on the performance of selected airlines operating in Kenya?

iii. There is no the effect of legal responsibilities on the performance of selected airlines operating in Kenya?

iv. There is no effect of Ethical responsibilities on the performance of selected airline operating in Kenya?

1.5 The Significance of the Study

The findings of this study will be critical to carrier administrators particularly those working at JKIA Nairobi, Kenya by understanding the moderating job of corporate social obligation in the realm of declining firm execution in the aircraft business. This examination will be valuable to the administration strategy producers and aircraft controllers since it made proposals that were helpful in arrangement plan. The examination discoveries give bits of knowledge on the current connection between firm execution and corporate social duty and recommend methods for offering motivating forces to aircrafts that have a solid social obligation to clients, condition and the business they work in. This investigation will likewise be of significance to academicians and future analysts who may be occupied with completing further research regarding the matter of firm execution and the impact of corporate social duty.

1.6 Scope of the Study

The target population for this study was all the airlines operating either cargo or passenger flights both locally and internationally in JKIA as at 31st December 2016. The choice of JKIA was influenced by its capacity to accommodate many airlines which facilitated collection of satisfactory data for the research subject area. The research was also based in Nairobi County. The investigation used a descriptive survey design and respondents were identified by use of census technique.
1.7 Limitations of the Study
The study was limited to just the carriers working in JKIA and did exclude aircrafts working in different airports in Kenya. Incorporation of airlines working in different airports in Kenya could have respected a superior picture of execution of carriers working in Kenya. Another restricting element was money related requirements. The analyst was a self-supported low maintenance understudy and did not have the ability to lead a more extensive investigation. Time requirements were additionally a constraining component since the analyst was in work and depended just on her available time to lead the exploration.

1.8 Organization of the Study
The construction of this study project falls into five chapters. Chapter one deals with the background to the survey; CSR, organizational performance, airline business surgical operation in Kenya, problem statement for this research, the purpose of the report, objectives of the study, research questions, implication of this research, the scope of the research, limitation of the survey and assumptions of the study. Chapter two focuses on the theoretical critical review, empirical review, conceptual framework, knowledge gaps and summary of the literature review. Chapter three comprises of the research methodology. That is research design, target population, sampling and sample size, research instruments, pilot study, information solicitation techniques, methods of data analysis and ethical issues. Chapter four details data analysis, presentation and a discussion of the research results. Chapter five includes the summary, conclusion and recommendations.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews the theoretical literature highlighting related theories on CSR and firm performance as well as the empirical research in the study.

2.2 Theoretical Framework

2.2.1 Social Exchange Theory

Social exchange hypothesis is a social mental and sociological viewpoint that portrays social change and unaltering quality as a method of talked about trades including parties. Social trade hypothesis was started in 1958 by George Homans the humanist who distributed the work "Social Behavior as Exchange" (Homans, 1961). Social trade hypothesis sets that human connection are made by the use of a personal cost-advantage investigation and the assessment of choices. The hypothesis rises up out of financial matters, brain research, and humanism. Social trade hypothesis contains the greater part of the real speculation found in discerning decision hypothesis and structuralism. It is also down to earth every now and again in the business subdivision to mean a two-sided, frequently gathering and advantageous process including task or just exchange.
Homans' work puts accentuation on the person’s behavioral in line with each other. According to Emerson (1976) the human puts more concentration on the dyadic trade puts more human work puts accentuation on the person’s behavioral in connection with each other. John Thibaut and Harold Kelley are acknowledged for focusing their findings on the theory of the idea, and a section of a section of groups. According to Emerson (1976) Levi is notorious for being part to the introduction of this concept from his work on anthropology majored on systems of comprehensive switch, like kinship systems and gift exchange. Homans sums up the system in three proposals: success and deprivation satiation scheme. The more recurrence a given improvement has driven in a respect in the point of reference the more likely it is that a man responded to it. Hardship satiation proposition: The more every now and again in the current past an individual has gotten a given reward, the less valuable any extra unit of that compensate progresses toward becoming (Homans, 1961).

Crafted by Emerson and Cook, put into thought huge and creative by their partners, has significantly affected the region of human science. "The social trade school has diligent to seed new hypothetical systems and new discoveries," notes UW humanism executive Charles Hirschman. All connections have given and taken, despite the fact that the parity of this trade isn't regularly comparable. Social Exchange hypothesis portrays how we see association with other individual relying upon our judgment of the equalization settled between what we put into the connection and what we advantage out of it, the sort of affiliation we merit and the probability of handling a decent association with another person (Rusbult, 1983). In settling on a choice what is better, we think of an assessment level against which we assess the give/take proportion. This point fluctuated in the midst of connections, with a couple of being
additional giving and others where we get extra from the relationship. They additionally varied significantly in what is received. Thus, hometrade varies, not only equalization but also matter (Rubuilt, 193). Additionally we have an equivalent level of the substitute relations. With a lofty such appraisal altitude, we may feel the planet is overflowing with appealing persons just to come to enjoin us. At the level when this stage is pretty much nothing, we could remain in a mind-boggling expense bond just since we guess we couldn't find any improved somewhere else.

Katherine (2005) follows a couple of imperative dissents to or issues with the communal trade speculation as made from before time unique works that; The presumption decreases human association with a just target process that rises up out of money related speculation; The speculation favors responsiveness as it was created amid the 1970s while contemplations of chance and straightforwardness were favored, yet there may be period when sincerity isn't the greatest alternative in a affiliation; The speculation expect that a complete goal of a association is closeness at what time this may not for the most part be the circumstance and The speculation places associations in a straight structure, when a couple of associations may skip steps or go backward to the extent closeness.

Russell Cropanzano and Marie S. Mitchell talk about th way the main problems inside the communal trade speculation is the nonattendance of conept inside examinations on the distinctive swap system. Reciprocity is an important swap rule analyzed, anyway Cropanzano and Mitchell make that the theory would be well appreciated if additional do research programs talk about a collection of swap standards, for instance, unselfishness, cluster increase, status constancy and rivalry (Cropanzano, 2005). Meeker points out that inside the swap over strategy, every unit considers in
any occasion the going with segments: correspondence, wisdom, magnanimity (social commitment), store up gain, status, consistency, and contention (rivalry) (Walczak, 2015; Meeker, 1971).

2.2.2 Real Options Theory

This theory applies to alternative valuation strategies to capital planning choices (Smit and Trigeorgis, 2012). A genuine alternative is a right, yet not the commitment, to embrace some business choice, commonly the choice to make a capital speculation. Genuine choices grasp the opinion of managerial flexibility to embrace alternative since of sudden market improvements. Group make investor respect by recognizing, supervision and practicing authentic alternative related with their endeavour group. The real options technique is relevant money related choices premise to gauge the decision of management flexibility in a creation of susceptibility. Whenever utilized as a reasonable apparatus, it enables management to portray and impart the key opinion of a speculation endeavour. Expected strategies, for example, net in attendance esteem neglect to exactly catch the monetary opinion of interests in circumstances of far attainment susceptibility and quick modify. The genuine alternatives strategy speaks to the new best in class process for the assessment and management of key speculations. There are five kinds of genuine choices: Waiting-to-Invest choice, Growth choice, Flexibility choice, Exit choice and Learning choice.

2.2.3 The Balanced Score Card

BSC is a very important preparation and management structure that relations use to quantify execution. It adjusts hierarchical procedure without making an emphasis on one region of movement to the detriment of another. It utilizes both money related
and non-monetary proportions of execution. BSC as an apparatus of execution estimation gives top chiefs a quick and extensive perspective of the business by complimenting the conventional money related measures, which center on the consequences of the past activities, with operational estimates which center on the future monetary execution. (Kaplan and Norton, 1992).

BSC sees the business execution from four points of view: First is the money related viewpoint which centers on an organization's budgetary execution and the utilization of its monetary assets. It utilizes measures, for example, degree of profitability, income, hierarchical benefit, deals build-up and benefit estimate. Second is the client's or partner's point of view which sees organization's execution from the client and other key partners for the organization. It incorporates client positioning study, client esteem, and fulfillment, client maintenance, piece of the pie and value file. The third point of view is the inner procedures. This perspectives organization's execution about the quality and productivity of items and administrations or different business forms. The fourth point of view is authoritative limit. It centers around learning and development of the organization's human asset. This point of view surveys whether the organization is constantly enhancing in regions of human capital, foundation and innovation and culture. It utilizes measures, for example, wage per delegate, rate wage gained from another organization, the rate of upgrade document, and staff perspective audit (Drury and Kaplan, 2004).

