



**CORPORATE SOCIAL RESPONSIBILITY (CSR) ON THE PERFORMANCE OF
BEVERAGE COMPANIES IN NAIROBI CITY COUNTY, KENYA**

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ABSTRACT

As competition continues to increase due to globalization and technological development, many organizations face various health and environmental issues, which are attributed to their processes and products. As a result, organizations are required by different stakeholders in the industry to account for the consequences of their activities. Today, a lot of businesses have adopted the corporate social responsibility tool as they seek to enhance their competitive advantage, although there have also been arguments that CSR fails to have any significant relation to the organization's performance. In this research study, the main aim was to determine the effect of corporate social responsibility on the performance of business organizations, whereby the beverage sector in Nairobi City County was analyzed. The research was based on two variables: community and government relations. The report sought to engage employees from the 28 beverage companies, ranging from top-level management to other levels of management. Primary data was obtained using questionnaires, while secondary data was to be obtained from the company's corporate annual reports, journals, and articles to validate the primary data. Purposive and simple random sampling techniques were used to get the respondents to the survey. Before the major survey, a pilot test was done to test the research instrument by gathering data from a portion of the respondents. The researcher aimed to use 10 respondents for the pilot test who were selected randomly. All the data from the questionnaire were analyzed using the Statistical Package for Social Science (SPSS). The data was analyzed using both inferential statistics (Pearson correlation and multiple regressions) and descriptive statistics (standard deviation, mean). The findings revealed that community relations have a positive relationship with the organizations performs in the beverage sector across Nairobi City County, Kenya. However, the government relations variables show a negative impact on organization performance.

Key Words: Community Relations, Government Relations, Organization Performance, Beverage Sector

Background of the Study

One of the organization's objectives is to maximize shareholders' wealth. This is achieved by increasing the value of the organization. Corporate social responsibility is a strategy used by different businesses to assist them in gaining a competitive edge against their competitors (Ching et al., 2015). According to Chung & Safdar (2014), CSR improves the company's image and reputation, which results in increasing competitiveness. CSR involves concurrently managing a number of shareholders to attract socially conscious investors and consumers. A company's relationship with its community has witnessed a massive transformation in view of business performance as a profit-maximizing agent (Safwat, 2015). According to Fadun (2014), CSR involves legal, ethical, and economic concerns.

According to Johnson et al. (2010), CSR is concerned with initiatives undertaken by organizations to exceed their obligation to the entire stakeholder. Some of the major constructs in relation to organization CSR include employees, the government, customers, the community etc. as highlighted by researchers such as (Sweeney, 2009; Popa & Salanta, 2014; Fu & Shen, 2015; Tilakasiri, 2012; Safwat, 2015). Fadun, 2014 view CSR in organization economically, legally, and, ethically. The success of a business organization depends on how they manage its relationship with all the stakeholders and how they apply its resources to social benefits. Most firms in today's society are pressured by the stakeholders to ensure that they commit their resources to the CSR activities.

Increased competition in this sector poses the market with social contestability that is based on health and environmental externalities to the product offered and the production process from all the competitors in the industry. Organizations use CSR to create value for the shareholder and mitigate their impact on society (Crifo & Forget, 2015). Almost all organizations today are talking about CSR endeavors, which have become a way of meeting their obligations toward society (Sharma et al. 2009). With all the societal pressure with respect to the operating environment and human rights, the organization undertakes CSR activities to respond to these pressures (Miller & Guthrie 2007). According to Abd Rahim et al. (2011), organizations are no longer operating just to increase their wealth but also act responsibly toward stakeholders. Every individual believes that the company should meet government regulations by observing the environment and moral and social responsibility within the communities.

Ching, Yin, Pei, Zhi & Pei (2015), indicates that CRS is a strategy that business organizations employ in order to improve their performance. CSR enhances the organization's reputation and image in society, thus improving its performance (Togun & Nasieku, 2015). According to Freeman et al. (2010), CSR involves the management of various organization stakeholders concurrently, thus mitigating any likelihood of negative legislation and attracting socially conscious customers. The organization's revenue is enhanced and sustained through the customers, employees, and other stakeholders. A positive relationship between society and business organizations has established a massive transformation compared to traditional businesses that analyze performance as a profit maximization (Safwat, 2015).

