

**EFFECT OF CORPORATE SUSTAINABILITY STRATEGIES ON
FINANCIAL PERFORMANCE OF DEPOSIT TAKING SACCOS IN
NAIROBI, KENYA**

BY

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UNIVERSITY**

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DECLARATION

I declare that the work in this dissertation has not been previously published or submitted elsewhere for award of a degree. I also declare that this is my own original work and contains no material written or published by other people except where due reference is made and author duly acknowledged.

Signature Date

Francis Wainaina - KCA 17/02814

I do hereby confirm that I have examined the master's dissertation of Francis G. Wainaina and have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed.

Signature Date

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ABSTRACT

Corporate sustainability is one of the practices that SACCOs can adopt to remain competitive. However very few SACCOs are actively involved in corporate sustainability practices. This study sought to ascertain the effect of corporate sustainability strategies on performance of deposit taking SACCOs. The study specifically sought to establish the effect of environmental, social and economic sustainability strategies on performance of deposit taking SACCO's in Nairobi. This study was anchored on legitimacy, stakeholder and agency theories. The study adopted descriptive research design. The study targeted 41 Deposit Taking SACCOs registered by SASRA located in Nairobi County. All 41 SACCOs were included hence a census. Primary data was collected through a questionnaire. Descriptive and inferential statistics were used in analysis. Presentation of findings is done using figures and tables. The findings showed that economic sustainability strategies ($p=0.000<0.05$), social sustainability strategies ($p=0.000<0.05$) and environmental sustainability strategies ($p=0.015<0.05$) all have significant effect on financial performance. The study concludes that corporate sustainability has significant effect on financial performance. The study recommends that SACCOs should communicate with their customers about their activities to achieve sustainability and, in so doing, attract more customers. Even though the main motive of business is to earn profit, organizations should take initiative for welfare of the society and should perform its activities within the framework of environmental norms strategically.

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DEDICATION

To the most important people in my life: my late grandmother (Eunice Njeri Kimuhu), my daughter, my family and friends for all their support in my pursuit for further education.

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LIST OF ACRONYMS

DT-SACCOs	Deposit Taking Savings and Credit Cooperatives
E &S	Environmental and Social
EPS	Earnings per Share
ICPAK	Institute of Certified Public Accountants of Kenya
KCA	Kenya College of Accountancy
NGOs	Nongovernmental Organizations
ROA	Return on Equity
ROE	Return on Equity
ROS	Return on Sales
SACCOS	Savings and Credit Cooperative Societies
SASRA	SACCO Societies Regulatory Authority
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
UN	United Nations
UNEP	United Nations Environment Programme

TERMS AND DEFINITIONS

Corporate Sustainability

It is the ability of the firm to positively contribute towards the sustainable development of the economy so as to enhance the standards of living (Khan, Serafeim & Yoon, 2016).

Financial Performance

It is the quantitative measure of how well an organization is able to attain its goals and objectives within established time frame (Weber, 2017).

SACCO

These are entities that are autonomous such that the membership is on a voluntary basis (Duncan & Tirimba, 2015).

Environmental Sustainability

It is the maintenance of the practices and factors that enhance environmental standards over a longer period of time (Ellram & Murfield, (2017).

Social Sustainability

Social sustainability is a general term that covers the institutional stability, cultural identity, accessibility, empowerment as well as participation (Eizenberg & Jabareen, 2017).

Economic sustainability

This is a production systems that strive to ensure that the current levels of consumption are satisfied without the need to comprise the needs that may arise in future (Schaltegger & Wagner, 2017).

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The World Business Council for Sustainable Development (2012) considers corporate sustainability as the ability of the firm to commit towards contribution towards the development of the economy in a way that is sustainable. It is through corporate sustainability that an organization is able positively work with staff, the community at large as well as the society so as to enhance the living standards and quality of life of the people. Corporate sustainability plays an important role as far as long term growth and performance of the entity is concerned (United Nations Global Compact, 2014). As a concept, corporate sustainability can be considered as transferring the entire idea of sustainable development to the entity and firm level (Przychodzen & Przychodzen, 2013). The key focus of corporate sustainability is on increasing the financial goals that covers social, economic as well as environment issues of how the firm performs. The environment that firms operate in is unstable and this has ushered in the recognition that firms should not only focus on the economic aspect of the firm alone.

Around the world, a number of countries including Brazil have come up regulations for shaping and sustaining the entire sector. The key issues of sustainability are integrated within these regulations for instance social sustainability and the need to conserve the environment from pollution. According to regulators, it is through integration process that financial performance and stability of the entire financial sector is enhanced. China is regarded as the second economy around the world in terms of size and it put in place regulations and guidelines ensuring that the decision making process covers issues of taking care of the environment (Bai & Faure, 2013).

IOt is through these guidelines that Chian has been recognized across the world (Zadek & Robins 2015). This has resulted into debate on whether the issues to do with sustainability should be incorporated in the regulations of any financial sector.

In Nigeria, the Central Bank has established a mandate for ensuring that the principles relating with management of risks are fully adopted and implemented among financial entities. This Central Bank also indicates that financial institutions should submit reports of progress on a quarterly basis. The rationale and justification for development of these guidelines is ensure accessibility to foreign investment is guaranteed. In Tanzania, the SACCOs are faced with challenges and issues relating with poor mechanisms of corporate governance, insufficient skilled employees as well as embezzlement of resources (Maghimbi, 2010). These issues have resulted into inefficiencies and poor performance which has adversely affected the ability of lending institutions to remain sustainable in their activities (Magali & Pastory 2013).

1.1.1 Corporate Sustainability Strategies

Firms around the world are quickly getting to understand the role played by social, environmental and economic sustainability strategies as far as their performance is concerned. This has resulted into development of trend as well as frameworks for reporting the social, economic and environmental impacts of the activities and operations of the firm. A study was conducted by Batista and Francisco (2018) to determine the key organizational sustainability practices of the listed firms in Brazil. It was revealed that environmental corporate sustainability is the highly practiced among most of the listed firms. Using a case of highly rated corporations around the

world, Ameer and Othman (2012) argued that social, environmental and economic sustainability are highly practiced by these firms.

Another study was conducted in Middle East by El-Khalil and El-Kassar (2018) to determine the interaction between corporate sustainability and the ability of firms to perform. It was shown that majority of the firms operating in Middle East region have not embraced corporate sustainability strategies in their operations. In Kenya, various sustainability principles have been launched in the banking industry to guide and regulate operations in the financial industry as it regards sustainability reporting. On the other hand, there has been an increase in the number of sustainability reports among listed entities on the Nairobi Securities Exchange (NSE). This is largely among the multinational firms listed in various bourses at the NSE.

1.1.2 Financial Performance

Financial performance is reflected in the ability of the firm to ensure that the operations carried out are efficient, profitable and viable (Turyahebya, 2013). Financial performance of the firm is how well the entity leverages on resources in place so as to meet the formulated goals and objectives. In a business entity, the term financial performance can be expressed on the basis of the returns that the firm generates from the assets (Dziobek, 2014).

Financial performance measures how well a firm can generate values. It can be measured through various financial measures such as profit after tax, return on assets (ROA), return on equity (ROE), earnings per share and any market value ration that is generally accepted (Pandey, 2015). The financial performance of financial institutions can be measured using a combination of financial ratios analysis,

benchmarking, and measuring performance against budget or a mix of these methodologies. It is through financial measures that the firm is able to determine its overall health and viability within an established time horizon. Furthermore, financial performance permits comparison of the findings across the various industry players and sectors. Financial performance can be used as a basis of comparing performance across different industries. Managers are able to gauge how the firm is progressing over a given time by relying on information from financial performance (Barber & Lyon, 2010).

1.1.3 Savings and Credit Cooperative Societies

Savings and Credit Cooperative Societies (SACCOs) refer to a group of organizations that are formed by members who voluntarily come together for the sake of realization of a common goal and objective. The rationale for formation of SACCOs is to ensure that resources are pulled together, remove the exploiting third parties and other middle men in operations as well as ensuring the common goals and objectives have been achieved. It is through the SACCOs that people are able to improve on their social and economic dimensions of their living standards. In Kenya, SACCOs play an important role as far as the growth of the economy is concerned. In fact, Vision 2030 of Kenya is pegged on among other things, the power of SACCOs as avenues for mobilization of the financial resources to their customers. The management and leadership of SACCOs are done on a democratic basis so that the members are able to attain their social and economic goals that they may share in common. The operations of SACCOs are spread across all the economic sectors and it is projected that the Kenyan SACCOs enhance the livelihood of 63 percent Kenyans in the direct and indirect forms.

It is the SACCO Act (2009) that provides regulation for the operations of SACCOs in Kenya. It is through establishment of this Act that the issues relating with licensing, regulation as well as supervision of SACCOs that engage in deposit taking operations were left with the SACCO Societies Regulatory Authority (SASRA). It is through SASRA that some regulations have been put in place that aims at guiding the development as well as growth of the SACCOs (Barrales, 2012). Among the issues that SASRA focus on include management of assets and liabilities, enhancing liquidity and capital adequacy as strengthening the credit management of SACCOs that engage in deposit taking operations (Opala, 2014). One of the first prudential guideline regards the minimum amount of capital that is liquid form which SACCOs need to have in place so as to enter a given market that is regulated (Staschen, 2013). It is this requirement that plays an important role as far as assessment of the solvency of the SACCOs is concerned (Staschen, 2003).

It is SASRA that has the responsibility of ensuring financial soundness of the SACCOs that engage in taking of deposits on behalf of their clients in Kenya. SASRA leverages on the value of the asset base, deposits by members, the total amount of loans advanced, the entire capital and the surplus that is shown in the financial statements to rate how these SACCOs are performing in financial terms. Performance of the firm in financial terms depends on various factors that collectively work together to ensure that the firm meets its goals and objectives. Some of these issues include the board size that is limited, the function as well as the various functions that the members of the board are charged with, the interaction between the management and the board of these SACCOs, the various styles of leadership that are embraced and the terms of engagement of the directors in place (Mutunga, 2002).

1.2 Problem Statement

Companies are actively integrating social, economic and environmental practices into their business based on the triple bottom line of sustainability. Over the past two decades, some firms have given consideration to the environmental, economic and social aspects in their operations as they seek to adopt the policies regarding corporate sustainability of their entities. It is this consideration of the social and environmental issues in the operations of the entities that have had an influence on the general performance of the businesses. However, if companies do not have a tangible commitment to corporate sustainability management, they may suffer from a potential decline in reputations (Ferauge, 2013))

The cooperative sector in Kenya today is characterized by an ever changing operating environment characterized by stiff rivalry among the major players as each seeks to establish itself in the market. Corporate sustainability is one of the practices that SACCOs can adopt to remain competitive. However very few SACCOs are actively involved in corporate sustainability practices. According to ICPAK 2014/2015 reports, only 12.2% of the registered Sacco's are actively involved in corporate sustainability. This indicates that SACCOs have not appreciated the importance of corporate sustainability on their performance (ICPAK annual report, 2015).

Various studies have been conducted on corporate issues affecting the financial performance of SACCOs. Langat and Magali (2014) studied the role of corporate governance as far as sustainability and efficiency of SACCOs operating in the rural areas of Tanzania is concerned. It was shown that adherence to corporate governance mechanisms has positive influence on the overall performance of the firm.

