

Effects of Corporate Social Responsibility on Profitability of Tea Manufacturing Firms in Kenya: A Case of Kaimosi Tea Factory

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ABSTRACT: Corporate Social Responsibility has become an important strategic consideration for firms worldwide, yet its relationship with profitability remains empirically unsettled. Existing studies report conflicting outcomes, some finding a positive link between CSR and profitability, others a negative one, and still others no significant relationship at all, largely because of differences in the variables, data sources, industries, and time frames used across studies. In Kenya, most research on CSR and profitability has concentrated on the banking and general manufacturing sectors, leaving the agricultural sector, which anchors the country's economy, largely unexamined. In particular, no known study has interrogated how the specific dimensions of CSR- economic, ethical, environmental, and philanthropic responsibility individually influence the profitability of tea manufacturing firms. This gap motivated the present study, which used Kaimosi Tea Factory as a case study. The study's general objective was to establish the effects of Corporate Social Responsibility on the profitability of tea manufacturing firms in Kenya. The specific objectives were to: establish the effect of economic responsibility on profitability, examine the effect of environmental responsibility on profitability, determine the effect of philanthropic initiatives on profitability, and analyze the effect of ethical practices on profitability at Kaimosi Tea Factory. The study adopted a descriptive research design, which allowed the researchers to generalize findings to a wider population and gain an in-depth understanding of the relationship between CSR and profitability. The target population comprised the 332 employees of Kaimosi Tea Factory drawn from all departments (General Manager, Human Resource, Finance, Operations, Procurement, Leaf Count, Weighbridge, Farm, and Supervisors). Using random sampling and a 95% confidence level, the study selected a sample of 71 employees, of whom 67 returned valid questionnaires. The questionnaires were complemented by secondary data from the firm's financial statements for 2014–2017. Data were analyzed using SPSS version 24, generating descriptive statistics (means, medians, and standard deviations) that showed generally favorable perceptions of CSR practices for instance, respondents' agreement that corporate governance and retained earnings positively affect profitability averaged around 4.0 on a 5-point Likert scale, alongside regression and trend analysis linking each CSR dimension to profitability. The study measured profitability using Return on Assets, Return on Equity, Return on Capital Employed, profit margin, and liquidity, while analyzing CSR across its four dimensions. The study was anchored on three theories: Stakeholder Theory, Competitive Advantage Theory, and Social Cost Theory. The study recommends that tea manufacturing firms strengthen corporate governance and reinvest retained earnings to boost economic performance; invest in employee training to enhance the innovativeness that supports ethical CSR outcomes; adopt eco-friendly packaging, proper waste treatment, recycling, and agroforestry practices to improve environmental returns; and expand community-focused philanthropic initiatives such as schools and health centers to build reputation and competitive advantage. The study is significant to policymakers seeking to formulate CSR guidelines for the tea sub-sector, to management and investors making decisions on CSR investment, and to the academic community, as it narrows an identified literature gap and provides a basis for further research on CSR and profitability in Kenya's agricultural sector.

I. INTRODUCTION

1.1 Background of the Study

Corporate Social Responsibility has evolved from a philanthropic concept into a strategic business practice that integrates social, environmental, and economic responsibilities into organizational operations. Although the idea of CSR dates back to the early twentieth century, it gained prominence in the 1950s after Bowen defined CSR as the obligation of businesses to pursue policies and actions that align with societal

values. Modern perspectives view CSR as extending beyond legal and economic obligations to include ethical and community responsibilities that enhance sustainable business performance.

Globally, empirical evidence on the relationship between CSR and profitability remains inconclusive. Studies from Europe and Asia indicate that while CSR may not generate immediate financial returns, firms that consistently invest in responsible environmental, social, and governance practices often experience improved profitability and financial performance in the long run. However, other studies report weak or inconsistent relationships, suggesting that CSR outcomes depend on firm-specific characteristics, industry dynamics, and the nature of CSR investments.

Within Africa, CSR adoption has increased considerably, particularly among multinational corporations, although institutionalization of CSR practices remains limited. Existing studies across South Africa and Nigeria present mixed findings, with some reporting positive effects of CSR on profitability measures such as return on equity and earnings per share, while others observe negative or insignificant relationships with profitability indicators. These inconsistencies indicate that the impact of CSR is context-specific and influenced by economic, regulatory, and organizational factors.

In Kenya, CSR has become increasingly embedded in corporate strategy, particularly among service sector organizations where community engagement and sustainable development initiatives are common. Although several studies report positive associations between CSR and organizational performance through increased market share, sales growth, and enhanced corporate image, others find only weak or insignificant effects on profitability. Most existing studies have focused on individual organizations, limiting the generalizability of their findings across sectors. This creates a contextual and empirical gap regarding the extent to which CSR influences profitability among firms operating in different industries in Kenya, thereby justifying further empirical investigation.