Kenyan Organizations are also actively engaged in CSR activities which have brought about increasing debates on whether engaging in this approach actually impacts organizations' performance in a positive way. It is argued that despite the high adoption of CSR initiative in organizations, the performance of these organizations is still low. On the contrary, others argue that with CSR initiatives have positively impacted their competitiveness in the operating market. Therefore, a conclusive study is being conducted to establish whether CSR initiatives in an

organization influences performance with a focus of the beverages companies in Nairobi City county, Kenya.

Statement of the Problem

The beverage sector is very essential in the Kenyan economy and has remained to be among the most concerned agendas in Kenya. The country's vision for 2030 has stressed the overall food processing and manufacturing industry's contribution to GDP and the provision of employment (Muteshi&Awino, 2018). However, the sector's performance is below the bar as the increasing rate of globalization has resulted in intense competition from local and imported products. There are worrisome indications that the overall performance of the beverage sector is declining as companies lose their competitiveness, and the Work-bank has recommended that the companies need to do more to improve performance (Awino, 2015). According to the Kenya Association of Manufacturers, the industry is more advanced compared to others in the region, but over the last decade, their performance has been sluggish. As a result, the imports of beverages have more than doubled from 8% in 2016 to 16% in 2018 as exports decreased significantly (Philip et al. 2019). To tackle this challenge, there is a need to employ effective strategies to sustain themselves and remain competitive in the market.

A number of studies in Kenya have focused on the existing relationship between CSR the financial performance or firm profitability. A good example is the study on the effect of CSR on financial performance among commercial banks in Kenya, undertaken by Okoth (2012). The study found that CSR has a positive impact on the organization ROE and ROA. In another study by Fu and Shen (2015) which focused on the relationship between CSR and competitive strategies among organizations listed in NSE and showed that it helps in building the image of the organizations. A study by Kitzmuelery&Shimshack (2012) showed that organizations could use corporate social responsibilities to maximize their profitability.

All the above studies have focused the effect of CSR on the business organizations profitability and financial performance. Limited studies have closely focused on the relationship between CSR and non-financial performance and firm competitive advantage. However, in the beverage sector the studies on CSR is quite scanty. Also, limited empirical studies have been undertaken on the impact of CSR on both financial and non-financial performance. As a result, there is an exists a knowledge gap on the relationship between CSR and firm performance which is far from creating a consolidated and acceptable conceptual model to investigate the relationship, which also shows a conceptual gap. Therefore, the main aim of this research study sought to measure the impact of CSR on firm performance broadly from both non-financial and financial perspectives.

Research Objectives

The main aim of the research study was to determine the influence of CSR on the performance of beverage companies in Kenya.

Specific Objectives

1. To examine the impact of community relations on the performance of beverage companies in Kenya.
2. To find out the effect of government relations on the performance of beverages companies in Kenya

Specific Hypotheses

The following hypotheses were designed to test the main research questions of the study

H1: Community relations have a significant impact on the performance of beverage companies in Nairobi City County, Kenya

H2: Government relations have a significant impact on the performance of beverage companies in Nairobi City County, Kenya

LITERATURE REVIEW

Theoretical Review

Social Contract Theory

Donaldson is the leading proponent of social contract theory in business ethics. He constructed a social contract for business in 1982 that was later illustrated in international business in 1989 (Hsieh, 2015). The theory indicates that business organizations exist due to a committed society. Business organizations exist with the permission of the community and various stakeholders. Suppose the organization is not operating in a way that meets the community's expectations. In that case, it will face external controls over its behaviors. According to Sweeney (2009), business organizations are obliged to preserve their image in the community by having legitimate objectives and strategies. The social contract theory explains the relationship that exists between the firm and all the stakeholders. With the social contract, organizations are expected to obey the law, generate returns for the shareholders, honor contracts, create job opportunities for the community, and pay taxes.

According to this theory, any business organization should act responsibly in line with society's expectations while undertaking its commercial activities. With such conditions, organization employees become more productive. According to Fu & Shen (2015), abiding by the law by producing high-quality products and protecting the environment helps organizations to establish a good image, which improves their performance. It recognizes that organizations have to seek favors from the operating community. The theory recognizes that the organization needs to seek favor from the operating society. The strength of this theory is that organizational performance is based on the combination of the customers, employees, the government, society, and other stakeholders (Sweeney, 2009).