Makai and Olweny (2016) did a study on corporate governance and how it influences the ability of Kenyan SACCOs to grow financially. It was established that disclosure of financial performance and complying with regulations has an influence on how the SACCOs grow in financial terms. Mwangi, Nyachwaya and Cheruiyot (2015) was interested at establishing the influence of corporate governance practices on the ability of SACCOs to perform in financial terms. It was shown that corporate governance has positive link with ability of the SACCOs to perform in financial terms. Eccles, Ioannou, and Serafeim (2014) looked at corporate sustainability and its influence on processes and performance of an entity. It was shown that firms that do embrace corporate sustainability were associated with better performance of their operations. However the study was not specific on the type of performance.

From the aforementioned studies, it is evident that some of them were conducted on performance of the entity as a whole and not specifically on financial performance. Other studies were conducted on corporate governance and not specifically on corporate sustainability. This creates research gap which the current study sought to fill by examining the effect corporate sustainability on the financial performance of deposit taking SACCOs.

1.3 Objective of the Study

The general objective of the study was to ascertain the effect of corporate sustainability on the financial performance of deposit taking SACCOs.

1.3.1 Specific Objectives

- i. To establish the effect of environmental sustainability strategies on the financial performance of deposit taking SACCO's in Nairobi.
- ii. To establish the effect of social sustainability strategies on the financial performance of deposit taking SACCO's in Nairobi.
- iii. To establish the effect of economic sustainability strategies on the financial performance of deposit taking SACCO's in Nairobi.

1.4 Research Questions

- i. What is the effect of environmental sustainability strategies on the financial performance of deposit taking SACCO's in Nairobi?
- ii. What is the effect of social sustainability strategies on the financial performance of deposit taking SACCO's in Nairobi?
- iii. What is the effect of economic sustainability strategies on the financial performance of deposit taking SACCO's in Nairobi?

1.5 Significance of the Study

The study hopes to document the current and emerging trends, practices and effects of corporate sustainability on financial performance of SACCOs. In the field of practice, the study provides insight for experts and management of companies to design programs and techniques that will assist in promoting corporate sustainability practices.

For the players in the academic arena, this study contributes to literature by providing not only a comprehensive view on corporate sustainability and financial

performance of SACCOs , but also helps in designing educational tools that will maximize public understanding of how corporate sustainability enhances financial performance. Furthermore, whilst this study does not hope to be a benchmark, it adds to existing literature which will be used for further research studies as well as serve as a reference document for potential researchers in other related areas.

1.6 Scope of the Study

This study was limited to deposit taking SACCO's in Nairobi and focused on the effect of corporate sustainability on their financial performance. The study population was the 42 DT SACCOs registered by SASRA in Nairobi County. In each of the DT SACCOs, we sought to reach at least two representatives preferably from the Finance and Corporate Sustainability/Corporate Affairs departments. Therefore, in total, we had a target population of 82 staff.

1.7 Limitations of the Study

The researcher anticipated that the respondents would be reluctant in giving information because of confidentiality reasons as some information may have been construed as such. To overcome this challenge, the researcher carried an introduction letter from KCA University which helped in assuring the respondents that the data collected would purely be applied in academic research. The Researcher further moved to assured the respondents that any information given would be treated with confidentiality and would be used for academic purposes only.

1.8 Organization of the Study

Chapter one covers background of study and outlines an account on the research problem. The chapter also outlined the research objective to be attained, the research questions, scope of the study, importance or contribution of explore and the limitation of the study. Chapter two reviewed theoretical literature on the past studies from secondary sources such as articles and journals. Conceptual framework will be drawn from the empirical studies in this chapter. Chapter three delved into describing the research methods to be used in relations to research design, target population, sample and sampling process, methods of collecting data, operationalization and data analysis method. Chapter four presents data analysis and interprets the collected data from the sample size established from the earlier chapter and present the findings relevant to the research questions inform of tables, graph and charts. Lastly, recommendations of the present research are provided and overall findings discussed in chapter five. In addition, suggestion for the future research is also included.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter shall review the theories that shall provide anchorage to the study. The past studies that are in line with the study objectives shall also be reviewed. The conceptual framework and the gaps that emerge from the past reviewed studies shall also be considered.

2.2 Theoretical Review

The main reason for formulation of theories is to explain ensures that a given phenomenon is well explained and predicted. Theories are useful in providing anchorages and the basis of the variables and the objectives that the study is focusing on (William, 2006).

2.2.1 Legitimacy Theory

It was Deegan (2002) who came up with this Legitimacy theory. The theory argues that firms strive to ensure that their operations and activities are carried out within the norms and provisions of the society at large. Lindblom (1993) offered a definition of legitimacy as conditions that exists whenever the value systems of the firm are aligned with the values of the society at large which the entity operate in. The theory argues that it is important for the firms to ensure that they attain the expectations of the society in social terms so that they are sustainable and can survive for a longer period of time.

The theory argues that it is through corporate social sustainability that a firm is able to bring out the risk of boycott and regulatory actions by various stakeholders in place. This also provides a strong license that allows for, to operate peacefully in the environment and society of establishment (Deegan, 2000) argue that corporate sustainability tends to reduce the risk of regulatory actions and boycotts by stakeholders, and it strengthens the firm's license to operate. The theory argues that firms participate in programs for corporate sustainability so that they are able to remain legitimate and this plays a strategic goal to the business (Haniffa & Cooke, 2005). According to this theory, it is important to have approval of the society for viability and survival of the firm. Legitimacy arises from the unity between the value system of the firm and those of the society at large. Firms that value sustainability as an important component of their operation would bring out this commitment to the various shareholders and the stakeholders in place.

As a concept, the issue of legitimacy plays an important role as far as explanation of the link between the firm and its environment is concerned. It is through the legitimation process that a business entity is better placed to offer a justification of its core reason for existence. It is the concept of organizational legitimacy that shape and inform this theory of legitimacy that seeks to bring congruence between the value and belief system of the firm with those found in the society and community of establishment. Whenever these exists inconsistencies between the values of the society and the firm, the legitimacy of the firm is deemed to be threatened (Dowling & Pfeffer, 2013). Preston (2014) argues that legitimacy is seen as having congruence between the actions of the firm and the social values.

To achieve legitimacy, an organization should be able to demonstrate that its operations are in line with the social values. Bansal and Roth (2000) argues that as a process, legitimation ensures that the firm is able to comply with the legislations in place, having in place a committee with managers for overseeing the ecological influence of the entity, partnering and networking with the members of the community, putting in place systems that effectively respond to emergencies and ensuring that the firm is well aligned with its advocates. Legitimacy theory largely focuses on social contract as a concept, this shows that the viability and survival of the firm is influenced and shaped by how well it operates within the norms and provisions of the society.

The relevance of this legitimacy theory to the current study is that it argues for the need of firms to establish a link between the value systems and those of the society at large (Dowling & Pfeffer, 2011). For the society is largely dynamic, the norms and bounds are not fixed, but rather, they vary over a given period of time. This therefore require firms to remain responsive in their operations hence the need for corporate sustainability. In the event that the firm is not able to operate effectively within the bounds and provisions, the members of the public will not be contented with the operations and it can pile pressure to the entity so that it is able to achieve the expectations. Besides the pressure, the firm may also apply the legal systems in place to ensure that the firm has values that are in line with the ones with the community.

2.2.2 Stakeholder Theory

Originally, the stakeholder theory was developed by Mitroff (1983). The theory argues that firm has a major responsibility to shareholders by ensuring that it

generates huge profits for them hence maximizing their wealth. The theory argues that the operations of the business are usually constrained by ethical and legal issues. The theory further suggests that the firm should not cause harm to the community and society within establishment. Stakeholders are deemed as individuals who have a stake in the firm and they are affected by the operations of the business. Stakeholders either have an influence or they are influenced by how the firm operates and achieve the set goals and objectives.

According to Lin (2013), the stakeholder theory largely focuses on ethical practices in the entity and how this affects the various parties in the firm (the stakeholders) including the staff in place, the local members of the community, the creditors and suppliers. The theory plays an important role in addressing the values and morals as far as management of the firm is concerned. One of the most common version of this stakeholder theory is to provide a definition of the specific stakeholders of the firm and to come up with circumstances where the firm considers these parties as stakeholders (Lin, 2013).

According to Freeman (1984), the entity is largely accountable towards several stakeholders including the lobby groups, the government, the customers, creditors as well as suppliers and the environmentalists. King (2002) gave recognition of the role played by integrated sustainability in enhancing the link between the society and the firm that it carried out the operations. Failing to focus on the interests of the stakeholders may negatively impact on the image of the firm in the public domain and this may adversely influence the ability of the firm to perform. The theory argues that viability and success of the firm is largely informed and shaped by the thinking of the various stakeholders (Ioannou & Serafeim, 2015). The theory argues

that corporate sustainability is an important step of showing the degree of firm commitment to the needs of the community (Muttakin, Khan, & Azim, 2015).

2.2.3 Agency Theory

It was Ross and Mitnick (1973) who developed this agency theory. The theory indicates that there usually exists conflicting interests and opinions between the agent and the principals hence agency costs. There are several factors that may bring about the conflicts between the principal and the agents: but this may largely be influenced by the mismatch between the goals and interests of the agents and the principal. It is through the agent theory that the well-functioning market is predicted; such a market is characterized by perfect flow of information and the ability to ensure there is monitoring. Such a market is also characterized by the ease of alignment of the incentives of the agents and the principal. In the event that the principal is not able to monitor how agents are performing, incentives and sanctions can be designed so as to ensure there is optimal behavior.

The key underlying factor of this theory is the relationship that exists between the agent and the principal that is the managers as well as the owners of the entity. The theory has remained vital and significant due to an increase in the number of scandals that have affected performance of most corporations today. It is a clearly established fact that there exists conflicting interests between the shareholders (who own the firm) and its managers who are charged with the day to day operations and activities. In the event that there is no sufficient disclosure in the firm, there would be a significant rise in the level of risk in the firm (Klerk & de-Villiers, 2012). It is through corporate sustainability that a firm is better placed to reduce the level and degree of information asymmetry and the risks that investors perceive, enhance the

level of market efficiency and lower the cost of capital to a business entity (Warren & Thomsen, 2012).

Under this agency theory, the conflicting costs can be divided into monitoring, structuring as well as costs of bonding the contracts. The use of contracts is so expensive as far as aligning the managerial activities and those of the shareholders is concerned. The agency theory argues that formation of contracts is key as far as reduction of the agency costs is concerned while ensuring that the goals of the agent and the principal are well coordinated (Kumarappan & Joshi, 2014).

The agency theory predicts that in markets that are well performing that are characterized by perfect flow of information; there is little need for aligning the incentives between the agents and the principals. In the event that the principal is able to monitor how the agents are performing, sanctions and approvals may be designed so as to enhance optimal performance of the agents. Furthermore, in the event that the principal is aware that the principal will be aware of his/her poor performance records, and that chances are available in the market for replacing the agent, they shall be prevented from posting poor performance records.

2.3 Empirical Review

This section introduces empirical studies as carried out by previous scholars to help provide direction to the current study. The study arranges the empirical literature in line with study variables before presenting the literature from a global, continental, regional and local perspective. This will help bring out what other researchers have established together with the methodologies adopted so as to define the direction that the current study will adopt.

2.3.1 Environmental Sustainability Strategies and Financial Performance

Environmental sustainability is the ability of the firm to maintain practices and factors leading to enhanced quality of the environment over a longer period of time. A number of issues are involved in the environmental sustainability process including biodiversity as well as the carrying capacity. Environmental sustainability requires that the natural capital should be maintained as key sources for inputs to be used for economic purpose (Clarkson, 2015). Environmental sustainability calls for the need to maintain natural capital so as to provide inputs for economic use. Muhammad et al. (2015) carried out an assessment of the environment performance and its influence on ability of the firm to perform in financial aspects. It was shown that there exists a connection between environmental initiatives and the ability of the firm to perform.