1.2 Statement of the Problem

Studies on the relationship between corporate social responsibility (CSR) and profitability have produced mixed findings. Some studies report that CSR activities enhance profitability through improved customer relations, reputation, and competitive advantage, while others find that CSR increases operational costs and may reduce profitability. In some cases, researchers have found no significant relationship between CSR and financial performance.

Corporate social responsibility refers to actions an organization takes to contribute to the welfare of society and its stakeholders. Although organizations are expected to be socially responsible, their primary objective remains achieving economic goals. Therefore, firms must balance profit maximization with social and environmental responsibilities.

In Kenya, many companies engage in CSR activities mainly to enhance corporate image and strengthen stakeholder relationships. Previous studies on commercial banks have shown a positive association between CSR and profitability, suggesting that socially responsible practices can improve organizational performance. However, other studies have reported insignificant or inconsistent results, indicating that the relationship between CSR and profitability remains inconclusive.

This inconsistency in empirical findings creates a contextual and conceptual gap that requires further investigation, particularly in the manufacturing sector, where CSR activities may involve substantial costs related to community development, environmental management, and employee welfare. Despite the growing adoption of CSR practices by manufacturing firms in Kenya, limited evidence shows how these activities influence firm-level profitability. This study therefore examines the relationship between corporate social responsibility and the profitability of manufacturing firms in Kenya, with specific reference to Kaimosi Tea Factory.

1.3 Objectives of the Study

The general objective of this research was to establish the effects of CSR on profitability in Kaimosi Tea Factory. Specifically, the study sought;

- i. To establish the effect of economic responsibility on profitability at Kaimosi Tea Factory.
- ii. To establish the effect of environmental responsibility on profitability at Kaimosi Tea Factory.
- iii. To determine the effect of philanthropic initiatives on profitability at Kaimosi Tea Factory.
- iv. To analyze the effect of ethical practices on profitability at Kaimosi Tea Factory

1.4 Research Hypothesis

This paper sought to answer the following research hypotheses;

- i. There is no significant effect of economic responsibility on profitability in Kaimosi Tea Factory
- ii. There is no significant effect of environmental responsibility on profitability in Kaimosi Tea Factory.
- iii. There is no significant effect of philanthropic initiatives on profitability in Kaimosi Tea Factory.

- iv. There is no significant effect of ethical practices on profitability in Kaimosi Tea Factory.

II. LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Stakeholder Theory

Stakeholder Theory was advanced by Freeman (1984), who argued that organizations should create value for all stakeholders, defined as any individual or group that can affect or be affected by the achievement of an organization's objectives. The theory emphasizes that firms must balance the interests of key stakeholders, including shareholders, employees, customers, suppliers, creditors, government, and the wider community to achieve sustainable success. Later, Clarkson (1995) classified stakeholders into primary stakeholders, such as investors, employees, and creditors, and secondary stakeholders, including government and society, and argued that stakeholder management should be integrated into corporate strategy rather than left to individual business units. The theory is relevant to this study because corporate social responsibility (CSR) represents an organization's commitment to meeting stakeholder expectations through ethical, social, and environmental practices. By addressing the needs of different stakeholder groups, firms can enhance trust, strengthen relationships, improve reputation, and secure valuable resources that contribute to improved profitability and long-term financial performance. Therefore, Stakeholder Theory provides a suitable foundation for explaining the relationship between CSR practices and profitability.

2.1.2 Competitive Advantage Theory

Competitive Advantage Theory, advanced by Michael Porter (1985), argues that firms achieve superior performance by creating more value than competitors through unique resources, capabilities, or strategies that are difficult to imitate. Porter posits that sustainable competitive advantage arises when an organization differentiates itself or operates at lower cost while effectively responding to stakeholder and market expectations. Subsequent scholars such as Harrison et al. (2007) extended this perspective by emphasizing that competitive advantage also depends on a firm's ability to attract and retain valuable stakeholder resources, including customer loyalty, investor confidence, employee commitment, and supplier support. Corporate Social Responsibility (CSR) contributes to this advantage by enhancing a firm's reputation, strengthening stakeholder relationships, and building organizational capabilities that competitors find difficult to replicate. In this study, the theory is relevant because it explains how CSR activities can improve firm profitability by creating intangible assets such as goodwill, customer loyalty, and an enhanced corporate image, which ultimately translate into increased sales, investment, and long-term financial performance.