Stakeholder Theory

A stakeholder is traditionally defined as any individual or group of people who have the ability to influence or be influenced by the success or failure of an organization. In the year 1984, R. Edward Freeman originally detailed the stakeholder's theory of organizational management (Freeman, 1984). He stated that a business organization is considered a group of stakeholders whose main purpose is to manage their interests. Traditionally shareholders were the only individuals that were important to organizations. From the view of Freeman, managers can influence the organizations' resources and the stakeholder, including the suppliers, employees, clients, and the community. The stakeholder theory suggests that organizations have an obligation to not only maximize profit but also to increase the satisfaction of the shareholder. The theory argues that firms should balance the shareholder's interests. Therefore, the theory recognizes that organizations integrate all the stakeholders' interests (Harrison & Wicks, 2013).

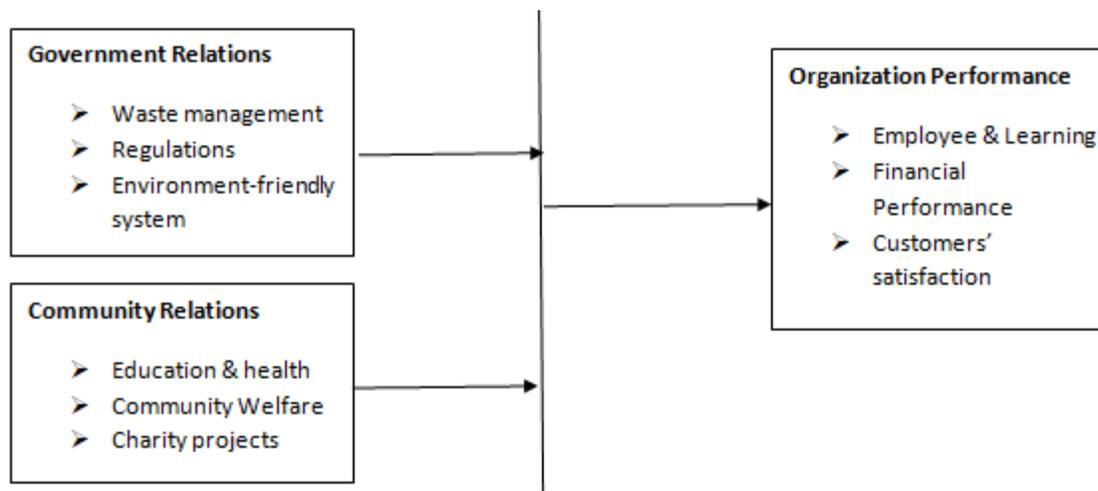
The main similarity between stakeholder theory and corporate social responsibility is the importance of incorporating the interest of society in business operations since they are embedded by society at all times. The theory imagines that firms should treat their stakeholders fairly in order to improve their performance and gain a competitive edge in the market (Tilakasiri, 2012). According to Sweeney (2009), stakeholders can affect the activities being undertaken in

organizations as they contribute to the creation of wealth in the organization and are potentially beneficial. In the beverage sector the key stakeholder includes the suppliers, local community, customers, organization employees, environmental activists, and the government (Freeman et al., 2010). This study's CSR framework involves community, employee, customer, and government relations.

Conceptual Framework

This is a diagrammatic representation of the relations between the variables in this study. The conceptual framework is a hypothesized model identifying the concept of study and their relationship. The study examines the influence of CSR on performance in the context of beverages firm. The framework was based on the following variables in the figure below 1 below.

Figure 1: conceptual framework



Community Relations

This is the business involvement within the community in which they are operating in different areas such as health care, education, environment, economics, etc. Community relations are one of the main contexts in which business organizations, which the organization engage with the community. Some organization today gives directly to the community, while others have established nonprofit foundations. The main principle of community relations is that a business organization accepts responsibility and also takes an interest for the wellbeing of the society. Apart from the products and services that organizations offer, the clients expect the organization to improve their lifestyle through the provision of employment, proper infrastructure, and environmental conversation.

According to Tilakasiri(2012), the CSR activities undertaken in the community is mainly to alleviate poverty and protect the community and its environment. Community involvement improves its visibility in the market and increases the organization's performance. A business organization can generate new opportunities by getting into contact with the community. Working hand in hand with the locals results in many great benefits, including improving a company's reputation. Additionally, the shared value among the organizations and the community creates a relationship where the success of the organization and of the society become mutual.