Gonzalez-Benito and Gonzalez-Benito (2005) conducted a study on proactiveness for sustainability and its influence on financial performance. It was shown that management of sustainability brings about competitive positioning of the entity. Sambasivan (2012) did a study on environmental sustainability and its influence on firm performance in financial terms. The analysis was carried out with the help of structural equation modeling and a positive interaction was identified. Clarkson (2015) did a study on strategies for reactivity in the environment and their influence on ability of the firm to perform in financial terms. A Causal link was established between environmental sustainability and the ability of the firm to perform. Muhammad (2015) carried out an analysis of the role played by environmental performance on ability of the firms to perform in financial terms and the period of consideration for the study was from 2001 all through to 2007. A significant influence was established.

Vijfvinkel, Bouman and Hessels (2015) looked at environmental sustainability and its influence in the ability of the firm to perform focusing on SMEs. The study focused on firms in Dutch and China and a total of 337 firms were covered. It was shown that environmental sustainability has positive and significant influence on ability of the firm to perform in financial terms. Aggarwal (2013) assessed the extent that Indian Listed companies' performance was affected by sustainability efforts. It is noted that taking account of ones activities both harmful and beneficial to the society may have a direct influence on the performance results and continued profitability in the long run. This may be achieved through making adequate disclosures related to the possible impacts in the sustainability report and disseminated to the public in good time.

Epstein, Buhovac and Yuthas (2015) conducted a study on the management of social, environmental and financial performance simultaneously. The study's primary objective was to investigate how large; complicated, for-profit organizations integrate this challenge into decision-making and sustainability implementation. The research findings show that while the informal structures of the businesses are heavily promoting sustainability, their formal systems seem to concentrate on economic performance in a very traditional manner. Endrikat, Guenther and Hoppe (2014) researched on the relationship between corporate environmental and financial performance. The findings show that the connection between corporate environmental performance and corporate financial performance is positive and partly bidirectional. The results also indicate that the connection is stronger when proactive rather than reactive is the strategic approach underlying performance in the corporate setting.

Wang, Li and Sueyoshi (2014) was keen to establish the link between environmental performance and sustainability of the corporation focusing on firms in US. Recently, environmental assessment has become a major company issue because customers are interested in protecting the environment. They are trying to prevent buying products from dirt-imagined firms that do not pay attention to environmental protection, even though their prices are much lower than those generated by green-imagined firms. Nor, Bahari, Adnan, Kamal and Ali (2016) looked at environmental disclosure and its influence on ability of the firm to perform using a case of Malaysian entities. The objective of the research was to investigate the existence of economic disclosure and financial performance for 2011 among the top 100 market capitalization companies in Malaysia. The required data was examined through content analyzing the annual report of the companies. The assessment demonstrates mixed outcomes between the existence and financial performance of environmental disclosure procedures in Malaysia.

Jo, Kim and Park (2015) conducted a study on corporate environmental responsibility and firm performance in the financial services sector. From the employed unique dataset that covered 29 countries, the results show that it takes at least 1 or 2 years to reduce environmental expenses before improving asset returns. It was established that lowering environmental expenses affects financial services firms' efficiency in well-developed financial markets more immediately and substantially than in less-developed financial markets. Longoni and Cagliano (2015) investigated on how environmental and social sustainability priorities are integrated in strategy operations. Study results show that model configuration of traditional operations strategy is slightly modified. It is the priorities focusing on the environment and the

social aspects that complement the approaches that are both market and capability centered. Most firms adopt these operational strategies so as to remain competitive and thus enhance on their financial performance.

Gallego-Álvarez, García-Sánchez and Vieira (2014) conducted an assessment of climate change and its influence on firm performance during hard times. The results obtained show that the synergy between environmental and financial performance is greater in moments of economic crisis, meaning that businesses need to continue investing in sustainable initiatives to improve relationships with their stakeholders, resulting in greater economic profits. In latest years, sustainable investments have become more and more prevalent. Joshi and Li (2016) looked at the constituents of corporate sustainability and the best way through which an entity can embrace this. For success of the firm over a longer period over time, it is important for entities to realize that they carry out operations within the larger social and economic environment that have various boundaries. On this basis, firms are forced to ensure that the operations are carried in a way that is sustainable so that they add value to shareholders from the operations.

H₀₁: Environmental sustainability strategies has no significant effect on the financial performance of deposit taking SACCO's in Nairobi

2.3.2 Social Sustainability Strategies and Financial Performance

The term social sustainability the notion of stability ion the following dimensions: institutional, cultural, accessibility and equity. Social sustainability describes a system of social organizations that plays an important role in alleviation of poverty within the community hence sustainability (Nishitani, 2011). It is through social sustainability

efforts that a firm is able to establish the link between social issues like poverty and the overall degradation of the environment (Ruttan, 2015). Broadly, the concept of social sustainability is premised on the fact that a project or decisions play an important role in promoting proper existence of the society as a whole. Generally, it is important to ensure that generations to come have derived more benefits from the environment than as it is presently and this is the whole idea about sustainability. A number of issues are covered in the concept of social sustainability including the rights at the human level, the laws and provisions relating to the environment and the ability of the public to be involved and participate in matters of environmental conservation. Failure to emphasize on social aspect of the action or decision can slow down the progress of the society as a whole.

Surroca (2013) did a study on social responsibility and ability of the firm to perform in financial terms. It was shown that there exists a link between the ability of the firm to perform and the social responsibility of the firm. Basiago (2015) studied the influence of environmental, social and economic sustainability on firm performance with references to developing countries. It was established that thorough planning is essential for the firm seeking to enhance social sustainability.

Kumar (2007) did a study on corporate sustainability with reference to Indian entities. Specifically, the study was interested at establishing the disclosures of the environment focusing on 50 firms in the private sector in India. It was shown that few firms do have environmental social reporting in their financial statements. O'dwyer brendan, Unerman Jeffrey and Elaie (2015) did study on corporate sustainability and the associated benefits in the context of Ireland. The study relied on questionnaires for

gathering of the views from respondents. The key focus of the study was on determining the views of the various NGOs in Ireland as it regards social issues.

Shirley (2010) was interested in determining the influence of corporate sustainability on firm performance with focus on SMEs. The study covered firms located in Australia. It was shown that few companies do engage in sustainability reporting activities. Epstein, Buhovac and Yuthas (2015) conducted a study on managing social, environmental and financial performance simultaneously. Environmental and social sustainability are inextricably related to economic sustainability. This is shown by the growth boundaries. Economies do not appear to be sustainable if natural resources are used beyond the boundaries and if society continues to rely on events that have driven past development. The advent of the notion of sustainability represents a crucial shift in worldwide thinking, forcing companies to reconsider their company operations strategy. Businesses need to restore their corporate strategy by adopting and applying more integrated sustainable practices in order to increase economic development.

Rodriguez-Fernandez (2016) investigated on social responsibility and financial performance. The main focus of this study was on firms located and found in Spain. It was shown that social reporting has positive influence on ability of the firm to perform. Weber, Diaz and Schwegler (2014) conducted a study to bring out the influence of corporate social responsibility on the strength of the entire financial system and sector. Ideally, the study was interested in determining the influence of sustainability and responsibility on performance of the financial sector. It was shown that there was low level of performance of the economic industry in terms of corporate social responsibility. Schönborn, Berlin, Pinzone, Hanisch, Georgoulis

and Lanz (2019) conducted a study to investigate why social sustainability counts financial success. Broadly, the study was keen to establish the link between corporate social sustainability and the ability of the firm to succeed in financial terms. It was shown that the dimensions of social sustainability including the ability to manage sustainability, learning and communication, identify as well as loyalty all have influence on how the firm

Croom, Vidal, Spetic, Marshall and McCarthy (2018) did an assessment of social sustainability orientation and its influence operational performance of the supply chain. Information for the study was gathered from firms based in US. It was shown that social orientation has an influence on operational performance of the firm. Thomas, Fugate, Robinson and Tasçioğlu (2016) investigated on the impact of environmental and social sustainability practices on sourcing behavior. Results indicate that factors related to sourcing are indeed environmental and social elements of sustainability. These elements of sustainability affect both financial and relational elements of exchange relationships and allow carriers to distinguish themselves in a heavily commoditized market.

Almahmoud, Doloi (2015) investigated on assessment of social sustainability in construction projects using social network analysis. The results of this study indicate that the degree to which varied stakeholders ' needs are met is extremely important in attaining project efficiency in social sustainability. The aim of social sustainability is to identify and manage beneficial and negative effects of company on individuals. The quality of the interactions between a company and its stakeholders is critical. Directly or indirectly, the impact of businesses on what is happening to staff,

value chain workers, clients and local communities, and proactively managing effects is crucial.

Usman and Amran (2015) investigated on corporate social responsibility practice and corporate financial performance in the Nigerian companies. Content analysis was conducted to obtain corporate social responsibility and financial information from 68 businesses listed on the Nigeria Stock Exchange's annual reports. The NSE Fact Book cross-referenced financial data. In order to estimate the equation of regression analysis, corporate social responsibility indexes and economic performance measures were calculated. The percentages were used to define the nature and pattern of Nigeria's practice of corporate social responsibility. The hierarchical multiple regression analysis was followed to investigate the connection between corporate social responsibility and corporate financial performance. The research findings show that the listed companies used measures to communicate social performance to their stakeholders through corporate social responsibility.

Demetriades and Auret (2014) looked at corporate social responsibility and its influence of ability of entities in South Africa to perform. It was shown that sustainability has emerged as an important tool of driving operations and performance of the firms today. Mani, Agrawal and Sharma (2015) looked at social sustainability and its influence on performance of the supply chain. It was shown that within the supply chain context, the concept of sustainability has remained relevant with an increased awareness of the labor, education and education issues.

Unger, Heller, Lane and Matherly (2019) did an assessment of social and economic sustainability on ability of the transportation firms to perform. It was shown

that the key focus and emphasis of social sustainability is on the well-functioning of the members of the group. It was shown that as an issue, sustainability strives to establish a balance between the needs of the society and at the individual level. The dimension of sustainability at the society level has grown and it is reflection of the operations of the firm. While this dimension reveals tension between business and society interests, when firms respond to sustainability, there is also a meeting of interests. In other words, from a micro point of view, when firms respond to sustainability, they also respond to a society's macro-level concern for habitat and quality of life. In reaction, significant attempts have been created in the context of corporate social responsibility to study the social dimension of sustainability.

H02: Social sustainability strategies have no significant effect on the financial performance of deposit taking SACCO's in Nairobi

2.3.3 Economic Sustainability Strategies and Financial Performance

Economic sustainability is a production system that ensures that the present consumption is satisfied without bringing compromise to the future needs (Kahn, 2015). Economic sustainability largely seeks to enhance and strengthen the economic systems in place. It includes the creation of economic values from any decision or activity that a firm undertakes. The essence of economic sustainability is to ensure that actions and decisions are conducted in a fiscally sound and equitable manner while paying consideration to other issues of sustainability. Mostly, decisions should be made with a long term horizon as opposed to focusing on a short term period. Majority of the people in the world of business consider economic growth or sustainability as the key factor of consideration. Economic sustainability comprises of

various issues including the need for the government to enhance and support growth of the firms within an country of establishment (Kahn, 2015).