2.1.3 Social Cost Theory

Social Cost Theory is primarily associated with Ronald H. Coase through his seminal work *The Problem of Social Cost* (1960). Coase argued that business activities often generate externalities costs or benefits imposed on society that are not reflected in market prices. He maintained that where property rights are clearly defined and transaction costs are low, affected parties can negotiate to achieve efficient outcomes. However, when bargaining is impractical, government intervention and appropriate regulations become necessary to ensure that firms internalize the social costs of their operations. Later, Crother and Aras (2008) extended this perspective by emphasizing that businesses should recognize and manage externalities through responsible corporate behavior and stakeholder engagement.

The theory is relevant to this study because it explains why firms undertake Corporate Social Responsibility (CSR) activities to address the social and environmental costs arising from their operations. By investing in community development, environmental conservation, employee welfare, and ethical business practices, firms reduce negative externalities, enhance stakeholder relationships, and improve their reputation. Consequently, effective CSR initiatives can strengthen competitive advantage and contribute to improved organizational performance, making Social Cost Theory an appropriate theoretical foundation for examining the relationship between CSR and firm performance.

2.2 Conceptual framework

Independent Variable

Corporate Social Responsibility

Economic responsibility
Corporate Governance
Retained earnings
Fair Earnings
Viable Investments
Local Employment

Ethical Responsibility
Responsibility to customers
Responsibility to employees
Responsibility to government
Responsibility to competitors

Environmental Responsibility
Energy and water use
Waste management and recycling
Emissions and eco-friendly office and business travel practices

Philanthropic responsibility
Support local charity
Sponsor of local events
Participating in community events
Supporting community projects

Dependent Variable

Profitability

Profitability
Return on Equity
Return on Assets
Return on Capital employed
Liquidity
Profit Margin

2.3 Empirical Literature Review

2.3.1 Economic Responsibility and profitability

Economic responsibility is the foundation of corporate social responsibility (CSR) because it reflects the primary obligation of a business to remain financially viable while creating value for its stakeholders. According to Carroll's CSR framework, economic responsibility forms the first layer upon which legal, ethical, and philanthropic responsibilities are built. A corporation is expected to generate reasonable returns for investors, provide fair compensation and conducive working conditions for employees, offer quality goods and services at fair prices to customers, and ensure sustainable value creation for society. Without achieving economic

sustainability, organizations are unlikely to fulfill their broader social obligations, making economic responsibility the cornerstone of long-term corporate success.

Modern perspectives on CSR emphasize that economic responsibility extends beyond profit maximization to encompass sustainable business practices that secure long-term organizational competitiveness. Scott (2008) argues that economic responsibility focuses on business practices that facilitate sustainable growth while simultaneously meeting ethical, legal, environmental, and philanthropic expectations. This perspective recognizes that profitability and social responsibility are not mutually exclusive but can reinforce one another. Organizations that integrate sustainability into their strategic decision-making often realize operational efficiencies, reduce waste, improve resource utilization, and strengthen stakeholder confidence. For example, a manufacturing firm that incorporates recycled materials into its production process not only lowers production costs but also conserves natural resources, reduces environmental degradation, and enhances its corporate reputation. Such initiatives demonstrate that responsible economic decisions can generate both financial and societal value, creating a competitive advantage that contributes to long-term profitability.

Economic responsibility also encompasses prudent financial management, innovation, efficient resource allocation, and investment in technologies that enhance productivity while minimizing environmental and social costs. Companies that consistently meet these obligations are more likely to attract investors, retain skilled employees, strengthen customer loyalty, and maintain positive relationships with regulators and local communities. Consequently, economic responsibility has increasingly become a strategic tool for achieving sustainable competitive advantage rather than merely a requirement for business survival.

Several empirical studies have examined the relationship between economic responsibility and organizational performance, with many reporting positive outcomes. Das and Halder (2011) investigated the CSR activities of Oil and Natural Gas Corporation Limited (ONGC) and their contribution to economic development among rural communities in Assam, India. Their findings revealed that ONGC had earned substantial trust and goodwill from local communities through investments in infrastructure development, employment creation, education and vocational training, market accessibility, healthcare initiatives, and empowerment of marginalized groups. These initiatives not only enhanced the socio-economic well-being of the host communities but also strengthened the company's social legitimacy and stakeholder relationships. The study established a positive relationship between economic responsibility and profitability, suggesting that organizations investing in sustainable economic and community development initiatives are likely to realize improved financial performance.

Similarly, Porter and Kramer (2011) argue that organizations create greater economic value when they adopt the concept of shared value, whereby corporate strategies simultaneously address societal challenges and business objectives. Through investments in innovation, local supplier development, employee welfare, and sustainable production systems, firms can reduce operational costs, improve productivity, expand markets, and strengthen their competitive position. This perspective reinforces the view that economic responsibility should not be viewed solely as the pursuit of profits but as the strategic creation of value for both the business and society.