2.3 Empirical Review

2.3.1 Philanthropic Responsibilities and Firm Performance

Philanthropic or optional duty was seen as the wish that association were great company subjects, by efficiently attractive in projects to move forwards being welfare and altruism (Carroll, 1991). Firms' optional spending duties involve deliberate social enclosure, as well as exercises, for example, humanitarian pledge. These exercises are merely deliberate, directed just by business want to take part in social exercises that are not ordered, not necessary by law and not normal of business. They incorporate
such things as giving a day care center to working moms and philanthropic beneficent gifts (Maignan and Ferrell, 2000).

The processing condition has required the organization to not just proceed in the arrangement of better items yet to go an additional mile in acting in an altruistic way to charm clients. These involve the working of schools, doctor’s facilities, taking part in societal undertakings and participate in wearing exercises, and so forth. These demonstrations of contributing more than the legitimate spending desire to the general public have expanded the value-based impact on clients persistently sought after for the items and administrations of the organization (Lichtenstein et al. 2004). Charitable commitments are related with making mental recognitions in the brain of the clients by review the organization in a positive way (Sen and Bhattacharya, 2001). This demonstration of the organization makes clients to be appended mentally to the organization and its items and administrations.

At long last, CSR consolidates an intentional responsibility to outperforming these express and understood commitments forced on organizations by society’s desires for standard corporate conduct (Bowen, 1953; Margolis and Walsh, 2001; Willmott, 2001; Kotler and Lee, 2004; Blowfield and Murray, 2008). These humanitarian duties are absent to singular judgment and decision (Carroll, 1979). CSR as characterized by Bowen (1953), McGuire (1963), Carroll (1979) and ensuing scientists, centres especially on the connections among production and culture. The public can be partitioned into groups of various partners by thinking about their interrelation with the organization (Falck and Heblich, 2007). Since partnerships and associations are leap jointly by contracts that different partner specialists have with at least one association, every association has an obligation towards the other partner performing artists and organizations (Sunder, 1997; Jones and Wicks, 1999).

2.3.2 Economic Responsibilities and Firm Performance

Financial expenditure is a critical obligation to accomplices for example customers, social requests, specialists (Ramasamy and Yeung, 2009). This is fundamental to business improvement (Shahin and Zairi, 2007). Past examinations have revealed that
Financial spending commitments are done through conveying quality things and organizations for customers with sensible expense and giving solid jobs to laborers (for example, Lindgren et al., 2009, Lantos 2002, Swaen and Chumptaz, 2008). The money related spending parts of CSR involve understanding the financial spending impacts of the association's exercises. Financial spending issues have for a long while been disregarded in the discourse on corporate social commitment. For quite a while, the point has been extensively thought to be all around administered. It is, in any case, the base fathomed by various people of those merging the corporate and open methodology plan and underrepresented in the corporate obligation inspiration.

An association is, as an issue of first significance, a money related setup with making benefits as its target and it has the status of a legitimate substance with self-governing financial premiums. When looking social obligations that an association should take those specialists in the financial circle and who are strong of this appraisal believe that corporate goals lie in making extraordinary conditions of essence and sound headway prospect for an association. The administrators of an organization ought to end up worried about the ideal long haul capital additions of the organization to accomplish corporate objectives; if to accomplish the ideal long haul benefits, an organization should take up social duties and also the social cost in this way caused. When examining the connection between social obligations and economic performance and productivity, the centre is given to the research of the connection between social duties and monetary execution and proficiency amid the long haul advancement procedure of an organization with the goal that a positive relationship of the two can be determined. Monetary spending measurement considers the immediate and backhanded financial spending impacts that the association's tasks have on the encompassing network and the organization's partners. That is the thing that makes up corporate financial spending duty (Uddin, 2008).

Financial spending duty exercises fuel the neighbourhood benefit industry, government programs, and the network exercises. This multiplier impact turns into even more vital if the organization is one of the biggest managers in the networks. From among the monetary spending benefits, the organization will have, a few creators name advantages of money related nature, expanded organization
deceivability, inclination of customers for the results of socially mindful organizations, increased the inward union of the group engaged with building up the undertaking inside the particular organization, etc. (Coord, 2007). From a financial spending perspective, CSR includes esteem since it enables organizations to mirror the requirements and worries of their different partner gatherings (William, 2006).

The fundamental worry of a business is to make benefits. Generally this was the fundamental worry of a given business association. The proprietors of concern are likewise keen on getting an incentive for their ventures. The benefit rationale goes about as the reason for growing the organizations' exercises, compensating the workforce and furthermore giving different administrations to both the representative and the clients (Saleemi, 2010). A firm which has high profits, i.e., great monetary spending condition will probably participate in social exercises. The financial spending point of view of the firm is the main determinant of regardless of whether a business ought to embrace CSR and the structures that ought to be received.

As indicated by the neoclassical view, the firm is in charge of the provision of business and instalment of duties, along these lines shaping the premise of acting in a socially dependable way. In times of high expansions, the benefits of the firm are low in this way the organizations might be less inclined to act in the socially dependable way since customer certainty is powerless and profitability development is low. In a stable monetary going through condition combined with security in benefits, firms will probably participate in CSR. Likewise, in a solid contending condition firm are less inclined to act in a socially capable way since more assets are directed to inefficient rivalry through promoting. Then again, solid rivalry might be of incredible advantage to the buyer since they may get an item and an administration at a lower cost. For example, a firm rivalry including the value war between the different portable suppliers in Kenya early this year caused the versatile calling rates to fall. This sort of rivalry may now and again be seen as a deceptive spending method for a few firms endeavouring to get clients.
2.3.3 Legal Responsibilities and Firm Performance

Legal spending component refers to a company complying with the laws and regulations governing their operations (Swaen and Chumptaz, 2008). Legitimate spending duty includes organizations consenting to bureaucratic, state and nearby government laws and directions by giving a sheltered item to utilization to clients, firms agreeing to the expense division, utilizing assets to the greatest advantage of the 
general public and upgrading reasonable rivalry. Lawful obligation alludes to an 
organization's duty to obey neighborhood, regional, national, or even overall laws (Sison, 2009). But moral measures are starting at now encapsulated in the underlying 
two arrangements, there are additional obligations that are not as usual spelled out yet 
rather are regardless foreseen from associations by society's individuals (Carroll, 
1979). Moral duty alludes to a specific corporate conduct that goes past the 
unimportant consistence with what it is composed in law (Sison, 2009).

That obligation is to lead the business as per their wants, which for the most part will 
be to profit as would be prudent while fitting in with the essential guidelines of the 
general public, both those encapsulated in law and those exemplified in moral 
spending custom (Friedman 1970 as referred to in Reinhardt.et al, 2008) The rule of 
directing the different inconsistencies of connections of interests is to organize 
effectiveness while offering thought to equity, which implies when proficiency 
repudiates with equity, productivity surpasses as the commanding variable to the 
extent common law is concerned, an organization, as a lawful substance, is the rule of 
common law. The guideline of open request and great behaviors is a standout amongst 
the most fundamental standards of current common law, which necessitates that the 
principals of common cases will not disregard people in general requests and great 
behaviors when occupied with common exercises, which additionally expects 
organizations to embrace non-execution liabilities on any practices disallowed by law 
when occupied with city exercises. To the extent organizations are concerned, they 
ought to likewise make their work day from the egotistical business benefits to the 
advancement of social advantages all in all and take up certain social obligations 
while not relinquishing self-benefit making openings.
Expense laws go about as a propelling apparatus for a firm acting in a socially mindful way. Reasoning admissible from the assessable salary on magnanimous duties urge numerous organizations to take part in CSR since that pay won't pull in any duty. Analysts have attempted to examine the impact of assessment law derivations on corporate magnanimity. Expense laws go about as a determinant of how firms are to connect with CSR (Campbell, 2004). Along these lines, state direction as assessments influences the degree to which partnerships carry on in socially dependable ways. On the off chance that organizations look for heartlessly high productivity and high benefit and accordingly harm the equity and reasonable tenets of the general public, every one of the people in the general public will at last need to pay an overwhelming value (Saleemi, 2010).