Graham (2011) did a study to bring out the quality of sustainability of large firms operating on an internal scale in the US context. Specifically, the study was interested at determining the current reporting quality through an analysis of over 20 reports of most successful large entities. By leveraging on a strategy that includes the conceptual framework, an analysis of the reports was conducted on the basis of their disclosure of the strategies and performance as far as the area of corporate governance is concerned. It was shown that the reported information failed to cover the material issues of corporate sustainability in most of the reviewed reports.

Pan (2014) noted that in as much as sustainability has no influence on the rate of growth and expansion of the firm, it may directly impact on the profitability of the firm. On overall, it was shown that sustainability significantly impacts on earning ability, the returns the firms generates from the assets and the equities. Kapoor and Sandhu (2010) did an assessment of sustainability and how it impacts on cash flow performance of firms in India. The study conducted content analysis on reports and publications of the firms. It was shown that there exists significant link between sustainability and the returns that the firm generates from the assets, equities and sales.

Daunoriene, Draksaite, Snieska and Valodkiene (2015) did an investigation of sustainability as a way of sharing the various models. The growth of sharing economies is affected by the rates of unemployment, increased availability of technologies and a reduction in the level of trust among the consumers. It is through

the concept of sharing economy that one is able to positively contribute towards sustainable development of the economy. Although the sharing economy can positively contribute towards development of an economy, there exists a lot of space as far as development of practical issues is concerned.

Alshehhi, Nobanee and Khare (2018) did a study on sustainability practices and their influence on ability of the firm top performs in financial dimensions. The level of competition at the market place is consistently increasing. These changes pile pressure on the firm not merely to succeed but to also ensure that this performance is maintained into the future. Over the past years, the concept of corporate sustainability has received attention as consumer and businesses focus more attention to corporate sustainability that is ever increasing. Firms are therefore forced to put more emphasis on short and long term focus while ensuring that they give more focus on social, environmental and economic sustainability.

Lassala, Apetrei and Sapena (2017) did a study sustainability and its influence on ability of the firm to perform. The link between corporate responsibility and sustainable attributes of the firm has received attention among scholars around the world. Through corporate social responsibility, a firm is able to attain sustainability so that all members of the society are involved. Corporate sustainability is shaped by three items: the social (people), the economic (profits) and the environment (the planet) and it is seen as an important factor as far as performance of an enterprise is concerned.

Kocmanova and Docekalova (2014) carried out a study on corporate sustainability and its influence on ability of the firms to perform. The study was

essentially designed to have an evaluation of the financial, social and environmental consideration on ability of the firm to perform. Sustainability is a key process as far as sustainable development is concerned. Sustainability of the operations and activities of the firm and the level of sustainable performance are described as inclusion of financial, social and environmental issues in the day to day activities of the business. Firms are always looking for the ways through which it is possible to evaluate the social, economic and environmental issues of their performance.

Bhalla and Bansal (2014) studied the influence of corporate sustainability reporting while leveraging on the economic sustainability dimension. The study concentrated on firms in India. The rapidly changing business environment has brought a change in the way firms share their information as it regards their operations and the issues of corporate sustainability. The present methods of financial reporting has largely focused on corporate sustainability reporting so as to ensure that quality information is conveyed to shareholders and other interested parties in the operations of the firm. In comparison with corporate social reporting, corporate financial reporting is an old activity, whose popularity grew in 1990s where firms started covering both financial and non-financial information in their reports.

Pietrzak and Balcerzak (2016) conducted a study on the assessment of socio-economic sustainability in new European Union members' states in the years 2004-2012. Sustainable development is most frequently defined in the financial discussion as the need to preserve continuous human income produced from non-declining stocks of capital. The research's primary goal is to evaluate the progress made by the new Member States in applying the sustainability idea. Thus, at least in this view, constant stocks of human, man-made, natural and social resources are regarded as

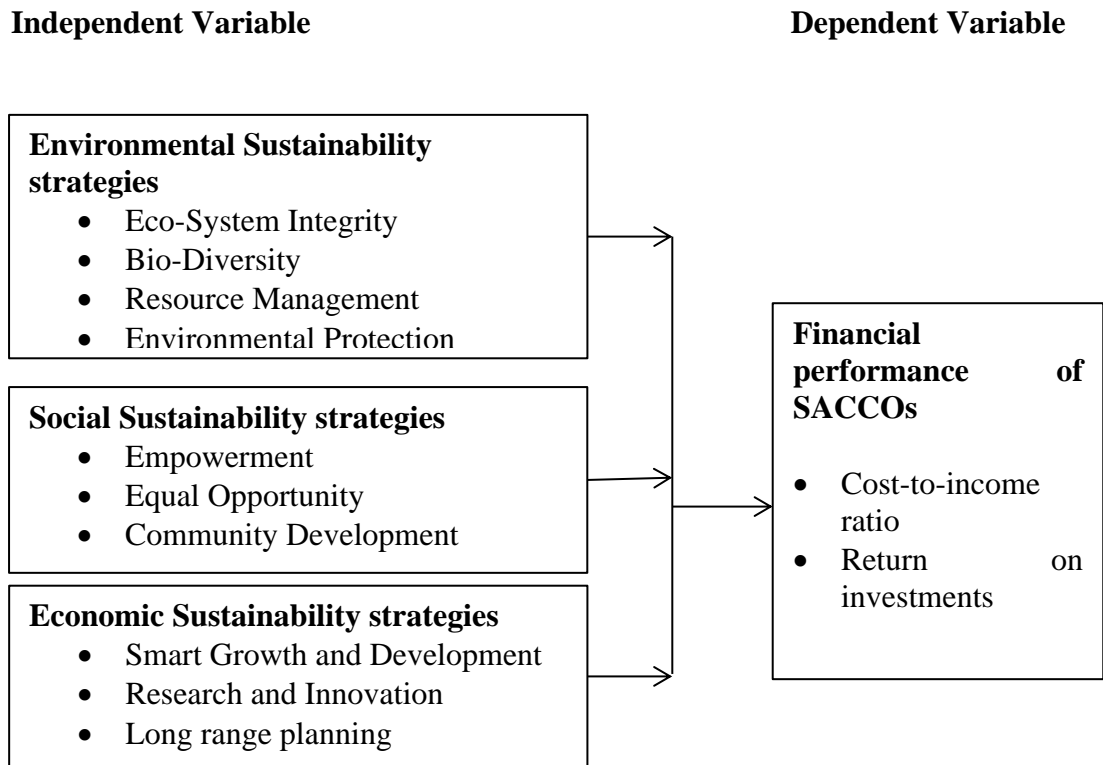
necessary and often adequate viable criteria of sustainable development. Implementation of a notion of sustainable development is presently seen as a dominant paradigm for regional, national and global financial policy plans and programs..

Boons, Montalvo, Quist and Wagner (2013) investigated on sustainable innovation, business models and economic performance. Sustainable development needs innovations that are radical and systemic. Such innovations can be developed and studied more efficiently when building on the business model idea. This idea offers companies with a holistic structure for sustainable innovations to be seen and implemented. Fuseini and Kemp (2015) reviewed on spatial planning in Ghana's socio-economic development trajectory: A sustainable development perspective. The significance of balancing social, environmental and economic sustainability is recognized by key stakeholders. They stress that quality of life and location are important local and competitive benefits in today's worldwide, knowledge-intensive economy that help govern the management of a business.

H₀₃: Economic sustainability strategies have no significant effect on the financial performance of deposit taking SACCO's in Nairobi

2.4 Conceptual Framework

FIGURE 2.1
Conceptual framework on the effect of corporate sustainability on performance of deposit taking SACCOs in Nairobi
Source: Author (2019)



2.6 Operationalization of Variables

TABLE 2.1
Operationalization of Variables

Objective	Variable	Indicator	Measurement	Scale	Data collecting method	Data Analysis
To establish the effect of environmental sustainability on financial performance of deposit taking SACCO's in Nairobi.	Environmental Sustainability	Eco-System Integrity Bio-Diversity Resource Management Environmental Protection	Likert Scale	Ordinal	Questionnaire	Percentage Mean Standard deviation Pearson Correlation
To establish the effect of social sustainability on financial performance of deposit taking SACCO's in Nairobi	Social Sustainability	Empowerment Equal Opportunity Community development	Likert Scale	Ordinal	Questionnaire	Percentage Mean Standard deviation Pearson Correlation
To establish the effect of economic sustainability on financial performance of deposit taking SACCO's in Nairobi.	Economic Sustainability	Smart Growth and Development Research and Innovation Long range planning	Likert Scale	Ordinal	Questionnaire	Percentage Mean Standard deviation Pearson Correlation

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter focused on the methodology that was adopted by the study during the data collection process. The chapter is divided into sections covering the research design, target population and sampling procedure that were used to get the sample size. It also mentions the research instruments, pilot tests, data collection methods and data analysis and presentation together with the assumptions of regression.

3.2 Research Design

Research design is the structure of a research and it's the glue that holds all of the elements in a research project together (Mugenda and Mugenda, 2006). It represents the blueprints that guide the researcher in the activities done in an effort to collect information that will answer the research questions (Creswell & Creswell, 2017). The study adopted descriptive research design. According to Yin (2017) a descriptive design is concerned with finding out the what, when, where and how of a phenomenon. This design looks at collecting data that is useful in analyzing events and coming up with relevant conclusions and recommendations. This was effective for the study as we adopted a questionnaire to solicit for the desired information.

This design has been successfully applied by previous scholars like Clarkson (2015) in an assessment of proactive strategies on the environment and their influence on firm performance. Vijfvinkel, Bouman and Hessels (2015) used it in assessing environmental sustainability and financial performance of SMEs in terms of profit development and revenue development.

3.3 Target Population

Target population is a group of individuals, objects or items from which samples are taken for measurement (Mugenda & Mugenda, 2010). The study population was the 42 DT SACCOs registered by SASRA in Nairobi County. In each of the DT SACCOs, we sought to reach at least two representatives preferably from the Finance and Corporate Sustainability/Corporate Affairs departments. Therefore, in total, we had a target population of 82 staff.

3.4 Sample and Sampling Technique

It is the process of sampling that one is able to select adequate number of elements from the population. Since the population was small, we used the census technique to incorporate all the targeted employees. According to Mugenda (2001), census is sampling technique where every member or item of the population is surveyed.

3.5 Research Instrument

Gathering of the information for this study was carried out with the help of questionnaires. The term questionnaire refers to written statements that give respondents a series of statements or questions such that they are required to respond to (Jankowicz, 2005). The questionnaire was structured and divided into five sections. Part A covered background information while parts B, C, D and E covered the research variables. We have included the questionnaire as an annex to this dissertation.

3.6 Data Collection Procedures

Data collection process began by getting a formal letter from the university authorizing the field activities. The letter together with a consent statement was then presented to the respective DT SACCOs seeking approval to collect data from the institution. Questionnaires were then shared with responsive DT SACCOs through pick and drop method or through sharing a Google document via link sent to all identified respondents. Physical questionnaires were then picked from the DT SACCOs after two weeks with follow up calls made to ensure that responses were provided.

3.7 Pilot Test

A pilot study is a small-scale version of the full study that is done to check for procedures, processes, parameters and materials needed for the final study (Yin, 2017). It is done to check for weakness and correct the instrument so as to provide valid and reliable answers to the research questionnaires. According to Bowling (2014) a reasonable pilot group should consist of between 1-10% of the sample size, hence this study picked 5% of the sample size to be included in the study.