Despite the growing body of evidence supporting the positive association between economic responsibility and firm performance, empirical findings remain inconclusive across different contexts, industries, and economies. While many studies report significant positive effects, others find weak or insignificant relationships, suggesting that the impact of economic responsibility may depend on organizational characteristics, stakeholder expectations, institutional environments, and the effectiveness of CSR implementation. These inconsistencies highlight the need for further empirical investigation, particularly in developing economies where institutional frameworks, market dynamics, and stakeholder priorities differ considerably from those in developed countries. Consequently, examining the influence of economic responsibility on organizational profitability remains an important area of research that continues to attract scholars seeking to understand how sustainable business practices contribute to long-term financial performance and competitive advantage.

2.3.2 Ethical responsibility and profitability

Ethical responsibilities refer to the moral obligations that require corporations to conduct their operations in a manner that is right, just, fair, and consistent with the values and expectations of society. Unlike legal responsibilities, which are enforced through laws and regulations, ethical responsibilities are guided by moral principles, professional standards, and societal norms that shape acceptable business conduct. They compel organizations to go beyond mere compliance with legal requirements and embrace practices that promote integrity, transparency, accountability, fairness, and respect for all stakeholders. As businesses increasingly operate in complex and competitive environments, ethical responsibility has become an essential component of corporate social responsibility (CSR), influencing organizational reputation, stakeholder trust, and long-term sustainability.

According to Idowu, Nicholas, and Liangrong (2013), an ethical organization recognizes that it has a duty to respect the rights and interests of all stakeholders, including employees, customers, suppliers, investors, local communities, and the natural environment. This responsibility requires corporations to establish a supportive framework that promotes employee welfare through fair remuneration, equal employment opportunities, safe working conditions, diversity, and career development. Ethical organizations also foster transparent and mutually beneficial relationships with customers by providing quality products, truthful advertising, fair pricing, and responsive customer service. Similarly, they maintain honest and equitable relationships with suppliers through fair contractual arrangements, timely payments, and responsible procurement practices that encourage sustainable business partnerships.

Furthermore, ethical responsibilities extend beyond internal organizational relationships to encompass broader societal and environmental concerns. Organizations are expected to contribute positively to community development by supporting social initiatives, promoting education and healthcare, creating employment opportunities, and participating in activities that improve societal well-being. At the same time, ethical corporations recognize their responsibility to protect the environment by minimizing pollution, conserving natural resources, adopting sustainable production processes, and reducing their carbon footprint. Such actions demonstrate a commitment to environmental stewardship and sustainable development, which have become increasingly important in today's global business environment.

The concept of ethical responsibility is founded on the close relationship between rights and moral obligations. Every stakeholder possesses legitimate rights that organizations are expected to respect, including the right to fair treatment, honesty, privacy, safety, and equal opportunity. By recognizing and safeguarding these rights, corporations build legitimacy, strengthen stakeholder confidence, and establish enduring relationships based on trust and mutual respect. Ethical conduct therefore becomes a strategic asset that enhances organizational credibility and contributes to long-term business success.

Importantly, compliance with laws, regulations, and established procedures alone does not necessarily make corporate conduct ethical. While legal compliance represents the minimum standard of acceptable behavior, ethical responsibility requires organizations to evaluate the broader consequences of their decisions and actions on society. Situations frequently arise where business practices may be legally permissible but ethically questionable. Consequently, organizations are expected to exercise sound moral judgment, demonstrate corporate integrity, and voluntarily adopt practices that exceed legal obligations. Ethical businesses prioritize fairness, honesty, accountability, and respect for human dignity even in situations where the law is silent or less demanding.

Ethical responsibilities therefore encompass those behaviors and practices that society expects from corporations over and above their economic and legal responsibilities. These include promoting fairness in decision-making, preventing discrimination, protecting consumer rights, safeguarding confidential information, avoiding corruption and conflicts of interest, ensuring responsible marketing, and embracing environmental sustainability. By integrating ethical principles into corporate governance and strategic decision-making, organizations strengthen stakeholder relationships, enhance their reputation, reduce operational risks, and secure sustainable competitive advantage. Consequently, ethical responsibility represents a critical pillar of corporate social responsibility, serving as the bridge between legal compliance and voluntary philanthropic initiatives while ensuring that business success is achieved in a socially responsible and morally acceptable manner.