### 2.3.4 Ethical Responsibilities and Firm Performance

Moral spending obligation goes past lawful spending prerequisites regarding standards, standards, and desires which thusly mirror a worry for making the right decision, simply, reasonable and to keep away from damages to other people (Shahin and Zairi, 2007). Vogel (2008) contended that buyers are more worried about moral spending items which are a specialty advertise where all merchandise and enterprises keep on being purchased by value, comfort, and quality. Be that as it may, even in the specialty advertise for moral spending items, purchasers may think that it’s hard to choose which firms to help (Cheers, 2011).

Society is a natural entirety. Organizations (endeavors) are segments making up the natural entirety. To take a gander at the connection among society and organizations, organizations can't make due in detachment from society. Social advancement depends on the development of organizations. This interdependency chooses that society and organizations transaction with one another, and in the meantime they are limited by their separate advancement rules; additionally, organizations, as a social setup, have their free advantages; social benefits are of open welfares. The advancement goals of organizations lie in augmenting their corporate benefits, though social improvement destinations are for an increment of regular advantages of its individuals in the public eye. Likewise, organizations, as one level of society,
necessitate that corporate interests are put under the constraint of social advantages and friends' goals ought to agree to those of social advantages. Subsequently, it is made known clearly that organizations ought to embrace their separate social obligations.

Moral spending obligations necessitate that organizations submit to moral principles which characterize fitting practices in the public eye. They involve acting ethically, making the wisest decision, just and reasonable; regarding individuals' ethical rights, and staying away from damage or social damage and in addition anticipating hurt caused by others. Moral spending obligations grasp those exercises and rehearses that are typical or denied by society regardless of the way that they are not organized into law (Carroll, 1991). Williams (2006) battles that all through time, associations have routinely challenged the rules of good spending behavior in business, which incited question in their development. A CSR approach may incite an upgrade of’s association with captivated get-togethers, to more conspicuous straightforwardness and higher good spending measures. Carrigan and Attalla (2001) battle that disregarding the way that customers may express a hankering to help moral spending associations and repel deceptive spending firms; their authentic buy conduct regularly stays unaffected by moral spending concerns.

2.4 Summary of Research Gaps

Findings that have been carried depend on the conviction that a mindful establishment is remunerated for its great notoriety and have neglected to land at a similar end. A portion of these examinations demonstrate a positive connection, others a negative relationship while others have demonstrated no relationship by any stretch of the imagination. A closer examination of these investigations uncovers minor departure from information sources, measures used on both dependent and self-sufficient factors and control factors. The researchers have not been authoritative as for what is the association between corporate social commitment and firm execution.
The recently referenced trial examinations have demonstrated that there is an association among CSR and budgetary execution. An expansive part of the early examinations trying to recognize the association among CSR and money related execution have focused on enthusiastic frameworks to check CSR. These examinations have not, regardless, displayed how an associations execution would be impacted by placing assets into CSR works out. The examinations have not cleared up the point of view in business foundations to powerfully place assets into CSR practices despite the route that there is no need for them to do all things considered. This establishes an examination hole which this investigation is trying to breach. This has been outlined in Table 2.1.
Table 2.1: A summary of Research Gaps

<table>
<thead>
<tr>
<th>Author</th>
<th>Study</th>
<th>Findings</th>
<th>Research gap</th>
<th>The focus of the current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Okoth (2012)</td>
<td>The Effect of Corporate Social Responsibility on the Financial Performance of Commercial Banks in Kenya</td>
<td>CSR was good for the financial performance of large and medium-sized banks and did not affect the ROA of small banks</td>
<td>Context different from the airline but study the CSR strategies and performance studied</td>
<td>Effects of Corporate Social Responsibility on the performance of selected airlines operating in Kenya.</td>
</tr>
<tr>
<td>Okiro, Omoro, and Kinyua, (2013)</td>
<td>Investment in Corporate Social Responsibility and Sustained Growth in Commercial Banks in Kenya</td>
<td>CSR was essential for the success of the firm</td>
<td>Context different from the airline environment and study the CSR strategies and performance studied.</td>
<td>Effects of Corporate Social Responsibility on the performance of selected airlines operating in Kenya.</td>
</tr>
<tr>
<td>Ong’olo, (2012),</td>
<td>The relationship between Corporate Social Responsibility Practices and Market Share among Supermarkets in Kisumu Town</td>
<td>Institutions that had invested more in CSR had high sales revenue</td>
<td>Context different from the airline environment but study the CSR strategies and performance studied.</td>
<td>Effects of Corporate Social Responsibility on the performance of selected airlines operating in Kenya.</td>
</tr>
</tbody>
</table>
2.5 Conceptual Framework

As per Mugenda and Mugenda (2003), a reasonable structure streamlines the proposed connections between the factors in the examination and demonstrate the equivalent graphically or diagrammatically. The theoretical system of this investigation is based on four autonomous variable CSR: philanthropic obligations, monetary duties, legitimate obligations and additionally moral duties. The needy variable of this examination is the firm execution. Figure 2.1 underneath demonstrates the different free factors and how they influence the needy variable under examination.

**Independent variable**

**Corporate Social Responsibility**

- **Philanthropic responsibilities**
  - Charity donations
  - Day care centres
  - Support of education programs
  - Support of health programs
  - Community Sporting Events

- **Economic responsibilities**
  - Generation of income for shareholders and owners
  - Provision of quality products and services
  - Good jobs for Employees
  - Reasonable pricing of goods and Services

- **Legal responsibilities**
  - Compliance to laws and regulations
  - Measures to ensure safety for goods and services
  - Safeguarding employee rights
  - Resources use for greater community good

- **Ethical responsibilities**
  - Avoidance of harm or injury to people and equipment
  - Accountability to society and immediate community on resource use and conservation
  - Respect for moral rules for appropriate behaviour in society
  - Transparency on firm production systems

**Dependent variable**

**Firm Performance**
- Change in customer volume
- Customer Satisfaction
- Survey
- Customer Loyalty
- Sales growth
- Market efficiency

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**Figure 2.1: Conceptual Framework.**

**Source:** Survey Data (2018)
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of the research design, target population, sampling procedure and sample size, research instruments, data collection methods, data analysis and ethical consideration.

3.2 Research Design

Research design refers to a an arrangement of techniques and methods that depict factors. It includes gathering information that portray occasions and after that sorts out, arranges, delineates and depicts the information. This examination utilized a spellbinding review structure. Orodho (2003) and Kothari (2006) depict an expressive overview structure as a plan that tries to depict the attributes of a specific individual, circumstance or a gathering precisely. As per Polit and Beck (2003), in an unmistakable report, analysts watch, tally, depict, and arrange. Cooper and Schindler (2011) agreed that an investigation worried about discovering who, what, when, where and how of a wonder is a distinct report. This examination is based on comparative grounds.

Graphic research configuration goes for discovering 'what is,' so observational and study techniques are as often as possible used to gather engaging information. The structure was discovered fitting for completing an all encompassing, inside and out and thorough examination where much accentuation was set on the investigation of the impact of CSR on the execution of chosen aircrafts working in Kenya.
3.3 Target Population

The target population for this investigation was both the international and local airlines working at the JKIA in Kenya that has put resources into CSR as a method for the corporate citizenry. The respondents were the airline managers, one from every carrier. Accordingly the examination focused on 23 passenger airlines, 11 cargo airlines and 4 domestic airlines’ managers yielding an aggregate of 38 respondents as abridged in table 3.1.

Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Target Firm (N)</th>
<th>Sampled Managers (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Airlines Managers</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Cargo Airlines Managers</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Domestic Airlines Managers</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

3.4 Sample Size and Sampling Techniques

As indicated by Kombo and Tromp (2006), testing methods alludes to how cases are to be chosen for investigation. It gives an itemized clarification of the subjects to be associated with the examination and how these are to be chosen from the objective gathering. Enumeration technique was utilized to choose respondents from the 38 carriers working in JKIA. (See Appendix IV). Therefore, the sample size comprised of 38 managers.