Before beginning the formal data collection process, a pilot survey was undertaken to determine the suitability and ease of use of the research instruments and the operational aspects of administering the questionnaires. This was conducted in Nakuru Town where 8 questionnaires were issued to 4 DT SACCOs. Once the reliability of the tools was confirmed, formal data collection for the study begun. Data collected from the pilot study will not be incorporated in the main study.

Validity Tests

Validity refers to the extent to which the research instrument measures what it was expected to measure. Validity ensures that the data is reliable, true and accurate (Pickard, 2012). This study used content validity to test the instrument and ensure it measures what it was meant to measure. Content validity is used to describe how the various constructs are reflected in the questionnaires. In this study, content validity was measured borrowing from people who are well versed with given constructs. The experts on the subject matter gave feedback on how best each of established questions was aligned with specific constructs. An analysis was carried out on the feedback and the decisions made as far as effectiveness is concerned were carried out.

Reliability Test

The study tested for reliability of the instruments through pretesting of the instruments with the identified sample. The instruments from the piloting process were used to compute respective values of Cronbach Alpha coefficients. Usually, higher values of Cronbach Alpha signify better results. Kothari (2004) indicated that as a rule of the thumb, a reliability of 0.70 or higher (obtained on a substantial sample) is acceptable.

TABLE 3.1
Reliability Statistics Results

Variable	Number of Items	Cronbach's Alpha
Environmental Sustainability strategies	5	0.743
Social Sustainability strategies	4	0.735
Economic Sustainability strategies	6	0.821
Financial performance of SACCOs	4	0.732

From the findings the Cronbach's alpha value for all the variable was more than 0.7 which shows that the instruments were reliable to be adopted in this study.

3.8 Data Analysis and Presentation

Data collected through the questionnaires was cleaned and coded to ease the analysis using the Statistical Package for Social Sciences (SPSS) version 24. The analysis of quantitative information was conducted descriptively and inferentially. The presentation of the findings was conducted using figures and tables including graphs and pie charts. In order to deduce and infer the link between the study variables, regression analysis was employed as shown by the model below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Financial Performance of DT SACCOs

β_0 = Constant Term;

β_1, β_2 and β_3 = Beta coefficients;

X1= Environmental Sustainability

X2= Social Sustainability

X3= Economic Sustainability

ε =Error Term

We used the ANOVA test to test the variables for significance. The results of this analysis have been presented in the following chapter in tabular format.

3.9 Assumption of Regression Model

The study was interested at ensuring that the data set is aligned with all the assumptions of regression analysis. To achieve this, diagnostic tests were conducted as discussed in subsequent sections.

3.9.1 Normality Test

Normality means that the distribution of the test is normally distributed. The assumption of normality is especially critical when constructing reference intervals for variables. There are two main methods of assessing normality: graphically and numerically. Numerically Shapiro-Wilk test was considered the best choice for testing the normality of data. Razali and Wah (2011) argues that in the event that the p-values are greater than 0.05, the inference drawn would be that the data is normally distributed.

3.9.2 Multicollinearity Test

The variables of the study are said to have multicollinearity when one of the variables are highly correlated. There are two ways of testing for presence of multicollinearity: the use of correlation tables and the variance of inflation factor (VIF). There will be correlation in the event that the predictors are multicollinear. When using VIF values, the values must be below 10.00, and best case would be if these values were below 5.00. In this study Multicollinearity was determined by getting VIF values.

3.9.3 Analysis of Variance

Analysis of Variance (ANOVA) was conducted at 5% level of significance. It aimed at determining the overall significance of the study model. In this regard, F calculated was compared with F critical obtained at appropriate values of degrees of freedom. Blanca, Alarcón, Arnau, Bono and Bendayan (2017) noted that in the event that the value of F calculated is above F critical, the inference drawn is that the model is significant.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents results arising from the analysis of data on the effect of corporate sustainability on the financial performance of DT SACCOs in Nairobi.

4.2 Response Rate

Response rate is the comparison between the number of the questionnaires issued and the number of the questionnaires that was dully filled and returned to the researcher (Fowler, 2004). The issued a total of 82 questionnaires to the respondents, 50 questionnaires were dully filled and returned to the researcher. This translated to a response rate of 61%. Kothari (2004) noted that a response rate of above 50% is adequate to make a statistical inference and conclusions.

TABLE 4.1
Response Rate

Target No. of Respondents	No. of Questionnaires Returned	Response Rate (%)
82	50	61

4.3 Background Information

The study collected information pertaining to the age, academic qualifications, and duration within the organization, main functional roles, and magnitude of tenure within the industry.

4.3.1 Distribution of Respondents by Gender

The researcher sought to determine the distribution of the respondents according to their gender and the results are tabulated below.

TABLE 4.2
Gender Distribution of the Respondents

Gender	Frequency	Percentage
Male	26	52%
Female	24	48%
Total	50	100

From the finding 52% of the respondents were male while 48% were female. This implies that majority of the respondents were male.

4.3.2 Distribution of Respondents by Academic Qualifications

The respondents were asked to indicate the highest level of education. The findings are presented in Table 4.3.

TABLE 4.3
Distribution of Respondents by Academic Qualifications

Education Level	Frequency	Percentage
Doctorate	1	2%
Masters	18	36%
Bachelors	28	56%
Diploma	3	6%
Secondary	0	0%
Other		0%
Total	50	100

Majority of the respondents that were part of the had bachelor degree with 56%, followed by Masters with 36%, 6% of the respondents had Diploma and lastly Doctorate with 2%. With majority of the respondent having an undergraduate degree,

we can postulate that they provided credible information for this study. Further, the targeted DT SACCOs demonstrate diversity of knowledge and skills necessary for a conducive and successful working environment.

4.3.3 Duration the Organization has been in Existence

The respondents were asked to indicate the duration their organization had been in existence. The findings are as presented in Table 4.4 below.

TABLE 4.4
Duration the Organization has been in Existence

No. of years	Frequency	Percentage
Less than 1 year	0	0%
1-5 years	14	28%
6-12 years	12	24%
12 years and over	24	48%
Total	50	100

According to the findings, 48% of the respondents indicated that their organization had been in operation for over 12 years, followed by between 1-5 years with 28%, 6-12 years with 24%. This implies that majority of the DT SACCOs had been operational for more than 12 years.

4.3.4 Position of Respondents in the Organization

The respondents were asked to indicate their position in the organization. The findings are as presented in Table 4.5 below.

TABLE 4.5
Position of Respondents in the Organization

Level	Frequency	Percentage
Top Management (reports to the CEO)	8	16
Head of Business Unit	12	24
Middle Management	16	32
Other	14	28
Total	50	100

According to the findings, 16% of the respondents were in the top management (reporting to the CEO), 24% were heads of business units, and 32% of the respondents were at the middle level management while 28% were junior staff. With majority of the respondents coming from management (middle to top levels), we are confident that the information provided was credible and from a position of understanding.

4.3.5 Duration of Service in the Current Organization

The respondents were asked to indicate the duration they had been working in their current organization . The findings were as presented in Table 4.6 below.

TABLE 4. 6
Duration of service in the Current Organization

Years	Frequency	Percentage
Less than 1 year	4	8
1-5 years	27	54
6-12 years	13	26
More than 12 years	6	12
Total	50	100

According to the findings, 8% of the respondents indicated that they have been working in that organization for less than 1 year, 54% stated they had been working

there for 1-5 years, 26% stated they had been there for 6-12 years while 12% had been there for more than 12 years. This shows that majority of the respondents have been working in the targeted organization for 1-5 years implying that they had sufficient knowledge and understanding of the entity for purposes of this study.

4.3.6 Duration of Service within the Cooperatives Sector

The respondents were asked to indicate the duration they had been working within the sector. The findings were as presented in Table 4.7 below.

TABLE 4. 7

Duration of Service within the Cooperatives Sector

Years	Frequency	Percentage
Less than 1 year	4	10%
1-5 years	27	46%
6-12 years	13	20%
More than 12 years	6	24%
Total	50	100

According to the findings, 10% of the respondents indicated that they have been working within the sector for less than 1 year, 46% for 1-5 years, 20% for 6-12 years while 24% had been working for more than 12 years. This shows that majority of the respondents have been working within the sector for 1-5 years.

4.4 Descriptive Analysis and Discussion

The study requested respondents to give their opinions on the effect of environmental sustainability, social sustainability and economic sustainability on the financial performance of DT SACCOs. Their responses were assessed and analyzed.

4.4.1 Environmental Sustainability Strategies

The findings on environmental sustainability strategies are shown in Table 4.8.

TABLE 4.8

Descriptive Statistics on Environmental Sustainability Strategies

Environmental Sustainability	Mean	Std. Dev
The DT SACCO has an environmental policy statement	4.18	.388
The DT SACCOs produces some form of sustainability/environmental report based on its operations	3.48	.762
The DT SACCO has incorporated environmental considerations into its decision-making processes	3.66	.939
The DT SACCO has established categories of potential environmental risks resulting from its client activities	3.96	.637
The DT SACCO conducts an environmental risk exposure survey before issuing out loans	3.52	.973
The DT SACCO requires that its clients comply with environmental laws and regulations before approving credit facilities	3.66	.478
The DT SACCO has ever refused to extend credit to any client due to negative environmental impacts	4.16	.370

The researcher sought to find out the effect of environmental sustainability on the financial performance of DT SACCOs in Nairobi. The findings from the analysis presented in Table 4.8 above indicate that the respondents agreed that most DT SACCOs had an environmental policy statement (M=4.18, SD=.388). The study is in agreement with Mair and Jago (2013) who revealed that Sacco's social has recently changed their focus to environmental sustainability. This has led to development of policies, practices and goals that are used to govern their environmental activities. . Environmentally-oriented thinking is incorporated into a range of bank operations which leads to effective management of their products and services to the community.

Sacco's have a wide range of activities such as participation in environmental conservation activities. They have also committed to improvement in domestic and international standards while sustainability ranges from programs that recycle waste products and reduction of the negative effect on the organization foot springs.

The respondents further agreed that only some of the DT SACCOs produced some form of sustainability/environmental report based on their operations ($M=3.48$, $SD=.762$). KisMadrid, (2014) identified that some of the Sacco's publish there reports on their environmental initiatives that to encourage their competitors to do the same. This also helps in mobilizing the prospective customers on their commitment to support protect the environment. The Sacco's also reports on the their donation to environmental conservation which helps to give them point on their commitment for better living standards of their customers thus increasing their customer base.

On the same note, respondents also agreed that DT SACCOs had incorporated environmental considerations into their decision-making processes ($M=3.66$, $SD=.939$). The findings are in line with Padhora (2013) who stated that majority of the Sacco's today takes into account environmental conservation measures particularly when making crucial decision on matters that touches the organization. For example, in banking sectors, wholesales, financial intuition and other organization has incorporated environmental due diligence when making decision on their investment decisions and lending process, this includes an assessment of the environment the initiative is to be developed in or actual site visit to assess the true state of the environment. After the critical review of the environment, the organization design product and service that suits the environment and responds to the demands of the customers in terms of their needs and preferences.