Government Relations

In any country, citizens expect the government to create an environment for business through the establishment of policy and legal framework. Today, business organizations are employing

advocacy skills in government relations on all issues concerning community development. Government relations focus on how different firms interact with the government. This assists both parties in creating a positive relationship amongst themselves through continuous and open communication. To ensure that businesses operate effectively, the government enforces regulations that mandate social responsibility (Pedersen et al., 2018).

Government relations ensure that products and services offered to the clients are of good quality, are environmentally friendly, labor standards are met, and efficient technology is adopted during production (Fu & Shen, 2015). Therefore, this ensures that business organizations' operations undertaken in all sectors meet not only the ethical requirements but also legal requirements by regulating the product and services information, health and safety, and environmental concerns (Lawrence & Weber, 2011). With CSR initiatives, negative regulatory and fiscal actions are mitigated, thus promoting initiatives that improve opportunities for the company and decrease costs through waste reduction.

Organization Performance

With the fast-changing technology in the business environment, organization stakeholders are demanding satisfaction from the organizations (Sweeney, 2009). Business organizations perform different activities in order to accomplish the set objectives. It is repeatable of these activities that utilize the identified processes for the company to achieve success and ascertain a level of performance. It can therefore aid in the achievement of the organization's set objectives. According to Daft & Marcic (2013), this is the ability of the organization to achieve the set goals and objectives through the utilization of the available resources in an effective and efficient manner.

In the study, the organization's performance is positively related to CSR activity. Customer satisfaction, financial performance, and employee growth are indicators of organizational performance in the beverage sector. An organization that fails to be cognate of CSR activities in society results in employee withdrawal, difficulty in retaining customers, etc. Additionally, the communities will not tolerate the organization.

Empirical Review

Community Relations

All the business organizations that undertake CSR initiatives as part of their strategies have the aim of alleviating suffering in society, improving the environment and ensuring that society is bearable to every individual. Through CSR initiatives, organizations contribute to the community through the provision of education to the less fortunate in the community and mentorship programs to all the students in society (Areba, 2013). According to research by Yin et al. (2013), the corporate social responsibility initiatives within an organization involve a commitment to the community education system, sponsorship of collaboration, community development and training the community members. The support and contribution of education in the community increase the pool for recruitment purposes. Organizations have millennium development goals and sustainable development goals with the aim of reducing hunger and diseases; enhance a healthy environment and equal opportunities in society (UN, 2015).

Organizations that undertake CSR activities are able to have a healthy bond with their community members. In an organization that has an active CSR initiative, the company's visibility is increased due to the image already created (Ratemo, 2015). E.g., Microsoft Company operates in partnership with the American Association of community by offering resources that support their curriculum development. The sustainability of CSR programs in a company is achieved through empowering the customers and the recipients of the services economically and in capacity building.

In order for a business organization to perform effectively, they need to have a good relationship with society, whereas society requires a very successful organization the creation of job opportunities, introduce new innovation that leads to an increase in living standards, improves wealth through tax contribution, etc. The complete health of the community surrounding the organization is of great value. They are expected by the community to respond to any pandemic regardless of whether it's from the marketing or products sector. According to Kramer & Porter (2011), food and beverage companies in the industry are always held responsible for any action that is associated with diabetes, cancer, obesity, etc.

The quality and safety of products should be guaranteed through standardization marks and QMS. Quality should be in the form of customers' specifications and expectations, where the latter has wide varieties, including features, serviceability, value, and aesthetics (Cruz & Ramos, 2015). The best practice of customer stakeholders is ensuring that the products and services offered are excellent. This can be achieved by embracing new technology and customers' feedback (Yin et al., 2013). Corporate social responsibility initiatives help firms to improve their brand image and reputation in the market. This is because it is another method of advertising (Cruz & Ramos, 2015). The CSR initiatives are used by the organization to appease the community that can otherwise be hostile to the organization's interest. Thus the organization supports the interest of the community so as to undertake all their operations in harmony. They, therefore, bond the organizations and community. Apart from regulatory approval from the government, an organization requires a social license to physically operate in the community.