Census technique was the most appropriate considering that most airlines operating in Kenya are foreign and have only a few staff based in Nairobi. Considering the data required could only be adequately provided by the top managers, Census technique was used since most of the airlines are represented by one manager.
3.5 Data Collection Instruments

Data refer to factual information used as a basis for reasoning, discussion or calculation (Cooper, 2008). There are two types of data: primary and secondary data (Mugenda and Mugenda, 1999). Primary data are data collected and used for the specific purpose for which they were intended. Secondary data are data that have been previously collected. Both of these sources were used for the study.

The study used questionnaires. The questionnaire was developed using the five-point Likert scale. The questions included were both open-ended and close-ended. In this case, the researcher administered the questionnaires to the respondents, one to senior managers from each airline. This was preceded by a section dealing with general information of respondents, such as demographics. Secondary data was collected from the airline records to support the primary data collected. This was collected using a data collection sheet.

3.6 Validity and Reliability of Research Instruments

3.6.1 Pilot Study

A pilot study was conducted independently before the main study where 8 (eight) airline managers were included. Orodho (2012) depicted steering as pre-testing of the exploration instruments (poll) in the field to choose an example that is like the genuine example to be utilized in the real examination to decide their dependability and legitimacy. Each instrument was steered independently in an example like that of the genuine investigation yet was not to be incorporated into the primary examination. This was utilized to assess and enhance the surveys properly.
3.6.2 Validity of Research Instruments

Legitimacy is how much the exploration instruments appropriately and precisely measure what they should gauge (Orodho, 2005). In light of the investigation of the steering, alteration and evacuation of uncertain or unclean things, for example, questions, erroneous reactions or showed weaknesses were done to pull in proper reactions from the respondents. Kothari (2009) attest that content legitimacy of an instrument is enhanced through master judgment.

3.6.3 Reliability of Research Instruments

Unwavering quality of the measures was evaluated with the utilization of Cronbach's alpha which enables us to gauge the dependability of the diverse classifications. It comprises of appraisals of how much variety in scores of various factors is inferable from possibility or irregular mistakes; a coefficient more noteworthy than or equivalent to 0.7 is viewed as adequate and a decent sign of build unwavering quality (Reid, 2006).

After the pilot consider, the respondents' surveys were tried utilizing the split-half method. Orodho (2002) alludes split-half technique as a kind of unwavering quality testing dependent on the coefficient of inward consistency of an examination instrument. The gadget was isolated into two parts for the most part with respect to even, and odd numbered things and scored independently after it has been tried. The relationship coefficient is determined from the scores on every 50% of the test which for the most part falls somewhere in the range of 0.0 and 1.0, with the closer to 1.0 the more solid the instrument is. A Pearson's item minute relationship coefficient formulawas utilized. As indicated by Mugenda (2003), a coefficient of 0.80 or all the more just demonstrates that there is high unwavering quality of the information.

3.7 Data collection Procedure

A letter of introduction from Kenyatta University and a research permit from NACOSTI were obtained and submitted to company administrators seeking
permission to conduct a field study. The polls were regulated through drop and pick later methodology given the bustling timetable of the objective populace. Completely finished polls were gathered following a week and call-backs made where fundamental. Privacy of the respondents was ensured through an affirmation letter which was issued with every survey.

3.8 Data Analysis and Presentation

Data examination methods incorporate the way toward picking the gathered data, placing it all together and organizing its fundamental segments in a way that the discoveries can be effortlessly and all the more proficiently imparted (Kothari, 2009). Crude information got from the respondents were arranged, cleaned and examined for blunders, for example, oversights, embellishments, and inclinations. The information gathered were analyzed utilizing both descriptive statistics (mean scores and standard deviations) and inferential insights (Pearson Product Moment Correlation and numerous relapse.

In this investigation, the autonomous variable includes the properties/measurements of Corporate Social Responsibility (CSR) involving charitable duties (PHIL), financial obligations (ECOR), lawful obligations (LEGR) and moral obligations (ETHIC) while the reliant variable was the performance of carrier organizations (PAC). The model to be tried in this investigation was accordingly indicated:-

\[ PAC = \beta_0 + \beta_1 \text{DISR} + \beta_2 \text{ECOR} + \beta_3 \text{LEGR} + \beta_4 \text{ENVR} + \epsilon \]

Where: -

\[ PAC = \text{performance of airline companies} \]

\[ \beta_0 = \text{Constant term} \]

\[ \beta = \text{coefficients of determinants} \]
3.9 Ethical Considerations

The analyst thought of some as legitimate and moral issues that may affect on the exploration venture. To begin with, before field exercises, the scientist acquired a letter of approval from the University and an exploration allow from National Council of Science, Technology, and Innovation (NACOSTI). Besides, the analyst disclosed to the respondents about the examination and that the investigation was utilized for instructive purposes as it were. It was clarified that the investment was wilful and that the respondents were allowed to decay or pull back whenever amid the exploration time frame. They were ensured that a strict standard of secrecy secured their protection. The analyst was additionally to keep up secrecy by not uncovering to another gathering, the subtle elements given forward by the respondents.
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, AND DISCUSSION

4.1 Introduction

This chapter presents the research findings of this study. It presents response rate, analysis, presentation and interpretation of the data on the effect of corporate social responsibility on Performance of Selected Airlines Operating in Kenya. Data were analyzed quantitatively and presented using figures, tables, and charts. The data were analyzed using descriptive analysis, trend analysis, and multi-linear regression. The researcher interpreted the results and gave a summary of the key findings of the study.

4.2 Response Rate

The study sought to collect information from 38 selected airlines operating in JKIA by sampling.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Target Firm (N)</th>
<th>Sampled Mangers (n)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Airlines Managers</td>
<td>23</td>
<td>23</td>
<td>100</td>
</tr>
<tr>
<td>Cargo Airlines Managers</td>
<td>11</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>Domestic Airlines Managers</td>
<td>4</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38</strong></td>
<td><strong>38</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The study sampled; Passenger Airlines Managers (23), Cargo Airlines Managers (11) and Domestic Airlines Managers (4). Table 4.1 describes the response rate. A total of thirty-eight (38) respondents (airline managers) participated in data collection;
therefore making 100% questionnaire return rate. Table 4.1 gives a summary of the study findings.

4.3 Demographic Characteristics of Managers

The following statistics were obtained concerning airline manager’s demographic characteristics.

4.3.1 Gender Characteristics of Sampled Respondents

The study collected data concerning the gender of sampled respondents and results were as summarised in figures 4.1.

Figure 4.1: Gender distribution of sampled respondents.
Source: Author (2018)

According to the study findings, the majority (68%) of the sampled respondents were males while only 32% were female. This shows that the male gender is slightly dominant in the management of airline industry.

4.3.2 Age Distribution of Sampled Respondents

The study sought to understand the effect of corporate social responsibility on firm performance of selected Airlines operating in Kenya; data concerning age distribution
of sampled respondents were collected. Figure 4.2 gives a summary of statistics obtained during the study.

![Pie chart showing age distribution of sampled respondents]

**Figure 4.2: Age Distribution of Sampled Respondents**

**Source: Survey Data (2018)**

The study findings reveal that most of the sampled respondents were aged between 40 – 49 years of age (42%). Some (34%) were aged above 50 years while only 24% were aged 30 – 39 years. The data obtained indicated that no respondents were holding managerial positions in the sampled airlines that were aged below 29 years of age. This indicates that managerial positions within the airline industry are mainly held by people in the middle adulthood while the youth hardly hold any managerial position.

### 4.3.3 Education Level of Sample Respondents

Data concerning the educational level of the sampled respondents were obtained and analyzed. Figure 4.3 gives a summary of the study findings.
According to the findings of this study, majority (50%) of the sampled respondents held a master’s degree; some (34%) were degree holders while (13%) were higher diploma holders while a few (3%) had Ph.D. The study for one-on-one interviews further found that a good number of respondents had enrolled for further education in various local universities offering institution based and part-time mode of studies.

### 4.3.4 Work Experience of Managers

Effective management is dependent on how experienced the manager is and in this regard, the study sought to establish work experience of sampled respondents to establish if it had any influence on CSR and performance of airline industries in Kenya. Figure 4.4 gives a summary of statistics obtained during the study.