The study also sought to find out if DT SACCOs had established categories of potential environmental risks resulting from their client activities. From the findings, majority of the respondents agreed ($M=3.96$, $SD=.637$). The findings agree with Muhammad et al. (2015) who revealed that there exists a connection between environmental initiatives and the ability of the firm to perform. Similarly in line with Gonzalez-Benito and Gonzalez-Benito (2005) who noted that management of sustainability brings about competitive positioning of the entity. The study was conducted on environmental sustainability and its influence on firm performance in financial terms. The analysis was carried out with the help of structural equation modeling and a positive interaction was identified

Moreover, the respondents also agreed that DT SACCOs conducted an environmental risk exposure survey before issuing out loans ($M=3.52$, $SD=.973$). According to Clarkson (2015) there is a Causal link between environmental sustainability and the ability of the firm to perform. The finding is also online with Horvathova (2012) who carried out an assessment of the environmental performance and its influence on firm financial performance where a negative link was identified. Lastly by Muhammad (2015) who carried out an analysis of the role played by environmental; performance on ability of the firms to perform in financial terms and the period of consideration for the study was from 2001 all through to 2007. A significant influence was established.

Majority of the respondents were in agreement with a mean of 3.66 and standard deviation of 0.478. This finding is in line with Vijfvinkel, Bouman and Hessels (2015) who looked at environmental sustainability and its influence in the ability of the firm to perform focusing on SMEs. The study focused on firms in Dutch

and China and a total of 337 firms were covered. It was shown that environmental sustainability has positive and significant influence on ability of the firm to perform in financial terms.

Finally, majority of the respondents were in agreement with a mean of 4.16 and standard deviation of 0.370. The finding is in line with Aggarwal (2013) who assessed the extent that Indian Listed companies' performance was affected by sustainability efforts. It is noted that taking account of ones activities both harmful and beneficial to the society may have a direct influence on the performance results and continued profitability in the long run. This may be achieved through making adequate disclosures related to the possible impacts in the sustainability report and disseminated to the public in good time. By doing this, a firm is able to provide a detailed description of its governance structure, how it has promoted stakeholders' engagement and its effects on overall performance. A firm needs to develop sustainability reporting through measuring, disclosing and being accountable to all stakeholders for improved performance

4.4.2 Social Sustainability Strategies

The descriptive statistics on social sustainability strategies are indicated in Table 4.9.

TABLE 4.9**Descriptive Statistics on Social Sustainability**

Social Sustainability	Mean	Std. Dev
The DT SACCO trains its staff on sustainable operations	3.30	.952
The DT SACCO has social or community initiatives	4.32	.740
The DT SACCO carries out social risk exposure surveys before extending credit	4.00	.989
The DT SACCO ensures that communities to be affected by projects financed are educated	3.84	.888
The DT SACCO identifies and categorizes potential social risks from its client's projects	4.16	.680

The study sought to establish the effect of social sustainability on the financial performance of DT SACCOs in Nairobi. As shown in Table 4.9, the first statement required respondents to respond as to whether DT SACCOs trained their staff on sustainable operations. The findings revealed that majority of the respondents were in neutral ($M=3.30$, $SD=.952$). According to Epstein, Buhovac and Yuthas (2015) who stated that Economies do not appear to be sustainable if natural resources are used beyond the boundaries and if society continues to rely on events that have driven past development. The advent of the notion of sustainability represents a crucial shift in worldwide thinking, forcing companies to reconsider their company operations strategy. Businesses need to restore their corporate strategy by adopting and applying more integrated sustainable practices in order to increase economic development. Prior scientists think that sustainable production practice (SMP) defined as the intra- and inter-organizational practices of a company that incorporate environmental,

financial and social elements into operational and company operations would lead to better organizational performance.

On whether DT SACCOs had any social or community initiatives, majority of the respondents were in agreement ($M=4.32$, $SD=.740$). This finding is in line with Rodriguez-Fernandez (2016) who stated that social reporting has positive influence on ability of the firm to perform. This finding was also supported by Weber, Diaz and Schwegler (2014) who shown that there was low level of performance of the economic industry in terms of corporate social responsibility.

The respondents further agreed that DT SACCOs carried out social risk exposure surveys before extending credit (mean=4.00, $SD=.989$). According to chönborn, Berlin, Pinzone, Hanisch, Georgoulas and Lanz (2019) who conducted a study to investigate why social sustainability counts financial success. Broadly, the study was keen to establish the link between corporate social sustainability and the ability of the firm to succeed in financial terms. It was shown that the dimensions of social sustainability including the ability to manage sustainability, learning and communication, identify as well as loyalty all have influence on how the firm

On the same note, respondents also agreed that DT SACCOs ensured that communities to be affected by projects they had financed were educated ($M=3.84$, $SD=.888$). The findings are in line with Croom, Vidal, Spetic, Marshall and McCarthy (2018) who did an assessment of social sustainability orientation and its influence operational performance of the supply chain. Information for the study was gathered from firms based in US. It was shown that social orientation has an influence on operational performanc3e of the firm.

Finally, majority of the participants strongly agreed that DT SACCOs identified and categorized potential social risks from their client's projects (M=4.16, SD=.680). The findings agree with Thomas, Fugate, Robinson and Tasçioğlu (2016) who investigated on the impact of environmental and social sustainability practices on sourcing behavior. Results indicated that factors related to sourcing are indeed environmental and social elements of sustainability. These elements of sustainability affect both financial and relational elements of exchange relationships and allow carriers to distinguish themselves in a heavily commoditized market. It should be noted that it is increasingly recognized as a critical supply chain initiative that can lead to competitive advantage that operate in a sustainable manner that addresses economic, environmental and social responsibilities.

4.4.3 Economic Sustainability Strategies

Table 4.10 indicates the findings on economic sustainability strategies.

TABLE 4.10

Descriptive Statistics on Economic Sustainability Strategies

Economic Sustainability	Mean	Std. Dev
The DT SACCO has a well-articulated programme towards the protection of resource efficiency	3.54	1.265
The DT SACCO embraces the use of ICT in its operations	3.70	1.249
The DT SACCO has supported research towards innovation and sustainability	4.02	1.203
The DT SACCO has invested in sustainable business opportunities	4.32	.767

The researcher further sought to establish the effect of economic sustainability on the financial performance of DT SACCOs in Nairobi. The first statement sought to establish if the DT SACCOs had a well-articulated programme towards the protection of resource efficiency. The findings in Table 4.10 revealed that majority of the participants were strongly in agreement with a (M=3.54, SD=1.265). According to the Kahn, 2015), Economic sustainability largely seeks to enhance and strengthen the economic systems in place. It includes the creation of economic values from any decision or activity that a firm undertakes. The essence of economic sustainability is to ensure that actions and decisions are conducted in a fiscally sound and equitable manner while paying consideration to other issues of sustainability. Mostly, decisions should be made with a long term horizon as opposed to focusing on a short term period. Majority of the people in the world of business consider economic growth or sustainability as the key factor of consideration. Economic sustainability comprises of various issues including the need for the government to enhance and support growth of the firms within a country of establishment

On whether DT SACCOs embraced the use of ICT in their operations, majority of the respondents strongly agreed with a (M=3.70, SD=1.249). The finding was concurrent with Graham (2011) who did a study to bring out the quality of sustainability of large firms operating on an internal scale in the US context. The study revealed that by leveraging on a strategy that includes the conceptual framework, an analysis of the reports was conducted on the basis of their disclosure of the strategies and performance as far as the area of corporate governance is concerned. It was shown that the reported information failed to cover the material issues of corporate sustainability in most of the reviewed reports.

On whether DT SACCOs supported research towards innovation and sustainability, majority of the respondents were in agreement with a ($M=4.02$, $SD=1.203$). This finding is in line with Pan (2014) who noted that in as much as sustainability has no influence on the rate of growth and expansion of the firm, it may directly impact on the profitability of the firm. Overall, it was shown that sustainability significantly impacts on earning ability, the returns the firms generate from the assets and the equities. Similarly, Bhalla and Bansal (2014) who stated that The rapidly changing business environment has brought a change in the way firms share their information as it regards their operations and the issues of corporate sustainability. The present methods of financial reporting has largely focused on corporate sustainability reporting so as to ensure that quality information is conveyed to shareholders and other interested parties in the operations of the firm. In comparison with corporate social reporting, corporate financial reporting is an old activity, whose popularity grew in 1990s where firms started covering both financial and non-financial information in their reports. Corporate sustainability reporting is considered as an action undertaken on a voluntary basis to show that the firm is concerned about the social and economic issues. Around the world, no firm is legal obliged to have in place corporate sustainability reporting as this is done on a voluntary basis. In India, it is not a requirement for firms to prepare the reports on sustainability.

In regards to whether DT SACCOs invested in sustainable business opportunities, majority of the participants were in agreement ($M=4.32$, $SD=.767$). This finding is in line with Boons, Montalvo, Quist and Wagner (2013) who established that Sustainable development needs innovations that are radical and

systemic. Such innovations can be developed and studied more efficiently when building on the business model idea. This idea offers companies with a holistic structure for sustainable innovations to be seen and implemented. The idea also offers an analytical tool enabling researchers to evaluate the interplay between the various elements that companies combine to generate ecological, financial, and social value. The idea also offers a connection between the individual company and the bigger system of manufacturing and consumption in which it operates.

Similarly, the study was in line with Pietrzak and Balcerzak (2016) who Sustainable development is most frequently defined in the financial discussion as the need to preserve continuous human income produced from non-declining stocks of capital. The research's primary goal is to evaluate the progress made by the new Member States in applying the sustainability idea. Thus, at least in this view, constant stocks of human, man-made, natural and social resources are regarded as necessary and often adequate viable criteria of sustainable development. Implementation of a notion of sustainable development is presently seen as a dominant paradigm for regional, national and global financial policy plans and programs. It can be seen in most important papers that are used in the European Union as the rules for strategic planning, such as a Europe 2020 plan. This means the need for continuous progress with the implementation of quantitative instruments of the advancement made in this region by the European Union countries.

4.4.4 Financial Performance

The findings on financial performance of the studied firms are indicated in Table 4.11.

TABLE 4.11**Descriptive Statistics on Financial Performance**

Financial Performance	Mean	Std. Dev
The SACCO has experienced a gradual increase in profits	3.70	.762
The SACCO has experienced growth in its client base	3.86	.989
The SACCO has opened new branches	3.94	.682
The SACCO has realized high returns on investments and equity	4.18	.690

From the study the findings majority of the respondents strongly agreed that SACCO has experienced a gradual increase in profits ($M=3.70$, $SD=.762$). On the same note, the respondents also agreed that SACCO has experienced growth in its client base ($M=3.86$, $SD=.989$). This finding is in line with Kocmanova and Docekalova (2014) who established that Sustainability is a key process as far as sustainable development is concerned. Sustainability of the operations and activities of the firm and the level of sustainable performance are described as inclusion of financial, social and environmental issues in the day to day activities of the business. Firms are always looking for the ways through which it is possible to evaluate the social, economic and environmental issues of their performance. The link existing between environmental efficiency, the economy and the society and the ways that a firm can ensure that the operations are sustainable are explored through the process of sustainable evaluation. It is through corporate sustainability reporting that a firm is able to measure its success and progress as far as performance and realization of goals and objectives is concerned.

Furthermore majority of the respondents strongly agreed that SACCOs have opened new branches the respondents strongly agreed with a ($M=3.94$, $SD=.682$).