2.3.3 Environmental responsibility and profitability

Environmental sustainability has increasingly become a critical component of corporate social responsibility (CSR), as organizations recognize the need to balance economic objectives with environmental protection. Companies are progressively adopting strategies aimed at reducing their carbon footprints through waste minimization, emission reduction, efficient utilization of natural resources, and the adoption of environmentally friendly production processes. These practices are designed not only to enhance operational efficiency but also to ensure that current business activities do not compromise the ability of future generations to access and benefit from natural resources. Organizations are therefore focusing on reducing excessive water consumption, managing industrial waste, controlling greenhouse gas emissions, and minimizing activities that negatively affect ecological systems.

A major shift in corporate environmental responsibility has been the increased investment in renewable energy sources that enable organizations to generate clean energy directly at their operational sites. The adoption of solar energy, wind power, and other renewable alternatives has enabled firms to reduce dependence on conventional energy sources, lower operational costs, and enhance their long-term sustainability. Furthermore, environmental sustainability is increasingly reflected through clean manufacturing practices and the development of energy-efficient technologies. Companies are redesigning production systems and equipment to consume fewer resources, reduce waste generation, and improve overall productivity. Such initiatives contribute

to cost savings while strengthening corporate reputation among environmentally conscious consumers, investors, and other stakeholders.

According to Salman (2013), environmental sustainability is characterized by several important dimensions, including the role of packaging, clean energy utilization, and environmental reporting. Packaging plays a significant role in sustainability by protecting products, reducing product losses, minimizing waste, and improving efficiency throughout the supply chain. Sustainable packaging solutions, such as recyclable, biodegradable, and lightweight materials, enable companies to reduce their environmental impact while meeting consumer expectations for responsible business practices. Effective packaging strategies also contribute to resource conservation by reducing unnecessary material consumption and improving transportation efficiency. The adoption of clean energy represents another important dimension of environmental sustainability. Organizations are increasingly integrating renewable energy technologies and energy-efficient systems into their operations as part of their commitment to reducing environmental degradation. Energy-efficient equipment and environmentally conscious facility designs enable firms to lower energy consumption, reduce operational expenses, and decrease carbon emissions. In addition, pollution prevention, eco-friendly product design, resource conservation, and industrial ecology have emerged as key priorities across various industrial sectors. Industrial ecology encourages organizations to adopt production systems where waste generated from one process can become an input for another, thereby promoting circular economy principles and reducing environmental pressure.

Empirical evidence suggests that environmental responsibility can positively influence firm profitability by improving operational efficiency, reducing costs, enhancing corporate image, and strengthening stakeholder relationships. A case study conducted by Prof. Dr. Abdul Ghafoor Awan and Naveed Akhtar (2014) examined the impact of social responsibility on the profitability of firms, focusing on fertilizer and cement companies in Southern Punjab, Pakistan. The study employed both qualitative and quantitative research approaches to investigate the relationship between corporate social responsibility practices and financial outcomes. The findings revealed a positive relationship between environmental responsibility and profitability among the firms studied. The researchers established that organizations engaging in environmentally responsible practices benefited from improved efficiency, reduced operational costs, enhanced public reputation, and stronger relationships with stakeholders, which ultimately contributed to improved financial performance. The findings support the argument that environmental sustainability should not be viewed merely as a regulatory obligation or additional cost burden but as a strategic investment capable of generating long-term economic benefits. Firms that integrate environmental responsibility into their business strategies are better positioned to achieve competitive advantage, strengthen stakeholder loyalty, and improve financial sustainability. Therefore, environmental sustainability remains an essential component of CSR, enabling organizations to achieve a balance between profitability, environmental protection, and sustainable development goals.

2.3.4 Philanthropic responsibilities and profitability

The Greek word “philanthropy” literally means “the love of fellow human beings.” In the context of business, philanthropy refers to voluntary and discretionary actions undertaken by corporations to improve the quality of life of employees, local communities, and society at large. Unlike economic, legal, and ethical responsibilities, philanthropic responsibilities are not imposed by law or strictly required by societal norms; rather, they represent activities that organizations choose to undertake as a demonstration of their commitment to social welfare and responsible citizenship. Examples of corporate philanthropic activities include donations to charitable organizations, provision of scholarships and educational support, construction of recreational facilities for employees and their families, sponsorship of cultural and artistic initiatives, support for community development projects, and contributions toward environmental and humanitarian causes.

Corporate philanthropy encompasses various forms of business giving and reflects an organization’s willingness to contribute resources beyond its immediate business interests. These contributions may include financial donations, provision of products and services, employee and management volunteer programs, partnerships with community organizations, and other discretionary initiatives aimed at addressing societal needs. Although such activities are not legally mandated and may not be considered obligations in the traditional sense, they have increasingly become part of public expectations regarding responsible corporate behavior. Stakeholders often view philanthropic engagement as an indicator of a company’s values, commitment to society, and willingness to contribute to sustainable development.