Government Relations

Today, business organizations are going beyond the regulatory requirement in order to save costs and improve efficiency. The government plays a crucial role in the activities of modern business organizations. According to Sweeney (2009), government regulations mandate business organizations to report all their CSR activities in their annual sustainability reports. The regulations trigger innovation within the company, eventually lowering the total cost of products and improving their value. Government registration pressure business organizations to innovate ways in which they can improve the environment. In the global car industries, the EU's emission standard has put a lot of pressure on the issues of fuel economy, engines, and exhaust for environmental benefits.

Firms that use natural resources as their raw material to produce their products have social pressure on their social and environmental activities due to the diminishing of natural resources (Lawrence & Weber, 2011; Tilakasiri, 2012). The depletion of natural resources and the ozone layer has increased the pressure on companies to increase their societal values (Sweeney, 2009). Industrial activities such as oil spills, chemical pollution, global warming, acidic rain, air pollution, toxic waste, and depletion of natural resources have caused environmental concerns. Most countries have put up regulations that enhance environmental protection through waste management regulations. According to Tilakasiri (2012), waste management maximizes efficiency and increases productivity in the organization.

RESEARCH METHODOLOGY

This study adopted a descriptive cross-sectional design as it sought to explain and describe the relationship between CSR and firm performance as it exists in the Kenyan beverage sector in Nairobi City County at a specific point in time. The main objective of this research design is to gain into the relationship between the study variables and new ideas concerning the problem of the study. The target population of the study included employees working in the beverage sector.

In this research, the targeted population from the beverage companies in Nairobi City County that, comprise 28 firms (Kenya Association of Manufacturing, 2018). The study targeted employees from the 28 firms who were from different management levels: top management level management, middle-level management, and other levels of management since they are essential in developing CSR strategies at the companies.

The sample size of the study was determined by considering factors such as the size of the target population, the nature of the population, and the sample size of past and similar studies. The study adopted a purposive sampling technique and a simple random sampling technique. Purposive sampling is a non-probability sampling technique in which researchers select participants or cases based on specific criteria or characteristics relevant to the research objectives. In this case, it was used to select the members of the senior management who bears great responsibility in CSR. The simple random sampling technique, in this case, was used to choose a representative sample of other employees. As stated by Rea & Parker (2014), there is no survey that can ever be 100% free of any errors, and a confidence level of 95% and a margin error of 5% is acceptable. According to Mugenda & Mugenda (2013), in cases where the population is less than 10,000 people, a sample size that is between 10% and 20% is an appropriate representation of the research target population. Therefore, 17% was appropriate for the analysis, whereby 17% of 500 was 85. Hence, the sample size was 85%.

In this study, questionnaires were adopted in order to collect data, given that it is less expensive and requires less time (Kothari & Garg, 2014). Before the responses were processed, the questionnaires had to be edited to ensure they were complete and consistent. Descriptive statistics was adopted, which helped the researcher to describe and numerically compare the variables such as mean, mode, and median. All the data from the questionnaire were analyzed using the Statistical Package for Social Science (SPSS) version 23.0, whereas the SPSS data was analyzed using descriptive statistics. Multiple linear regression techniques were also used to determine the effect or the relationship between Corporate Social Responsibility and the performance of the organization. SPSS was then used to conduct the regression analysis to test the relationship between the independent variable (CSR) and dependent variable (Organization performance),

RESEARCH FINDINGS AND DISCUSSION

According to Saunders et al. (2012), a response rate of 35% is usually reasonable. The target sample was made up of 85 respondents and 76 responses were received, which translates to an 89.41% response rate, which is recommendable.

Descriptive Statistics

Community Relations

The respondents of the study were required to give their responses in regard to the extent to which they accept that their organizations take part in CSR activities regarding improving community relations. A 5-point Likert scale of 1-5 was used whereby 1=never, 2=rarely, 3=sometimes, 4=mostly, 5=completely. Their responses are presented in table 1 below. As shown in the table below, the majority of the respondents state that their organizations support community relations by supporting community health (mean=3.95), charity (mean=3.55), education (mean=3.50), local sports (mean=3.36), community projects and activities (mean=3.30), rural development (mean=2.89) and the least is disaster relief (mean=2.69). These findings show that most organizations invest in the health of the community, followed by charity activities and education.