The findings are in line with Lassala, Apetrei and Sapena (2017) who revealed that there is a link between corporate responsibility and sustainable attributes of the firm has received attention among scholars around the world. Through corporate social responsibility, a firm is able to attain sustainability so that all members of the society are involved. Corporate sustainability is shaped by three items: the social (people), the economic (profits) and the environment (the planet) and it is seen as an important factor as far as performance of an enterprise is concerned. The applicability of the economic, social and environmental actions of the entity with its criteria for sustainability is the result of the globalization efforts of the firm, besides the growing demand for transparency and accountability in the firm by the various stakeholders. These are mechanisms and avenues considered to be key as far as improvement of the image of the firm is concerned. Due to the growing demands by the society for the business, these issues are regarded as key for success of the firms.

Further the study sought to establish whether SACCO has realized high returns on investments and equity, from the findings majority of the respondents strongly agreed ($M=4.18$, $SD=.690$). According to Daunoriene, Draksaite, Snieska and Valodkiene (2015), the level of competition at the market place is consistently increasing. These changes pile pressure on the firm not merely to succeed but to also ensure that this performance is maintained into the future. Over the past years, the concept of corporate sustainability has received attention as consumer and businesses focus more attention to corporate sustainability that is ever increasing. Firms are therefore forced to put more emphasis on short and long term focus while ensuring that they give more focus on social, environmental and economic sustainability. Development of corporate policies to enhance financial soundness of the firm and

making firms to be sound in environmental issues is emerging as compulsory for organizations. Corporate sustainability focuses on environmental and social issues of the firm.

4.5 Assumption of Regression Model

In order to justify the use of the regression model pre-estimation tests were conducted. The pre-estimation tests conducted in this case were the linearity test. This was performed to avoid spurious regression results from being obtained.

4.5.1 Test for Multicollinearity

A multicollinearity test was carried out to ensure that the independent variables did not have co-linearity amongst themselves. When there is a perfect linear relationship among the predictors, the estimates for a regression model cannot be uniquely computed. The term collinearity implies that two variables are nearly perfect and linearly correlated to one another.

TABLE 4.12

Tolerance and VIF Test

	Collinearity Statistics	
	Tolerance (1/VIF)	VIF
Environmental Sustainability strategies	.587	1.703
Social Sustainability strategies	.688	1.454
Economic Sustainability strategies	.815	1.227

a. Dependent Variable: Finance Performance

The VIF, which stands for variance inflation factor, is $(1 / \text{tolerance})$ and as a rule of thumb, a variable whose VIF value is greater than 10 may merit further investigation. From the findings, the variable environmental sustainability had a tolerance of 0.587 and a VIF of 1.703, social sustainability had a tolerance of 0.688 and a VIF of 1.454, while economic sustainability had a tolerance of 0.815 and a VIF

of 1.227. Since the tolerance for all the variables was more than 0.1 and the VIF was not more than 10 therefore there was no need of further investigations. It therefore means that the data had variables that were not highly correlated with each other and thus suitable for use.

4.6 Inferential Statistics Analysis and Discussion

The researcher undertook correlation analysis to establish the nature and strength of the relationships between the independent and the dependent variables of the study.

4.6.1 Correlation between Environmental Sustainability and Financial Performance

Table 4.14 gives the findings on correlation between environmental sustainability and financial performance.

TABLE 4.13

Correlation between Environmental Sustainability and Financial Performance

		Financial Performance	Environmental Sustainability
Finance Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	50	
Environmental Sustainability Strategies	Pearson Correlation	-.390**	1
	Sig. (2-tailed)	.005	
	N	50	50

** . Correlation is significant at the 0.01 level (2-tailed).

The study conducted a correlation analysis between environmental sustainability and financial performance of DT SACCOs. From the results in Table 4.14, the study established that there exists a strong positive and significant relationship ($r = -0.390$, $p = 0.005$) between environmental sustainability and financial

performance of DT SACCOs. This implies that environmental sustainability enhances the financial performance of DT SACCOs. Firms often associate a change towards environmental sustainability with higher costs. Whether a change towards environmental sustainability is in general truly not beneficial from a financial perspective (either in the short-run or long-run) is not certain.

The increased societal attention of today, however, has created business opportunities. As per Unger, Heller, Lane and Matherly (2019), the key focus and emphasis of social sustainability is on the well-functioning of the members of the group. It was shown that as an issue, sustainability strives to establish a balance between the needs of the society and at the individual level. The dimension of sustainability at the society level has grown and it is reflection of the operations of the firm. While this dimension reveals tension between business and society interests, when firms respond to sustainability, there is also a meeting of interests. In other words, from a micro point of view, when firms respond to sustainability, they also respond to a society's macro-level concern for habitat and quality of life. In reaction, significant attempts have been created in the context of corporate social responsibility to study the social dimension of sustainability.

4.6.2 Correlation between Social Sustainability Strategies and Financial Performance

Table 4.15 gives the findings of social sustainability and financial performance

TABLE 4.14**Social Sustainability and Financial Performance**

		Financial Performance	Social Sustainability
Financial Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	50	
Social Sustainability Strategies	Pearson Correlation	-.305*	1
	Sig. (2-tailed)	.031	
	N	50	50

*. Correlation is significant at the 0.05 level (2-tailed).

The researcher conducted a correlation analysis between social sustainability and financial performance of DT SACCOs. The coefficient of Correlation ($r=-0.305$ and $P=0.031$) illustrated in Table 4.15 above shows that there is a strong positive and significant relationship between social sustainability and financial performance of DT SACCOs. This implies that social sustainability enhances financial performance of DT SACCOs. This concurs with Kahn (2015) who noted that Economic sustainability largely seeks to enhance and strengthen the economic systems in place. It includes the creation of economic values from any decision or activity that a firm undertakes. The essence of economic sustainability is to ensure that actions and decisions are conducted in a fiscally sound and equitable manner while paying consideration to other issues of sustainability. Mostly, decisions should be made with a long term horizon as opposed to focusing on a short term period. Majority of the people in the world of business consider economic growth or sustainability as the key factor of consideration. Economic sustainability comprises of various issues including the need for the government to enhance and support growth of the firms within an country of establishment.

4.6.3 Correlation between Economic Sustainability Strategies and Financial Performance

Table 4.16 gives correlation results

TABLE 4.15
Correlation between Economic Sustainability and Financial Performance

		Financial Performance	Economic Sustainability
Financial Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	50	50
Economic Sustainability Strategies	Pearson Correlation	.485**	1
	Sig. (2-tailed)	.000	
	N	50	50

** . Correlation is significant at the 0.01 level (2-tailed).

The researcher also sought to establish the nature of the relationship between economic sustainability and financial performance of DT SACCOs as shown in Table 4.16 above. The correlation coefficient ($r=0.485$, $P=0.000$) indicates that there exists a strong, positive and significant relationship between economic sustainability and financial performance of DT SACCOs. According to Joshi and Li (2016), For success of the firm over a longer period over time, it is important for entities to realize that they carry out operations within the larger social and economic environment that have various boundaries. On this basis, firms are forced to ensure that the operations are carried in a way that is sustainable so that they add value to shareholders from the operations. Many stakeholders are striving to get information on social and economic effects that the activities of the firm have on the overall performance in financial terms. On the other hand, investors are always on the lookout for firms that disclose the environmental impact of the operations and the costs incurred in the effort to

comply with the established legal provisions. The management teams of the firm are always seeking out for better ways of enhancing the level of efficiencies and effectiveness in the operations of their firms. Thus, accountants have been tasked with a challenge of incorporating the issues of environmental performance in the financial reports. This is done so as to ensure that firms are sustainable in their operations.

4.6.4 Regression Model Summary

The regression results are detailed in subsequent sections

TABLE 4.16

Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758 ^a	.575	.547	1.09176

a. Predictors: (Constant), Economic Sustainability, Social Sustainability, Environmental Sustainability

The study undertook a regression analysis to investigate the extent to which changes in the dependent variable can be explained by changes in the independent variables. As indicated in in Table 4.17 above, the three independent variables explain only 57.5% of the financial performance of DT SACCOs. This therefore means that 42.5% is the variation of the independent variable is due to other factors which have not been covered in this study. This finding is supported by Wang, Li and Sueyoshi (2014) who revealed that environmental assessment has become a major company issue because customers are interested in protecting the environment. They are trying to prevent buying products from dirt-imaged firms that do not pay attention to environmental protection, even though their prices are much lower than those generated by green-imaged firms. A green picture in a worldwide market is therefore very essential for corporate survival. This research sees "corporate sustainability," suggesting that both financial prosperity and pollution prevention need to be taken

into account in their activities. The empirical inquiry shows that investors in a short-term concern pay more severe attention to the green picture of the company and the reality for long-term sustainability. However, corporate sustainability measurement can serve as an empirical basis in choosing which sort of technology is equipped for a particular sector.

4.6.6 Analysis of Variance of the Regression Model

The ANOVA results are shown in Table 4.18

TABLE 4.17

Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	74.051	3	24.684	20.709	.000 ^b
Residual	54.829	46	1.192		
Total	128.880	49			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Economic Sustainability Strategies, Social Sustainability Strategies, Environmental Sustainability Strategies

In the ANOVA table above, the F statistic = 2.807 while F calculated is 20.709 as illustrated in Table 4.15. Since the F calculated is greater than f statistic, it infers that the model is statistically significant. Therefore, there is strong evidence that the regression results are statistically significant and the variation in the results is insignificant and cannot result to much difference in case of a change in the study units (population). This also indicates that the model significantly predicts the outcome of the relationship between the independent and dependent variables.

4.5.7 Multiple Regression Coefficients

Table 4.19 summarizes the findings on regression coefficients

TABLE 4.18**Regression Coefficients**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	42.662	5.645		7.558	.000
Environmental Sustainability Strategies	-.793	.158	-.632	-5.033	.000
Social Sustainability Strategies	-.425	.076	-.650	-5.602	.000
Economic Sustainability Strategies	.158	.063	.268	2.516	.015

a. Dependent Variable: Financial Performance

The study conducted a regression analysis to establish the regression coefficients connecting the independent and dependent variables as illustrated by the equation illustrated below:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$$

Where:

Y represents financial performance of deposit taking SACCOs ,

X₁ represents Environmental Sustainability

X₂ represents Social Sustainability

X₃ represents Economic Sustainability

β_0 represents the Constant which defines the value of financial performance of DT SACCO's without the inclusion of predictor variables.

Using SPSS, we obtained the results in Table 4.19 including the values of the Unstandardized Coefficients (B) with all of them being statistically significant as their

p values (Sig. <0.05) were less than 0.05. The results indicate that all the predictor variables in the study had a positive relationship with financial performance of DT SACCOs .

$$Y = 42.662 - .793X_1 - .425X_2 + .158X_3$$

The value of financial performance of DT SACCOs without the influence of the predictor variables is 42.662. The results also illustrate that, a unit decrease in environmental sustainability would result to an increase in financial performance of DT SACCOs by a factor of 79.3%; while a unit decrease in social sustainability would result to an increase in financial performance of DT SACCOs by a factor of 42.5%; and a unit increase in economic sustainability would result to an increase in financial performance of DT SACCOs by a factor of 15.8%.

4.6.5 Hypothesis Testing

The study sought to test the hypothesis H_{01} that: Environmental sustainability strategies have no significant effect on financial performance of DT SACCO's in Nairobi. From the findings the p-value was 0.000 which was less than the 0.05 significant level. Therefore, based on the rule of significance, the study rejects the null hypothesis (H_{01}) and concludes that environmental sustainability has a significant effect on financial performance of DT SACCOs in Nairobi. The findings are in line with Nor, Bahari, Adnan, Kamal and Ali (2016) who demonstrated mixed outcomes between the existence and financial performance of environmental disclosure procedures in Malaysia. The public concern about climate change issues has led to the emergence of new environmental regulations. One of the components contributing to

corporate governance is environmental accounting. Sustainable growth and development could be achieved if motivated by the chance of environmental accounting.