---

**Figure 4.3: Academic Qualification of Respondents**

*Source: Author (2018)*

According to the findings of this study, majority (50%) of the sampled respondents held a master’s degree; some (34%) were degree holders while (13%) were higher diploma holders while a few (3%) had Ph.D. The study for one-on-one interviews further found that a good number of respondents had enrolled for further education in various local universities offering institution based and part-time mode of studies.

### 4.3.4 Work Experience of Managers

Effective management is dependent on how experienced the manager is and in this regard, the study sought to establish work experience of sampled respondents to establish if it had any influence on CSR and performance of airline industries in Kenya. Figure 4.4 gives a summary of statistics obtained during the study.
Statistics obtained during the study reveal that majority (58%) of the sampled respondents had an aggregate experience of 11 – 15 years in organizational management, some (21) had work experience of between 6 – 10 years while a few (16%) had work experience of more than 20 years. Only 5% had work experience of fewer than five years in managerial positions.

4.4 Descriptive Statistics

4.4.1 Effect of Philanthropic Responsibilities on Performance selected Airlines operating in Kenya

The study sought to establish the effect of philanthropic responsibilities of CSR and firm performance of selected Airlines operating in Kenya. Corporate generosity is an umbrella term which includes distinctive qualities, interests, attitudes and elective methodologies. These, thus, depend on an assortment of discernments molded by social, logical and proficient components (Owen, 2007). Corporate charity depicts deliberate, dynamic, non-proportional endeavors (budgetary, authoritative, HR,
among others) by an element with the sole reason for profiting people, or satisfying a neglected social need, paying little heed to an explicit 'degree of profitability' for the contributor. Corporate altruism is needs-situated and falls into Archie Carroll's classification of "absolutely moral" since it did not depend on financial, legitimate or political contemplations (Godfrey and Hatch, 2007). Table 4.2 gives a summary of the findings.
Table 4.2: Effect of Philanthropic Responsibilities on Performance of Selected Airlines Operating in Kenya

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>The standard error of the mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has your airline been involved in charity donations</td>
<td>4.63</td>
<td>0.489</td>
<td>0.079</td>
</tr>
<tr>
<td>Does your airline run day care centers for the community</td>
<td>4.55</td>
<td>0.645</td>
<td>0.105</td>
</tr>
<tr>
<td>Do your airline support education programs</td>
<td>4.71</td>
<td>0.460</td>
<td>0.05</td>
</tr>
<tr>
<td>Does your airline support health programs</td>
<td>4.63</td>
<td>0.489</td>
<td>0.079</td>
</tr>
<tr>
<td>Does your airline support community sporting</td>
<td>4.39</td>
<td>0.638</td>
<td>0.104</td>
</tr>
<tr>
<td>Aggregate mean score</td>
<td>4.582</td>
<td>0.544</td>
<td>0.083</td>
</tr>
</tbody>
</table>

*Key: 1 - Strongly Disagree; 2 - Disagree; 3 - Moderate; 4 - Agree; 5 - Strongly Agree, N=38*

Source: Survey Data (2018)

According to the findings of this study, it was seen that "aircrafts are associated with philanthropy gifts" as exhibited with a mean of 4.63 (SD=0.489) implying that lion's share of the tested respondents concurred with the announcement while a decent number emphatically concurring with a similar proclamation. The examination likewise made a disclosure that the aircrafts in JKIA do likewise run day care places for the network with a mean of 4.55 (SD=0.645) this obviously show most respondents concurred and firmly consented to this announcement.

The examination additionally looked to see whether the inspected aircrafts bolstered instruction programs and the discoveries uncovered that they firmly upheld training programs with most of the respondents (M=4.71, SD=0.460) supporting this announcement. The discoveries likewise uncovered that the carriers bolstered wellbeing programs with a mean of 4.63 (SD=0.489). The discoveries additionally ravelled that the tested carrier likewise bolstered wearing exercises for the network with a mean of 4.39 (SD=0.638).
Fruitful innovative commitment is a standout amongst the most basic drivers of monetary development, which expands decision, augments openings and renders all other improvement endeavours more available to accomplish. Through work and wage age, giving specialized and administrative abilities, taking an interest in philanthropy, supporting instruction and wellbeing for the network, setting up and running childcare and sports for the network, producing social advantages, settling regulatory expenses, adding to benefits assets and determining inventive answers for monetary, social and ecological issues, corporate administration can be a significant power for good: undoubtedly "it is organizations, not digest financial powers or governments, which make and circulate the vast majority of a general public's riches, improve, exchange and raise expectations for everyday comforts" (Godfrey and Hatch, 2007). The benefits created by fruitful organizations are typically not the after effect of a zero-aggregate diversion in which every other on-screen character lose: corporate achievement animates financial development through linkage impacts with different divisions and the network, activating further financial action and more wage, along these lines making the 'cake' greater. In some rising economies, business commitment has made generous work and salary, along these lines contributing altogether to neediness decrease.

4.4.2 Effect of Economic Responsibilities on Performance of Selected Airlines in Operating in Kenya

The economic expenditure aspects of CSR consist of understanding the economic spending impacts of the company’s operations. From an economic spending point of view, CSR adds value because it allows companies to reflect the needs and concerns of their various stakeholder groups. To establish the level of airline companies’ involvement in different corporate social responsibility program, this study sought to assess the economic roles of CSR and firm performance of selected Airlines operating in Kenya. Table 4.3 gives a summary of the findings.
Table 4.3: Effect of Economic Responsibilities on Performance of Airlines Operating in Kenya

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>The standard error of the mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your airline generate income for shareholders and owners</td>
<td>5</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Does your airline provide quality products and services</td>
<td>4.71</td>
<td>0.46</td>
<td>0.075</td>
</tr>
<tr>
<td>Does your airline offer good jobs for employees</td>
<td>4.82</td>
<td>0.393</td>
<td>0.64</td>
</tr>
<tr>
<td>Does your airline offer reasonable prices for their goods and services</td>
<td>4.76</td>
<td>0.431</td>
<td>0.070</td>
</tr>
<tr>
<td>Aggregate mean score</td>
<td>4.82</td>
<td>0.321</td>
<td>0.196</td>
</tr>
</tbody>
</table>

Key: 1 - Strongly Disagree; 2 - Disagree; 3 - Moderate; 4 - Agree; 5 - Strongly Agree, N=38

Source: Author (2018)

The findings of this study revealed that the sampled “airline generate income for shareholders and owners” as demonstrated with a mean of 5 (SD=0.0) meaning that all the sampled respondents strongly agreed with the statement. The study also observed that the airlines in JKIA provide quality products and services with a mean of 4.71 (SD=0.46) this clearly indicate that most respondents agreed and strongly agreed with this statement.

The study also sought to find out if the sampled airlines offered good jobs for employees and the findings revealed that a majority (M=4.71, SD=0.460) agreed that they offered good jobs for employees. The findings also discovered that the airlines offer reasonable prices for their goods and services with a mean of 4.76 (SD=0.431).

An organization is, to start with, a monetary setup with making benefits as its objective and it has the status of a legitimate substance with free financial interests. When taking a gander at the social duties that an organization should take, those researchers in the financial circle and who are supportive of this sentiment trust that corporate goals lie in making great states of presence and sound advancement
prospect for an organization. The supervisors of an organization ought to end up worried about the ideal long haul capital additions of the organization to accomplish corporate objectives; if to accomplish the ideal long haul benefits, an organization should take up social obligations and the social cost in this way caused. When contemplating the connection between social obligations and monetary execution and productivity, the center is given to the examination of the connection between social duties and financial execution and proficiency amid the long haul improvement procedure of an organization with the goal that a positive relationship of the two can be inferred (Uddin, 2008).

4.4.3 Effect of Legal Responsibilities on Performance of Selected Airlines Operating in Kenya

To establish the level of airline companies’ involvement in different legal corporate social responsibility programmes, this study sought to assess the economic roles of CSR and firm performance of selected Airlines operating in Kenya. Table 4.4 gives a summary of the findings.