These findings show that most organizations invest in the health of the community, followed by charity activities and education. According to Kramer & Porter (2011), ethically admirable companies must invest in the promotion of health and care, especially in poverty-related health challenges, which in this case might exist especially in the slums of Nairobi City County. Volunteering in community activities and providing healthcare services constitute one of the major CSR activities by corporations with the aim of enhancing their performance. Research also shows that a lot of organizations are taking part in charity activities to aid in poverty alleviation in the local communities and youth development (Tilakasiri, 2012). Most of the items studied to understand the engagement of organizations in community-related activities had a standard deviation of above 1, except for charity events and community projects, which shows that the responses were well dispersed.

Table 1: Community relations Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Dev.
Involvement in community projects and activities	76	1.00	5.00	3.3026	.80033
Support community health	76	1.00	5.00	3.9474	.93659
Contributing to charity events	76	2.00	5.00	3.5526	.92944
Support education through donations and scholarships	76	1.00	5.00	3.5000	1.11355
Support local sports	76	1.00	5.00	3.3553	1.17421
Contribute to disaster relief	76	1.00	5.00	2.6974	1.43313
Contribution to rural development	76	1.00	5.00	2.8684	.95697

The respondents of the study were also asked to identify and list some of the major SCR activities that they have undertaken in the community over the past 5 years, and as shown in figure 4.13 below, the majority of the respondents listed sports (22.4%), followed by health (21.1%), education and contributions (17.1%), and donations (14.5%). This supports the findings by Yin et al. (2013), which identify some of the major CSR activities to include sports, health, and education, and Paul (2013), who states that most organizations tend to employ the easiest approaches to CSR, which including financial to community and social projects such as sports, and education.

Table 2: CSR Activities

What are some of the major CSR activities you have undertaken in the community in the past 5 years

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid sports	17	22.4	24.3	24.3
Health	16	21.1	22.9	47.1
Education	13	17.1	18.6	65.7
Donations	11	14.5	15.7	81.4
Contributions	13	17.1	18.6	100.0
Total	70	92.1	100.0	
Missing System	6	7.9		
Total	76	100.0		

The respondents were also asked about some of the major benefits they expect from engaging in community-related CSR activities. As indicated in table 3 below, most of the organizations engage in Community-related CSR activities for good reputation (38.2%), followed by combined benefits (27.4%) and to promote products (22.4%). This supports the findings by Galbreath (2009), which shows that one of the major benefits pursued by firms engaging in CSR

is a better reputation, which results in an increased client base hence leading to the development of competitive advantage.

Table 3: Expected benefits

What are some of the major benefits you expect from these activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	promote products	17	22.4	25.4	25.4
	combined benefits	21	27.6	31.3	56.7
	Good reputation	29	38.2	43.3	100.0
	Total	67	88.2	100.0	
Missing	System	9	11.8		
Total		76	100.0		

Government Relations

The researcher sought to find the government-related CSR activities that have been adopted by beverage companies in Nairobi City County. The main government-related aspects that were analyzed include waste management, meeting legal expectations, pollution and pollution control, environmentally friendly packaging, and energy conservation.

As indicated in the results summarized in table 4, the companies prioritized environmentally friendly packaging (mean=2.7763), energy conservation (mean=2.7105), pollution and pollution control (mean=2.3684), waste management (mean=2.2895) and supplying products that meet legal expectations (mean=2.2500). The standard deviations were mostly below 1, which indicates that the responses in this question were not widely dispersed from the mean value, which is because most of the activities related to government practices tend to be similar in almost all organizations. Today, the Kenyan government is emphasizing environmental protection, which shows the reason for the organizations observing higher use of environmentally friendly packaging materials, and as stated by Yin et al. (2013) and Tilakasiri (2012), environmental conservation is crucial in the modern-day business environment.

Table 4: Government relations

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Developing and supplying products that legal expectations	76	1.00	4.00	2.2500	.86603
Waste management	76	1.00	5.00	2.2895	.72693
Pollution and pollution control	76	1.00	4.00	2.3684	.92148
Energy conservation	76	1.00	5.00	2.7105	1.16408
Environmentally friendly packaging	76	1.00	5.00	2.7763	.97432
Valid N (listwise)	76				

The researcher also sought to find out the green technologies being implemented by the organizations as it is one of the aspects that is being advocated for around the world owing to its importance in environmental protection and conservation (Tilakasiri, 2012; Chung&Safdar, 2014). As indicated in table 5, the majority of the firms focus on waste management technologies (19.7%), pollution control (17.1%), energy conservation (14.5%), and solar energy (6.6%), while only 1.3% use hybrid vehicles. In their findings, Tilakasiri et al. (2012) found that the use of green

technologies in manufacturing companies is associated with high efficiency in the use of raw materials and environmental conservation.