Corporations engage in philanthropic activities because they recognize the importance of maintaining positive relationships with their stakeholders and enhancing their social legitimacy. Through philanthropy, businesses demonstrate good corporate citizenship, strengthen community relationships, improve employee morale, and build a favorable organizational reputation. In contemporary business environments, philanthropic responsibility has become an important component of corporate social responsibility (CSR), as organizations seek to balance profit-making objectives with meaningful contributions to society.

Research evidence suggests that corporate philanthropy can positively influence consumer perceptions and organizational reputation. For instance, Hess (2002), in a survey of 1,000 consumers in the United States, found that approximately 43% of customers expressed strong positive impressions of companies that actively contributed to social welfare and community development initiatives. This finding indicates that consumers increasingly appreciate businesses that demonstrate concern for societal well-being beyond their commercial activities. Consequently, many organizations engage in philanthropic initiatives not only to support communities but also as a strategic approach to strengthen stakeholder trust, enhance corporate image, and achieve long-term sustainability.

III. METHODOLOGY

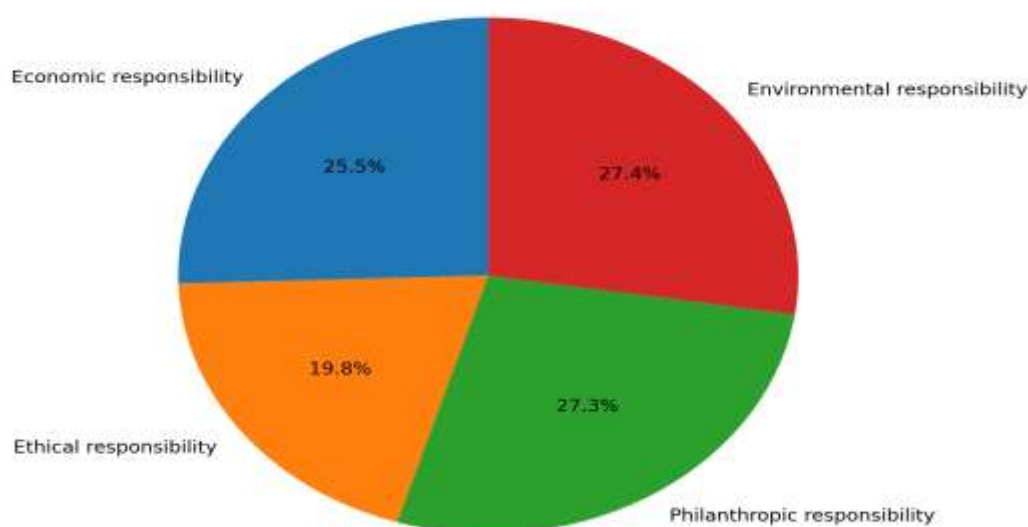
The study adopted a descriptive research design to examine the influence of Corporate Social Responsibility strategies on the financial performance of Kaimosi Tea Factory. The design was appropriate because it enabled the researcher to collect information from respondents and generalize findings regarding existing CSR practices and their relationship with organizational performance. The study further incorporated a case study approach through the review of organizational reports and financial statements to obtain a deeper understanding of CSR initiatives and financial outcomes. The target population consisted of 332 employees drawn from various departments, including management, human resource, finance, operations, procurement, leaf count, weigh bridge, farm, and supervisory sections. A random sampling technique was employed to select respondents from the different departments, resulting in a sample size of 71 employees. The sample was considered adequate to provide representative information on CSR practices within the organization.

The study utilized both primary and secondary data. Primary data was collected using structured questionnaires administered to selected employees, while secondary data was obtained through document analysis of organizational records, particularly financial statements covering the period from 2014 to 2017. The reliability of the research instrument was assessed through a pilot test using internal consistency reliability, where the split-half method and Kuder-Richardson Formula 20 were applied to determine the consistency of questionnaire responses. Validity was established through content validity by reviewing the questionnaire items to ensure clarity, relevance, and adequate coverage of the study objectives. Data collection involved obtaining authorization from the relevant authorities, administering questionnaires, and reviewing organizational documents. The collected data was edited, coded, classified, and analyzed using the Statistical Package for Social Sciences (SPSS) version 24. Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to summarize the findings, while regression analysis was conducted to determine the relationship between CSR practices and financial performance measured through return on equity. The findings were presented using tables, charts, and graphs to facilitate interpretation and reporting.