**Table 4.4: Effect of Legal Responsibilities on Performance of Selected Airlines operating in Kenya**

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>The standard error of the mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your airline comply with laws and regulations governing aviation industry</td>
<td>5</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Has your airline instituted measures to ensure the safety of goods and services</td>
<td>5</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Has your airline safeguarded employee rights</td>
<td>5</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Does your airline dedicate resources use for the greater community good</td>
<td>4.39</td>
<td>0.638</td>
<td>0.104</td>
</tr>
<tr>
<td>Aggregate mean score</td>
<td>4.85</td>
<td>0.160</td>
<td>0.026</td>
</tr>
</tbody>
</table>

*Key: 1 - Strongly Disagree; 2 - Disagree; 3 - Moderate; 4 - Agree; 5 - Strongly Agree, N=38*

*Source: Author (2018)*
According to the findings of the study revealed with a mean 5.0 (SD=0.0) on the items; airline complies with laws and regulations governing aviation industry, airline instituted measures to ensure the safety of goods and services, and airline safeguarded employee rights. This is a clear indication the all respondents strongly agreed to above statements. On the item “the airline dedicate resources use for the greater community good” the means of 4.39 (SD=0.638) were obtained.

4.4.4 Effect of Ethical Responsibilities on Performance of Selected Airlines Operating in Kenya

To establish the level of airlines’ involvement in different corporate social responsibility program, this study sought to assess the economic roles of CSR and firm performance of selected Airlines operating in Kenya. Table 4.5 gives a summary of the findings.

Table 4.5: Effect of Ethical Responsibilities on Performance of Selected Airlines Operating in Kenya

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>The standard error of the mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your airline practice avoidance of harm or injury through the elimination of wastage</td>
<td>4.82</td>
<td>0.393</td>
<td>0.064</td>
</tr>
<tr>
<td>Does your airline encourage accountability to society and immediate community on resource use and conservation</td>
<td>3.92</td>
<td>0.784</td>
<td>0.127</td>
</tr>
<tr>
<td>Does your airline have respect for moral rules for appropriate behavior in society</td>
<td>4.61</td>
<td>0.495</td>
<td>0.080</td>
</tr>
<tr>
<td>Is there transparency in the firm production systems</td>
<td>4.89</td>
<td>0.311</td>
<td>0.050</td>
</tr>
<tr>
<td>Aggregate mean score</td>
<td>4.56</td>
<td>0.496</td>
<td>0.080</td>
</tr>
</tbody>
</table>

Key: 1 - Strongly Disagree; 2 - Disagree; 3 - Moderate; 4 - Agree; 5 - Strongly Agree, N=38

Source: Survey Data(2018)
The findings of this study revealed that the sampled “airline practice avoidance of harm or injury through the elimination of wastage” as demonstrated with a mean of 4.82 (SD=0.393) meaning that majority of the sampled respondents agreed with a good number strongly agreeing with the statement. The study also observed that the airline encourage accountability to society and immediate community on resource use and conservation with a mean of 3.92 (SD=0.46) this clearly indicate that most respondents were moderate about the statement with a good number agreeing with the statement. The study also observed that airline have respect for moral rules for appropriate behavior in society with a mean of 4.61 (SD=0.495) as well the findings revealed that there is transparency in the firm production systems with means of 4.89 (SD=0.311)

4.4.5 Firm Performance

To establish the level of airlines’ involvement in different corporate social responsibility programs, this study sought to determine the indicators of firm performance by relating firm activities to performance indicators. Table 4.6 gives a summary of the findings.

Table 4.6: Firm Performance

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>The standard error of the mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company involvement in CSR activities leads to enhanced profits</td>
<td>4.29</td>
<td>0.694</td>
<td>0.113</td>
</tr>
<tr>
<td>Company involvement in CSR activities leads to increased customer retention</td>
<td>4.16</td>
<td>0.754</td>
<td>0.122</td>
</tr>
<tr>
<td>Company involvement in CSR activities leads to growth in sales volume</td>
<td>4.45</td>
<td>0.645</td>
<td>0.105</td>
</tr>
<tr>
<td>Company involvement in CSR activities leads to improved market efficiency</td>
<td>4.42</td>
<td>0.683</td>
<td>0.111</td>
</tr>
<tr>
<td>Company involvement in CSR activities leads to improved customer loyalty</td>
<td>3.95</td>
<td>0.655</td>
<td>0.106</td>
</tr>
<tr>
<td>Aggregate mean score</td>
<td>4.25</td>
<td>0.686</td>
<td>0.111</td>
</tr>
</tbody>
</table>
Key: 1 - Strongly Disagree; 2 - Disagree; 3 - Moderate; 4 - Agree; 5 - Strongly Agree, N=38

Source: Survey Data (2018)

The findings revealed that “Company involvement in CSR activities leads to enhanced profits” as demonstrated with a mean of 4.29 (SD=0.694) meaning that all the sampled respondents agreed to the above statement. The study findings also indicated that “Company involvement in CSR activities leads to increased customer retention” with a mean of 4.16 (SD=0.754) this clearly indicate that most respondents were in agreement that CSR participation contributes to customer retention and that Company involvement in CSR activities leads to growth in sales volume with a mean of 4.45 (SD=0.645). Prolonged involvement in CSR activities leads to improved market efficiency, this was supported by many respondents whose in agreement with the state as shown by a mean of 4.42 (SD=0.683) and hence improved customer loyalty (M=3.95, SD=0.655).

4.5 Regression Analysis

To establish the effect of corporate social responsibility on firm performance of selected Airlines operating in Kenya, the study conducted a multiple regression analysis. Table 4.7 gives a summary of the findings of this study.

Table 4.7: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. The error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>0.213a</td>
<td>0.045</td>
<td>0.031</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F Change</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Philanthropic responsibilities, economic responsibilities, legal responsibilities and ethical responsibilities

Source: Author (2017)

Coefficient of assurance discloses the degree to which changes in the dependent variable (firm performance) can be clarified by the adjustment in the independent variables or the level of variety in the reliant variable (firm execution) that is clarified by all the four free factors (Philanthropic obligations, financial duties, legitimate
duties and moral duties). The four free factors that were contemplated in table 4.7 clarify that the estimation of balanced R squared (coefficient of assurance) was 0.031, a sign that there was a variety of 3.1% on the Philanthropic obligations, monetary duties, legitimate duties and moral duties and firm execution, at 95% certainty interim. The examination additionally settled that there was a positive connection between the CSR (Philanthropic obligations, financial duties, lawful duties and moral duties) and firm execution as appeared above by the relationship coefficient (R) of 0.213.

Table 4.8: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>5.979</td>
<td>2</td>
<td>2.679</td>
<td>0.467</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>9.732</td>
<td>2</td>
<td>5.791</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>16.791</td>
<td>4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Philanthropic responsibilities, economic responsibilities, legal responsibilities and ethical responsibilities

b. Dependent Variable: Firm performance

Source: Author (2018)

Table 4.8 above shows the Analysis of Variance (ANOVA). The F-value was found to be 0.587 while P-value was 0.048 which is <0.05 level of significance. This signifies that CSR is a good predictor of firm performance for airline companies in Kenya. The Firm performance value of 0.048 indicates that the regression was significant in predicting the effect of corporate social responsibility on firm performance. The F critical at 5% level of significance was 0.4677 since F calculated is less than the F critical (value = 2.371); this shows that the overall model was significant.
Table 4.9: Coefficients of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</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>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.661</td>
<td>0.510</td>
<td></td>
<td>7.178</td>
</tr>
<tr>
<td></td>
<td>Philanthropic responsibilities</td>
<td>0.121</td>
<td>0.060</td>
<td>0.140</td>
<td>2.021</td>
</tr>
<tr>
<td></td>
<td>Economic responsibilities</td>
<td>-0.119</td>
<td>0.059</td>
<td>-0.138</td>
<td>-2.013</td>
</tr>
<tr>
<td></td>
<td>Legal responsibilities</td>
<td>0.137</td>
<td>0.082</td>
<td>0.115</td>
<td>1.673</td>
</tr>
<tr>
<td></td>
<td>Ethical responsibilities</td>
<td>0.126</td>
<td>0.071</td>
<td>0.146</td>
<td>2.031</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Firm performance

Source: Author (2018)

The preceding multiple regression analysis tested for normality, multicollinearity, and homoscedasticity. The regression was modeled as follows: \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \). Where; \( Y = \) Firm performance, \( \beta_1, \ldots, \beta_4 = \) Coefficients, \( X_1 = \) Philanthropic responsibilities, \( X_2 = \) Economic responsibilities, \( X_3 = \) Legal responsibilities, \( X_4 = \) Ethical responsibilities while \( \varepsilon = \) Error term. From the table 4.9 above a regression model can be derived from the unstandardized coefficients as follows: \( Y = 3.661 + 0.121X_1 - 0.119X_2 + 0.137X_3 + 0.126X_4 + \varepsilon \).