Table 5: Green Technology

Which green technology has the organization implemented in the recent years

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Pollution Control	13	17.1	23.2	23.2
Waste Management	15	19.7	26.8	50.0
Energy Conservation	11	14.5	19.6	69.6
Solar Energy	5	6.6	8.9	78.6
Hybrid Vehicles	1	1.3	1.8	80.4
Renewable sources of energy	11	14.5	19.6	100.0
Total	56	73.7	100.0	

The researcher also wanted to find out the benefits gained by the companies by engaging in CSR, as it has been reported by Chung & Safdar (2014) that organizations that engage in CSR tend to gain a number of benefits, including improved brand image and tax relief. As summarized in table 6, the results show that the majority of the firms benefit from tax waivers (28.9%) and recognition and combined benefits (18.4%), which confirms the findings by Chung & Safdar (2014) and Popa & Salanta, (2014).

Table 6: Major benefits from government

What are the major benefits enjoyed by the government for engaging in CSR?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Tax Waiver	22	28.9	35.5	35.5
Recognition	14	18.4	22.6	58.1
Combined Benefits	14	18.4	22.6	80.6
N/A	12	15.8	19.4	100.0
Total	62	81.6	100.0	

Performance of the Organization

The organization's performance is the main outcome variable of this study. The study sought to determine both the financial and the non-financial metrics. The financial performance was determined based on the average of profitability, market share, and Return on Assets, given that other explicit measures based on revenue were considered to be highly confidential for the companies. The non-financial performance was measured using two main indicators; learning & growth and Customer satisfaction. The overall organization performance was then computed by combining the non-financial and financial performance into one composite score.

Non-financial performance

Non-financial performance of the beverage companies was measured using two indicators, namely, customer satisfaction and learning & growth. Descriptive statistics were computed, and results are presented in Table 7 below. The data shows that the mean score of customer satisfaction:

Table 7: non-financial performance

	N	Minimum	Maximum	Mean	Std. Deviation
Learning & Growth	76	1.60	4.80	3.9026	.52712
Customer satisfaction	76	1.50	4.50	3.6447	.47830
Valid N (listwise)	76				

Based on the given descriptive statistics, the mean score for learning & Growth was 3.9026, while that of customer satisfaction was 3.6447. This suggests that the respondents of the beverage companies agreed that CSR positively impacted the non-financial performance of the companies.

Financial performance

Descriptive statistics regarding financial performance are presented in Table 8 below. The overall average mean score for financial performance was 3.4079, which shows that the respondents rated the financial performance of the companies as above average.

Table 8: Financial performance

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Financial Performance	76	1.33	5.00	3.4079	.81395
Valid N (listwise)	76				

Overall, most of the firms in the study had average or above-average performance, which shows that CSR enhances performance. This aligns with the findings by Ching et al. (2015) and Tilakasiri (2012), who contends that firms that engage in CSR activities have above-average performance, and CSR enables them to enhance their performance. Therefore, the involvement in performance by beverage companies enhances their performance.

Correlation Analysis

As shown in Table 9 below, there is a significant positive correlation between Community Relations and firm performance. The correlation was 0.823, which means that the correlation is strong and hence, an increase in Community Relations leads to an improved firm performance in the beverage sector in Nairobi. This agrees with the findings by Tilakasiri(2012), which showed that Community involvement improves its visibility in the market and increases the organization's performance.