IV. RESULTS AND DISCUSSION

4.1 Descriptive Statistics on Corporate Social Responsibility Dimensions and Profitability

Descriptive Statistics: Relative Mean Scores of CSR Dimensions



The descriptive statistics results indicate that the respondents generally perceived corporate social responsibility (CSR) practices as positively contributing to the profitability of Kaimosi Tea Factory. The analysis covered four dimensions of CSR, namely economic responsibility, ethical responsibility, philanthropic responsibility and environmental responsibility. The graphical results presented showed that most responses were concentrated around the agree and strongly agree categories, indicating a generally positive perception of CSR practices among the respondents.

Economic responsibility was reflected through corporate governance, retained earnings, viable investment decisions and fair earnings to employees, with respondents generally agreeing that these practices contribute to profitability.

Ethical responsibility, measured through quality products, good working conditions, compliance with rules and regulations, and CSR-related competition, also recorded generally positive responses, although compliance with rules and regulations attracted comparatively more neutral responses.

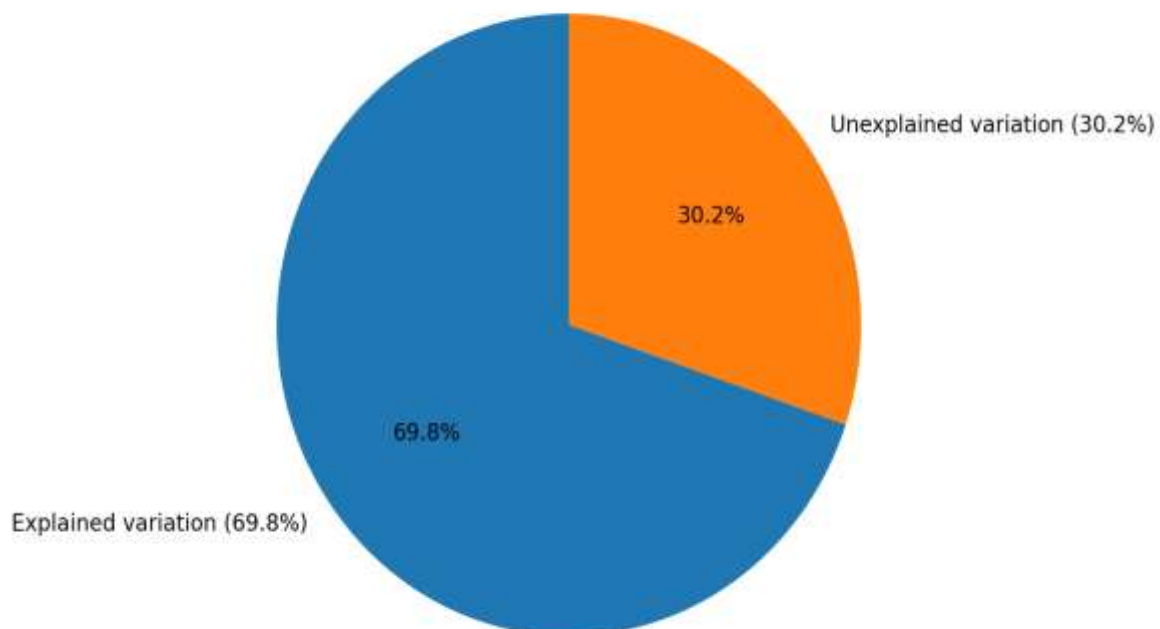
Philanthropic responsibility recorded strong positive responses, particularly regarding support for local charities, sponsorship of local events and community projects, suggesting that community-oriented activities are perceived to strengthen the firm's relationship with stakeholders and contribute to profitability.

Environmental responsibility also received positive responses, especially regarding proper use of water and energy, waste management and recycling, and eco-friendly business practices. Overall, the descriptive findings demonstrate that respondents largely associated responsible economic, ethical, philanthropic and environmental practices with improved profitability.

However, these descriptive results only indicate the pattern of respondents' perceptions and do not establish whether the observed relationships are statistically significant; hence, inferential analysis was necessary to determine the actual statistical influence of CSR on profitability.

4.2 Inferential Statistics: Effect of Corporate Social Responsibility on Profitability

Inferential Statistics: 2014 Regression Model



The inferential statistics provide further evidence on the relationship between corporate social responsibility and profitability by determining whether the observed relationships were statistically meaningful. The regression results indicate that the CSR dimensions generally had positive coefficients, implying that improvements in economic, ethical, philanthropic and environmental responsibility were associated with increases in profitability. The regression models also recorded relatively high explanatory power, with adjusted R-squared values of 69.8% in 2014, 72.2% in 2015, 71.1% in 2016 and 81.5% in 2017. This indicated that the CSR variables collectively explained a substantial proportion of the variations in profitability during the