The results imply that one unit increase in Philanthropic responsibilities will lead to an increase in Firm performance with a factor of 0.121 at a significance level of 0.05 all factors held constant. A unit increase in Economic responsibilities could result in an increase in profitability with a factor of -0.119 at a significance level of 0.05 all factors held constant. One unit increase in Legal responsibilities could result in an increase in profitability with a factor of 0.137, while A unit increase in Ethical responsibilities could result in an increase in profitability with a factor of 0.126 at a significance level of 0.05 all factors held constant.

The table above also indicated that Philanthropic responsibilities, Economic responsibilities, Legal responsibilities and Ethical responsibilities have a direct
positive effect on the performance of airline industry in Kenya because their P-values were less than 0.05 where the independent variable had regression values as follows; Philanthropic responsibilities with 0.121(P-value 0.045), Economic responsibilities with -0.119 (P-value 0.045), Legal responsibilities with 0.137 (P-value 0.096), while Ethical responsibilities with 0.126 (P-value 0.047). Nonetheless, the study shows that there is a significant correlation between CSR and Firm Performance. Therefore, it can be deduced that CSR has an impact on the Firm.

4.6 Chapter Summary

In this chapter, a presentation, analysis and discussion of the findings and results of this study were done. The section represented the results on the effect of corporate social responsibility on firm performance of selected Airlines operating in Kenya. The analysis was based on the primary data collected from the respondents in the form of questionnaires and the secondary data from airline companies operating in JKIA. The results were arranged based on the research objectives of the study aiming at establishing whether CSR had a significant effect on firm performance in the airline industry in JKIA.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides an overview of the findings, conclusion, and details of recommendations for the research in line with research objective and the research question outlined in chapter one of this study. The section concludes by giving limitations of the study and makes suggestions for further research.

5.2 Summary of Findings

The main objective of this study was to establish the effects of corporate social responsibility on the performance of selected airlines operating in Kenya. The study sampled 38 airlines in JKIA: 23 passenger airlines, 11 cargo airlines, and 4 domestic airlines. The data was collected from both primary and secondary sources. The study made use of primary data obtained from the airline managers in JKIA.

The first objective of this study was to determine the effect of philanthropic responsibilities on the performance of selected airlines operating in Kenya. The findings of this study revealed that the sampled airline participated in philanthropic responsibilities with average responses giving an aggregate mean of 4.582 (SD=0.544) implying that majority of the respondents strongly agreed with the items contained in the questionnaire understudy.

The second objective of this study was to determine the effect of economic responsibilities on the performance of selected airlines operating in Kenya. The findings of this study revealed that the sampled airlines had economic responsibilities such as; generating income for shareholders and owners, providing quality products and services, offering good jobs for their employees and offering reasonable prices for
their goods and services. This was supported by an aggregate mean of 4.82 (SD=0.321).

The third objective of this study was to determine the effect of legal responsibilities on the performance of selected airlines operating in Kenya. This included; compliance to laws and regulations governing aviation industry, instituted measures to ensure the safety of goods and services, safeguarding employee rights and dedicating resources use for the greater community good with an aggregate mean of 4.85 (SD=0.160).

The fourth objective of this study was to determine the effect of ethical responsibilities on the performance of selected airlines operating in Kenya. This study sought to assess the economic roles of CSR and firm performance of selected Airlines by assessing: practice avoidance of harm or injury through the elimination of waste, accountability to society and immediate community on resource use and conservation, upholding respect for moral rules for appropriate behaviour in society and transparency in the firm production systems. The statistics obtained the aggregate mean of 4.61 (SD=0.495) clear indication that the sampled respondents strongly agreed to the items contained in the study questionnaire.

From the regression model, the study found out that CSR variables were influencing the performance of selected Airlines operating in Kenya, which was; Philanthropic responsibilities, economic responsibilities, legal responsibilities and ethical responsibilities (independent variables). It was observed that they influenced firm performance positively. The four independent variables that were studied explain 21.3% change in performance of airlines in Kenya as a result of CSR as represented by the R factor.

The research established that most companies had CSR committees, whose main roles are overseeing the implementation process, evaluating and monitoring the progress made in achieving the CSR goals. At the implementation level, most companies seek to establish partnerships with key stakeholders and other organizations which have same interests in Corporate Social Responsibility. Most of the airlines focused on educational infrastructure, water accessibility, environmental sustainability, and
health. For instance, Kenya airways ran CSR programs such as “adopt a school” initiative under education infrastructure, “Bombay ambulance” initiative under health and “plant a future” initiative under environment conservation.

5.3 Conclusion

This explore venture has looked into corporate social duty rehearses among aircrafts working in JKIA trying to answer the exploration question and meet the examination goal of the consider. CSR asks for that extraordinary corporate specialist and organization should attempt to keep up an agreement between the legitimate interests and those of accomplices for the affiliation's business to be driven in a productive and plausible way. CSR, in this way, isn't just an unselfishness movement by affiliations expecting to look incredible to individuals when all is said in done to climb their advantages. It is a fundamental for good corporate activity and organization and furthermore proceeded with assignment and benefit subsequently firm execution.

In light of the discoveries of this exploration, it was discovered that Philanthropic, Legal, Economic and Ethical duties all had a critical impact to the execution of aircrafts working in JKIA. Philanthropic initiatives which included charity donations, support of health and educational programs have succeeded to woo customers and endeared them to products and services of the particular airlines. Economic responsibilities also have a positive effect on the performance of airlines. Provision of quality services, generation of income to shareholders and charging of reasonable prices for services ensures that customers get value for their money and leads to customer satisfaction. Legal responsibilities affected performance positively. Compliance to laws and regulations governing the airline sector, enactment of measures to ensure safety for goods and services and safeguarding employee rights led to customer satisfaction and positively affected performance. Ethical responsibilities also contributed significantly to performance of airlines. Accountability to the society and immediate community on resource use and conservation entrusts the firm to its customers and improves customer loyalty hence improving performance.
5.4 Recommendations of the Study

The policy makers and airline regulators should put adequate legislation requiring all airline operators to initiate and develop CSR programs within the society where they operate. This, therefore, dictates that the airlines CSR strategy be well aligned with the broad national objectives of the country. The airlines can achieve this by getting the input of the policymakers when making CSR decisions and developing the CSR strategies.

For airlines to develop a positive brand image and improve their performance they should adopt CSR programs that deal with environment, health, education and water since these are the main concerns of the society. The study further recommends that airlines should comply with legal regulations in order to appeal to the customers and improve customer loyalty and performance.

Since this study has implications on the work of the firms’ managers, subordinate staff, researchers as well as the community at large, there is need to develop a greater understanding of the various interactions involving CSR variables that predict the performance of airlines operating in Kenya.

5.5 Suggestions for Further Study

Since research explored original information, what has been identified is not exhaustive owing to the vibrant transformation and dynamism in the airline industry. Given that, the subsequent suggestions for further research have been made.

The study’s main focus was the corporate social responsibility for all the airlines operating in JKIA. However, given that each airline has a unique orientation in CSR, a more inclusive study should be conducted to determine the relationship between CSR, organizational leadership, customer retention and organizational performance since the environment in the airline industry is complex and very turbulent. A relative study should be conduct ending other airline companies operating in East Africa to ascertain if comparable results are reachable.
In all profit organizations, the shareholder's goal is profit maximization. In a bid to evaluate that their interests are secured, further research could be done to determine whether CSR has any impact on particularly airlines’ financial performance.

Finally, a survey could be done to evaluate the stakeholder’s perception of the CSR practices in airlines operating in Kenya. The findings would give the airlines an objective opinion on whether it is successful in reaching out to its stakeholders and also the most significant areas of need of the stakeholders would be identified.
REFERENCES


Davis, K. (1973), The case for and against the business assumption of social responsibilities, Academy of Management Journal, 16, 312-322.