However there is a a strong negative correlation between Government Relations and Firm Performance (-0.538). This shows that increasing investment in government relations will decrease the firm performance. Therefore, these findings disagree with most of the findings in the reviewed literature, as its shows that there is a strong and positive correlation between employee government relations and performance in organizations. Tilakasiri (2012) reported that government relations, such as waste management increases productivity,

Table 9: Correlation Analysis

		Community Relations	Government Relations	Organization Performance
Community Relations	Pearson Correlation	1	-.451**	.823**
	Sig. (2-tailed)		.000	.000
	N	76	76	76
Government Relations	Pearson Correlation	-.451**	1	-.538**
	Sig. (2-tailed)	.000		.000
	N	76	76	76
Organization Performance	Pearson Correlation	.823**	-.538**	1
	Sig. (2-tailed)	.000	.000	
	N	76	76	76

Regression analysis

Hypothesis Testing

Hypothesis one: Community relations have a significant impact on the performance of beverage companies in Nairobi City County, Kenya

The findings reveal a positive relationship between community relations and the performance of beverage companies in Nairobi City County, Kenya, with a standardized coefficient of 0.951. This means that a unit increase in the community relations index will lead to an increase in beverage companies' performance index by 0.951. The relationship is also significant with a p-value of 0.000, which is less than 0.05. Therefore, the hypothesis was accepted because community relations have a positive and significant impact on the performance of beverage companies in Nairobi City County, Kenya. The research findings agree with the majority of the previous research studies that showed that the relationship was positive and significant (Sweeney, 2009; Tilakasiri, 2012). It is therefore concluded that community relations significantly improve the organization performance of the beverage companies in Nairobi City County.

The research findings are in agreement with the stakeholder theory, which emphasizes the need for firms to recognize the needs of different stakeholders, including the community. It also agrees with social contract theory which postulates that business organizations exist due to a committed society, and as noted by Fu & Shen (2015), abiding by the law by producing high-quality products and protecting the environment helps organizations to establish a good image, which improves their performance.

Hypothesis two: Government relations have a significant impact on the performance of beverage companies in Nairobi City City County, Kenya.

The findings reveal a negative relationship between Government relations and the performance of the beverage companies in Nairobi City County, Kenya, with a standardized coefficient of -0.240. This means that a unit increase in the external government relations index will lead to decrease in beverage companies' performance index by 0.240. However, the relationship is significant with a p-value of 0.025, which is lower than 0.05 and hence the hypothesis was accepted. These findings contradict many studies that showed the established positive impact of government relations on organization performance (Sweeney, 2009; Lawrence & Weber, 2011; Fu & Shen (2015).

The findings can also be explained using the stakeholder theory, which suggests that firms should balance the shareholder's interests in order to have the desired impact (Harrison & Wicks, 2013). Failure to balance interests may negatively affect performance.

Therefore, based on the inferential statistics, the results of the four hypotheses are as follows:

H1: Community relations have a significant impact on the performance of beverage companies in Nairobi City County, Kenya- **Not Rejected**

H2: Government relations have a significant impact on the performance of beverage companies in Nairobi City County, Kenya- **Not Rejected**

Conclusion

Concerning the study's primary objective, the study concludes that CSR positively impacts the performance of beverage companies in Nairobi City County, Kenya. Also, it is concluded that

community relations have a positive impact on the performance of beverage companies in Nairobi City County, Kenya, while Government relations have a negative impact on the performance.

Recommendations of the Study

Based on the study's findings, it is evident that CSR has a positive and significant impact on the performance of beverage companies in Nairobi City County. However, it is recommended that the management of beverage companies should always be wary of any changes in CSR activities as it has the potential to affect their performances. Therefore, organizations should establish policies designed to reduce any fluctuations in CSR.

CSR is an essential component of the firm performance and hence need not be taken lightly. Therefore, there is a need to create a task force to conduct a periodic review of the organization's CSR activities and achievements. This will help to make improvements and measure the impact the CSR has on their performance.

To the government of Kenya and the Nairobi City County government, it should be noted that all stakeholders, including the companies and the government, have a burden to better the Nairobi society. Therefore, it is recommended that the county government use its resources to create awareness of the important role of CSR in bettering the community and how this contributes to its success. In this way, the efforts of the beverage companies in Nairobi will be felt, and their impacts will be more successful.

Suggestion for Further Research

Even though the researcher put all measures to have more conclusive research, some gaps still need further investigation as this research could not be more exhaustive. It is suggested that more research be conducted to determine the best CSR approaches that have been used by beverage companies and their impact. This will allow the organizations to understand the most appropriate approaches and motivate them to engage more in CSR.

The research scope was only limited to Nairobi City County, and this limits its generalizability. Hence, it is recommended that more research be conducted in other counties and sectors, such as banking, to establish any differences. By learning from their differences, the companies can emulate each other strategies and make the right decisions.

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