respective periods, while the remaining variation was attributable to other factors not included in the models. In the 2014 model, ethical responsibility and environmental responsibility had statistically significant positive effects on profitability at the 5% level, while economic and philanthropic responsibility had positive but marginal effects based on their reported significance values. In 2016, philanthropic responsibility had a statistically significant positive effect on profitability, while the other CSR dimensions remained positive but statistically insignificant at the 5% level. The 2017 results continued to demonstrate positive coefficients for all the CSR dimensions, with philanthropic responsibility recording a relatively strong contribution. Therefore, the inferential findings generally support the view that CSR is relevant to the financial performance of Kaimosi Tea Factory. The results imply that investment in responsible business practices can contribute to profitability by improving stakeholder relationships, operational efficiency, reputation, resource utilization and community support. Thus, while the descriptive statistics demonstrate positive perceptions of CSR, the inferential statistics provide statistical evidence that CSR dimensions can explain a substantial proportion of changes in profitability.

4.3 Overall Relationship between Corporate Social Responsibility and Profitability

The overall findings of the study demonstrate that corporate social responsibility had a positive relationship with profitability at Kaimosi Tea Factory. The descriptive results revealed that respondents generally agreed that economic, ethical, environmental, and philanthropic responsibilities contribute to improved company performance. The regression analysis supported these perceptions by establishing that CSR dimensions significantly explain variations in profitability. This indicates that companies that actively integrate CSR practices into their operations are more likely to achieve improved financial outcomes.

The trend in profitability over the period under review further supports the positive relationship between CSR and company performance. The company recorded improvements in profitability while continuing to engage in CSR activities, suggesting that responsible business practices contributed to organizational growth and sustainability. CSR initiatives enhanced stakeholder trust, improved corporate reputation, strengthened customer relationships, and promoted efficient resource utilization, all of which support long-term profitability. Therefore, the study concludes that CSR practices play an important role in improving profitability. Economic responsibility provides a foundation for financial stability, ethical responsibility enhances stakeholder confidence, environmental responsibility promotes operational efficiency, and philanthropic responsibility strengthens community relations. Collectively, these CSR dimensions contribute to sustainable competitive advantage and improved financial performance of Kaimosi Tea Factory.

V. CONCLUSION

The study concludes that Corporate Social Responsibility had a positive influence on the profitability of Kaimosi Tea Factory. The findings established that economic, environmental, and philanthropic responsibilities had a positive relationship with profitability, as they contributed to improved operational efficiency, enhanced corporate image, better stakeholder relationships, and increased business performance. Economic responsibility through good corporate governance, reinvestment of earnings, and viable investment decisions played an important role in improving profitability, while philanthropic activities strengthened the company's relationship with the surrounding community, thereby enhancing customer loyalty and reputation. The study concludes that although ethical responsibility had a positive contribution towards profitability, its influence was relatively weaker compared to other CSR dimensions. Environmental responsibility, despite involving additional costs, supported long-term sustainability and improved the company's operational practices. Overall, the study confirms that effective implementation of CSR practices can enhance profitability by creating value for the organization, employees, customers, shareholders, and the wider community.

5.1 Recommendations

Based on the findings of the study, the following recommendations are made. Kaimosi Tea Factory should enhance its economic responsibility practices by strengthening corporate governance, improving investment decisions, and maximizing the utilization of retained earnings in profitable ventures to promote long-term financial performance. The company should also strengthen ethical responsibility initiatives by promoting ethical business practices through continuous employee training, fair treatment of stakeholders, compliance with regulatory requirements, and transparent operations to enhance trust and organizational performance. In addition, the factory should improve its environmental sustainability practices by investing in environmentally friendly technologies, effective waste management systems, recycling initiatives, renewable energy, and sustainable agricultural practices to support both profitability and environmental conservation. The company should further expand its philanthropic activities by increasing its participation in community development programs, including support for education, healthcare, and local infrastructure projects, in order to enhance corporate reputation and strengthen stakeholder relationships. Finally, Kaimosi Tea Factory should integrate corporate social responsibility into its strategic planning processes by incorporating CSR initiatives into its

overall business strategy and regularly evaluating their financial and social impacts to ensure that CSR investments contribute effectively to sustainable profitability. Future studies may focus on the following areas:

1. Conduct research on the monetary value and direct financial contribution of CSR activities to profitability among tea manufacturing companies and other industries.
2. Undertake comparative studies involving different tea factories or organizations to establish whether CSR practices have similar effects on profitability across different business environments.
3. Conduct further research on the challenges faced by organizations when implementing CSR activities and how such challenges can be addressed.
4. Examine the role of CSR in enhancing corporate reputation, customer loyalty, and competitive advantage among organizations.
5. Carry out longitudinal studies covering a longer period to provide deeper insights into the long-term relationship between CSR practices and organizational profitability.

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