The study also sought to test the hypothesis H₀₂ that: Social sustainability strategies have no significant effect on financial performance of DT SACCOs in Nairobi. From the findings the p-value was 0.000 which was less than the 0.05 significant levels. Therefore, based on the rule of significance, the study rejects the null hypothesis (H₀₂) and concludes that social sustainability has a significant effect on financial performance of DT SACCOs in Nairobi. Social sustainability activities, plays a key role in motivating the staff and help in enhancing their corporate image and improve the effect of their marketing and community relations. The findings agrees with Nishitani (2011) who stated that positive link was established between reduction of emission and firm performance. Similarly in line with Makni (2009) who noted that there exists a link between ability of the firm to perform and the level of social responsibility.

The study also sought to test the hypothesis H₀₃ that: Economic sustainability strategies have no significant effect on financial performance of DT SACCOs in Nairobi. From the findings, the p-value was 0.005 which was less than the 0.05 significant level. Therefore, based on the rule of significance, the study rejects the null hypothesis (H₀₃) and concludes that economic sustainability has a significant effect on financial performance of DT SACCO's in Nairobi. This finding is in line with Basiago (2015) who identified that thorough planning is essential for the firm seeking to enhance social sustainability.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a detailed summary of the major findings of the actual study; it then draws conclusions and discusses implications emanating from these findings. Finally, it makes some recommendations and suggestions on areas of further study. The main aim of this study was to the effect of corporate sustainability on financial performance of deposit taking SACCOs in Nairobi.

5.2 Summary of Findings

This chapter is a summary of the results of the analysis in line with the established study objectives.

5.2.1 Environmental Sustainability Strategies and Financial Performance

From the results, respondents agreed that most DT SACCOs had an environmental policy statement. The study is in agreement with Mair and Jago (2013) who revealed that Sacco's social has recently changed their focus to environmental sustainability. This has led to development of policies, practices and goals that are used to govern their environmental activities. Environmentally-oriented thinking is incorporated into a range of bank operations which leads to effective management of their products and services to the community.

Some of the DT SACCOs produced some form of sustainability/environmental report based on their operations ($M=3.48$, $SD=.762$).

KisMadrid, (2014) identified that some of the Sacco's publish their reports on their environmental initiatives that to encourage their competitors to do the same. This also helps in mobilizing the prospective customers on their commitment to support protect the environment.

Respondents also agreed that DT SACCOs had incorporated environmental considerations into their decision-making processes. The findings are in line with Padhora (2013) who stated that majority of the Sacco's today takes into account environmental conservation measures particularly when making crucial decision on matters that touches the organization. Respondents also agreed that DT SACCOs conducted an environmental risk exposure survey before issuing out loans According to Clarkson (2015) there is a Causal link between environmental sustainability and the ability of the firm to perform. The finding is also online with Horvathova (2012) who carried out an assessment of the environmental performance and its influence on firm financial performance where a negative link was identified. Lastly by Muhammad (2015) who carried out an analysis of the role played by environmental; performance on ability of the firms to perform in financial terms and the period of consideration for the study was from 2001 all through to 2007. A significant influence was established.

5.2.2 Social Sustainability Strategies and Financial Performance

On whether DT SACCOs had any social or community initiatives, majority of the respondents were in agreement. This finding is in line with Rodriguez-Fernandez (2016) who stated that social reporting has positive influence on ability of the firm to perform. This finding was also supported by Weber, Diaz and Schwegler (2014) who shown that there was low level of performance of the economic industry in terms of

corporate social responsibility. Respondents further agreed that DT SACCOs carried out social risk exposure surveys before extending credit. According to chönborn, Berlin, Pinzone, Hanisch, Georgoulis and Lanz (2019) who conducted a study to investigate why social sustainability counts financial success. Broadly, the study was keen to establish the link between corporate social sustainability and the ability of the firm to succeed in financial terms.

On the same note, respondents also agreed that DT SACCOs ensured that communities to be affected by projects they had financed were educated. The findings are in line with Croom, Vidal, Spetic, Marshall and McCarthy (2018) who did an assessment of social sustainability orientation and its influence operational performance of the supply chain. Information for the study was gathered from firms based in US. It was shown that social orientation has an influence on operational performance of the firm. Majority of the participants strongly agreed that DT SACCOs identified and categorized potential social risks from their client's projects. The findings agree with Thomas, Fugate, Robinson and Tasçioğlu (2016) who investigated on the impact of environmental and social sustainability practices on sourcing behavior. Results indicated that factors related to sourcing are indeed environmental and social elements of sustainability.

5.2.3 Economic Sustainability Strategies and Financial Performance

On whether DT SACCOs embraced the use of ICT in their operations, majority of the respondents strongly agreed. The finding was concurrent with Graham (2011) who did a study to bring out the quality of sustainability of large firms operating on an internal scale in the US context. The study revealed that by leveraging on a strategy

that includes the conceptual framework, an analysis of the reports was conducted on the basis of their disclosure of the strategies and performance as far as the area of corporate governance is concerned. It was shown that the reported information failed to cover the material issues of corporate sustainability in most of the reviewed reports.

On whether DT SACCOs supported research towards innovation and sustainability, majority of the respondents were in agreement. This finding is in line with Pan (2014) who noted that in as much as sustainability has no influence on the rate of growth and expansion of the firm, it may directly impact on the profitability of the firm. Overall, it was shown that sustainability significantly impacts on earning ability, the returns the firms generate from the assets and the equities. In regards to whether DT SACCOs invested in sustainable business opportunities, majority of the participants were in agreement ($M=4.32$, $SD=.767$). This finding is in line with Boons, Montalvo, Quist and Wagner (2013) who established that Sustainable development needs innovations that are radical and systemic. Such innovations can be developed and studied more efficiently when building on the business model idea. Similarly, Pietrzak and Balcerzak (2016) who noted that sustainable development is most frequently defined in the financial discussion as the need to preserve continuous human income produced from non-declining stocks of capital.

5.3 Conclusions of the Study

The study drew conclusions in respect of effect of environmental sustainability, social sustainability and economic sustainability on the financial performance of deposit taking SACCO's in Nairobi.

5.3.1 Environmental sustainability and financial performance

The findings indicated that there exists a negative and significant relationship between environmental sustainability strategies and financial performance of deposit taking SACCO's. Most SACCOs have an environmental policy statement. SACCOs have ever refused to extend credit to any client due to negative environmental impacts. SACCOs have established categories of potential environmental risks resulting from its client activities. SACCOs have incorporated environmental considerations into its decision-making processes. SACCOs require that its clients comply with environmental laws and regulations before approving credit facilities.

5.3.2 Social sustainability Strategies and financial performance

The relationship between social sustainability strategies and financial performance of deposit taking SACCO's was established to be negative and statistically significant. It was clear that majority of SACCOs have social or community initiatives. SACCOs identify and categorize potential social risks from its client's projects. SACCOs carry out social risk exposure surveys before extending credit. SACCOs ensure that communities to be affected by projects financed are educated.

5.3.3 Economic sustainability Strategies and financial performance

The study noted that there existed a positive, strong statistically significant relationship between economic sustainability strategies and financial performance of deposit taking SACCO's. Most SACCOs have invested in sustainable business opportunities. SACCOs have supported research towards innovation and

sustainability. SACCOs embrace the use of ICT in its operations. SACCOs have a well-articulated programme towards the protection of resource efficiency

5.4 Recommendations of the Study

In the light of the foregoing findings, the study recommends that;

The end users are piling pressure on firms to ensure that they offer products that are in line with values of the environment that are in place. Communication of sustainability to external parties is paramount for enhancing and increasing the generated revenues. It is important that SACCOs regularly communicate with the clients as it regards the activities so as to realize sustainability in operations. This is the best way of enhancing the level of productivity and morale of staff. These communication activities require investment in financial resources so that SACCOs improve on their performance.

In as much as the key motive for any business is to generate income and profits, it is important for firms to take initiatives for enhancing the welfare of the members of the society. Furthermore, it is important for firms to carry out operations that are in line with the norms of the environment in a way that is strategic. It is through strategic philanthropy that new markets can be created with the possibility of enhancing new relationship and interactions.

5.5 Suggestions for Further Studies

The study recommended that a replication of the above study should be carried out in another county in order to establish whether similar findings will be obtained. The

study also recommended that further research should be carried out to assess the effect of government policies on corporate sustainability of mutual funds.

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APPENDICES

Appendix I: Research Questionnaire

This questionnaire is an integral part of a study titled: “*The effect of corporate sustainability on firm performance: A case study of deposit taking SACCOs in Nairobi*” You are kindly requested to give precise and honest information. Please fill in the required information in the spaces provided by placing a tick (✓) where appropriate.

Section A: Respondents’ Background Information

1. Name of institution *

Write down the name of your organization:

.....

2. Gender *

Select the appropriate response.

- Male ()
- Female ()

3. Highest level of education (tick one) *

Indicate the level that has been completed or currently pursuing:

- Doctorate ()
- Masters ()
- Bachelors ()
- Diploma ()
- Secondary ()
- Other: ()

4. How long has your organization been in existence? *

- Less than 1 year ()
- 1-5 years ()
- 6-11 years ()

- 12 years and over ()
- 5. What are your main functional roles? *
 - Top management (reports to CEO) ()
 - Head of Business Unit ()
 - Middle Management ()
 - Other ()
- 6. How many years have you worked in the SACCO? *
 - Less than 1 year ()
 - 1-5 years ()
 - 6-11 years ()
 - 12 years and over ()
- 7. How long have you been working in the Cooperative/SACCO Sector?
 - Less than 1 year ()
 - 1-5 years ()
 - 6-11 years ()
 - 12 years and over ()

In the following sections the responses should be on a 5-point Likert scale where:

1= Strongly Disagree;

2 = Disagree;

3 = Indifferent;

4 = Agree; and

5 = Strongly Agree.

Section B: ENVIRONMENTAL SUSTAINABILITY STRATEGIES

	1	2	3	4	5
The Sacco has an environmental policy statement					
The SACCOs produces some form of sustainability/environmental report based on its operations					
The SACCO has incorporated environmental considerations into its decision-making processes					
The SACCO has established categories of potential environmental risks resulting from its client activities					
The SACCO conducts an environmental risk exposure survey before issuing out loans					
The SACCO requires that its clients comply with environmental laws and regulations before approving credit facilities					
The SACCO has ever refused to extend credit to any client due to negative environmental impacts					

Section C: Social Sustainability Strategies

	1	2	3	4	5
The SACCO trains its staff on sustainable operations					
The SACCO has social or community initiatives					
The SACCOs carries out social risk exposure surveys before extending credit					
The SACCO ensures that communities to be affected by projects financed are educated					
The SACCO identifies and categorizes potential social risks from its client's projects					

Section D: ECONOMIC SUSTAINABILITY Strategies

	1	2	3	4	5
The SACCO has a well articulated programme towards the protection of resource efficiency					
The SACCO embraces the use of ICT in its operations					
The SACCO has supported research towards innovation and sustainability					
The SACCO has invested in sustainable business opportunities					

Section D: FINANCIAL PERFORMANCE

	1	2	3	4	5
The SACCO has experienced a gradual increase in profits					
The SACCO has experienced growth in its client base					
The SACCO has opened new branches					
The SACCO has realized high returns on investments and equity					