Appendix I: Introductory Letter

Dear Participant,

My name is Munyao George Mumo, currently taking a graduate degree at Kenyatta University (K.U). I am undertaking a research project, “Corporate Social Responsibility and Performance of Selected Airlines Operating in Kenya.” As an employee in the aviation industry, you have been chosen to participate in the study and your contribution will be highly appreciated. Once this review is complete, it will enable the management of airline industry point out the effects of adoption of CSR hence enhance performance. This information can also be used by the Government agencies to make informed moves concerning CSR in the airline industry. The survey will take around 15 to 30 minutes to finish. Benevolently react to every single inquiry as genuinely as conceivable since the consequences of the investigation rely upon you. The data you give will stay private. Kindly don't show your name.

Thank you for taking the time to assist me with the information you have.

Yours sincerely,

Munyao George Mumo

D53/OL/20489/2012 (MBA Strategic Management)
Appendix II: Study Questionnaire

This questionnaire is confidentially administered to airline executives and employees for the purpose of getting primary data for writing a research report for partial fulfillment of Master of Business Administration, being pursued by the scholar at Kenyatta University. The responses that you will provide will be treated with a high degree of confidentiality. Please provide the answer as accurately as you can by using a tick or filling in.

SECTION A: GENERAL INFORMATION

1. Name (Optional)

________________________________________________________________________________

2. The name of the airline you are working for:

________________________________________________________________________________

3. Position held in the airline

________________________________________________________________________________

4. Sex of the respondent: -
   a) Male [ ]
   b) Female [ ]

5. Age of respondent
   a) 29 years and below [ ]
   b) 30-39 years [ ]
   c) 40-49 years [ ]
   d) 50 years and above [ ]

6. Highest level of Education [ ]
   a) Secondary school [ ]
   b) College/polytechnic [ ]
   c) University [ ]

7. Work experience:
   a) 0-5 year [ ]
b) 6-12 years [  ]
c) 13-20 years [  ]
d) Over 20 years [  ]

SECTION B: Philanthropic CSR Responsibilities

By use of a tick, indicate the extent to which any of the following philanthropic CSR initiatives have had the greatest impact on the performance of the airline. Kindly tick where appropriately.

Key: 1= Strongly Disagree; 2= Disagree; 3= Moderate; 4= Agree; 5= Strongly Agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Responsibility</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Has your airline been involved in charity donations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Does your airline run day care centers for the community</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Do your airline support education programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Does your airline support health programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Does your airline support community sporting</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Based on your overall assessment to what extent do philanthropic responsibilities of CSR affect your company’s performance

............................................................................................................................

SECTION C: Economic CSR Responsibilities

By use of a tick, indicate the extent to which any of the following economic CSR initiatives have had the greatest impact on the performance of the airline. Kindly tick where appropriately.

Key: 1= Strongly Disagree; 2= Disagree; 3= Moderate; 4= Agree; 5= Strongly Agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Responsibility</th>
<th>1</th>
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<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Does your airline generate income for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
shareholders and owners

7. Does your airline provide quality products and services

8. Does your airline offer good jobs for employees

9. Does your airline offer reasonable prices for their goods and services

Based on your overall assessment to what extent do economic responsibilities of CSR affect your company’s performance?

...........................................................................................................................................................................

SECTION D: Legal CSR Responsibilities

By use of a tick, indicate the extent to which any of the following legal CSR initiatives have had the greatest impact on the performance of the airline. Kindly tick where appropriately.

Key: 1= Strongly Disagree; 2= Disagree; 3= Moderate; 4= Agree; 5= Strongly Agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Responsibility</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Does your airline comply with laws and regulations governing aviation industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Has your airline instituted measures to ensure the safety of goods and services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Has your airline safeguarded employee rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Does your airline dedicate resources use for the greater community good</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on your overall assessment to what extent do legal responsibilities of CSR affect your company’s performance?

...........................................................................................................................................................................

SECTION E: Ethical CSR Responsibilities
By use of a tick, indicate the extent to which any of the following ethical CSR initiatives have had the greatest impact on the performance of the airline. Kindly tick where appropriately.

**Key:** 1= Strongly Disagree; 2= Disagree; 3= Moderate; 4= Agree; 5= Strongly Agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Responsibility</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Does your airline practice avoidance of harm or injury through the elimination of wastage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Does your airline encourage accountability to society and immediate community on resource use and conservation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Does your airline have respect for moral rules for appropriate behavior in society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Is there transparency in the firm production systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on your overall assessment to what extent do ethical responsibilities of CSR affect your company’s performance?

................................................................................................................................................................................................................

**SECTION F**

The statements below relate to the indicators of organizational performance among selected airline operators in Kenya. You are provided with five options corresponding to these statements. Please tick the option that best suits your opinion on the statement given.

**Key:** 1= Strongly Disagree; 2= Disagree; 3= Moderate; 4= Agree; 5= Strongly Agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Responsibility</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Company involvement in CSR activities leads to enhanced profits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Company involvement in CSR activities leads to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
increased customer retention

20 Company involvement in CSR activities leads to growth in sales volume

21 Company involvement in CSR activities leads to improved market efficiency

22 Company involvement in CSR activities leads to improved customer loyalty

Based on your overall assessment to what extent does Corporate Social Responsibility affect your company’s performance?

........................................................................................................................................................................................................
### Appendix IV: List of Airlines flying into JKIA: Passenger Flights

<table>
<thead>
<tr>
<th>Airline</th>
<th>Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Express Airways</td>
<td>Berbera, Dubai–International, Galkayo, Hargeisa, Mogadishu, Sharjah</td>
</tr>
<tr>
<td>Air Arabia</td>
<td>Sharjah</td>
</tr>
<tr>
<td>Egypt air</td>
<td>Cairo</td>
</tr>
<tr>
<td>British Airways</td>
<td>London–Heathrow</td>
</tr>
<tr>
<td>Lufthansa</td>
<td>Frankfurt</td>
</tr>
<tr>
<td>Daallo Airlines</td>
<td>Mogadishu</td>
</tr>
<tr>
<td>Air Mauritius</td>
<td>Mauritius</td>
</tr>
<tr>
<td>Emirates</td>
<td>Dubai–International</td>
</tr>
<tr>
<td>Jubba Airways</td>
<td>Mogadishu</td>
</tr>
<tr>
<td>Fastjet</td>
<td>Dar es Salaam, Kilimanjaro</td>
</tr>
<tr>
<td>Fly540</td>
<td>Eldoret, HomaBay, Juba, Kisumu, Lamu, Lodwar, Mombasa, Zanzíbar</td>
</tr>
<tr>
<td>Ethiopian Airlines</td>
<td>Addis Ababa</td>
</tr>
<tr>
<td>LAM Mozambique Airlines</td>
<td>Maputo, Kampala</td>
</tr>
<tr>
<td>KLM</td>
<td>Amsterdam</td>
</tr>
<tr>
<td>Airline</td>
<td>Destination</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Saudia Airlines Cargo</td>
<td>Amsterdam, Jeddah</td>
</tr>
<tr>
<td>Martinair</td>
<td>Amsterdam, Johannesburg–OR Tambo</td>
</tr>
<tr>
<td>Turkish Airlines Cargo</td>
<td>Entebbe, Istanbul–Atatürk, Khartoum, Kinshasa</td>
</tr>
<tr>
<td>Etihad Cargo</td>
<td>Abu Dhabi, Amsterdam</td>
</tr>
<tr>
<td>Emirates Sky Cargo</td>
<td>Amsterdam, Dubai–Al Maktoum</td>
</tr>
<tr>
<td>Astral Aviation</td>
<td>Dar es Salaam, Entebbe, Juba, Kigali, London–Stansted, Mogadishu, Mwanza</td>
</tr>
<tr>
<td>Cargolux</td>
<td>Air France Cargo</td>
</tr>
<tr>
<td>Lufthansa Cargo</td>
<td>Frankfurt, Johannesburg–OR Tambo</td>
</tr>
<tr>
<td>Singapore Airlines Cargo</td>
<td>Amsterdam</td>
</tr>
<tr>
<td>Qatar Airways Cargo</td>
<td>Brusells</td>
</tr>
</tbody>
</table>

Source: Kenya Airports Authority Website, 2016