CORPORATE SOCIAL RESPONSIBILITY AND PERFORMANCE OF DEPOSIT TAKING SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN MERU COUNTY, KENYA

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ABSTRACT

Based on their ROE, the majority of DT-Saccos in Kenya had inconsistent financial performance from 2017 to 2021. The ROE was 8.34% in 2017 and 9.40% in 2018, according to the trend, but it progressively decreased to 9.11% in 2019 and 8.26% in 2020. Consequently, the majority of DT Saccos are currently losing their relevance in the market and may eventually face closure. The aim of the research was to explore the effect of corporate social responsibility (CSR) on the organisational performance of the deposit-taking (DT) Saccos in Meru County, Kenya. The study objectives were to determine the effect of environmental CSR, legal CSR, philanthropic CSR, and economic CSR on the performance of DT-Saccos in Meru County, Kenya. The study used a descriptive research approach and be based on institutional theory and stakeholder theory. The 18 DT Saccos in Meru County made up the target population and various employees were chosen from these Saccos using stratified random sampling. Semi-structured questionnaires that participants self-administer was used to gather primary data. To explore the reliability of the research instruments, the Cronbach's Alpha test was applied, using a threshold of 0.70. A pilot study involving 10 respondents was conducted to evaluate both the construct and content validity of the instruments. To strengthen content validity, a double-checking approach was adopted. The data collected were analysed using both descriptive and inferential statistical methods. Descriptive statistics included mean, frequencies, percentages, and standard deviations, while inferential analysis employed a regression model to examine the relationship between the study variables. The findings indicated a strong correlation between the dimensions of Corporate Social Responsibility (CSR) and the performance of DT-SACCOs, with an R-value of 0.812. This suggests that the independent variables collectively account for a significant portion of the variation in SACCO performance. The R Square value of 0.659 shows that approximately 65.9% of the performance variability in DT-SACCOs can be explained by the combined influence of environmental, legal, philanthropic, and economic CSR dimensions. Furthermore, the p-value of 0.003 confirms a statistically significant positive relationship between CSR practices and DT-SACCO performance. Based on these results, the study concludes that environmental, legal, philanthropic, and economic aspects of CSR significantly influence the performance of DT-SACCOs in Meru County, Kenya. The research recommended that managers of DT-SACCOs should integrate environmental CSR initiatives into their business operations to enhance sustainability and reputation. Implementing green financing options, reducing carbon footprints, and adopting responsible waste management practices could significantly improve stakeholder trust and customer loyalty. Sacco Societies Regulatory Authority (SASRA) should implement stricter monitoring mechanisms and provide training programs to help SACCOs understand and adhere to legal requirements.

Keywords: Corporate Social Responsibility, Environmental CSR, Legal CSR, Philanthropic CSR, Economic CSR, DT Saccos, Organizational Performance

INTRODUCTION

Performance determines whether an organization succeeds or fails. Companies must reduce costs, improve quality, and differentiate their products to compete effectively. Businesses constantly adapt by adjusting strategies to match changing environments. Employees and departments collaborate to achieve goals measured both qualitatively and quantitatively. Organizational effectiveness depends on relevance, efficiency, and financial stability (Memia, 2018). A company's success is also judged by how well it meets its strategies, goals, and vision. Financial viability refers to a business's ability to remain stable in both the short and long term.

Businesses must consider environmental and social issues alongside economic growth. Companies engaged in CSR aim to minimize negative impacts while maximizing positive ones (Fagerstrøm, Stratton & Foxall, 2015). How well a business uses resources to accomplish its goals is reflected in its organisational performance. It is linked to productivity factors such as market share, customers, profit, and inventory turnover (Obwogi, 2013). Short-term philanthropy is no longer enough; companies now focus on long-term CSR strategies. CSR enhances a company's reputation by influencing stakeholder perceptions (Maden, Arıkan, Telci, & Kantur, 2015). Stakeholder theory states that business leaders are accountable to more than just shareholders. Other stakeholders include employees, lenders, the public, suppliers, and trade unions (Muchiri, 2019).

According to Rahim (2013), corporate social responsibility is synonymous with corporate citizenship, corporate sustainability, corporate governance, and corporate accountability. The divergent interpretations, he notes, may stem from the ongoing modifications in the ways in which various organisations participate in the activity as well as its increasing popularity among companies as a consequence of the desire to enhance the well-being of everyone associated with the commercial venture. Nevertheless, regardless of differing viewpoints, CSR components are often associated with economic and commercial responsiveness to the demands of diverse linked stakeholders, including stockholders, clients, employees, and suppliers, among others, as well as social welfare and environmental protection. Accordingly, CSR, or corporate social responsibility, encompasses a range of organizational techniques that businesses implement to conduct business ethically and benefit the localities where they conduct business (Muchiri et al., 2019).

The business sector has certain social obligations to society, as seen from a global perspective. Companies use CSR as a tactic to get a competitive edge Newman et al. (2016) and Ching et al. (2015). It involves managing multiple stakeholder relationships simultaneously, minimizing the risk of adverse legislative, regulatory, or budgetary actions, and attracting investors and customers who prioritize social responsibility (Freeman et al., 2010). By nurturing stronger relationships with clients, engaging employees and other stakeholders improves and maintains a business's ability to make money (Harrison & Wicks, 2013). The traditional viewpoint of business as an actor of society has drastically changed, giving way to a more moral perspective that considers the larger effects of business on society (Safwat, 2015). Manyasi & Masinde

(2014) claim that as different stakeholder groups frequently put pressure on organisations to allocate funds to CSR initiatives, this is a crucial business strategy.

Ernst and Young (2018) suggested that the increasing focus on CSR is driven by five key factors: increased demands from investors and stakeholders demands, A stronger sense of civic obligation and peer pressure. These factors have contributed to a greater awareness among stakeholders regarding the ethical, social, and environmental conduct of corporations (Vassileva, 2009). The EU contends that because CSR enables businesses to adapt to significant shifts in the broader business environment, it is becoming more widely acknowledged by businesses as a crucial component of new and developing forms of governance. Lower production costs and the ability to differentiate products through price discrimination strategies, and encouraging innovation in management procedures and technology breakthroughs, corporate social responsibility (CSR) has been demonstrated to improve company profits and overall effectiveness (Crifo & Forget, 2015). Additionally, in competitive environments where organizations strive to attract socially responsible consumers, market competition can further stimulate CSR initiatives, thereby enhancing overall industry efficiency. Consequently, CSR offers a competitive advantage to organizations.

In Kenya CSR is perceived as an obligatory yet optional duty. In other words, organizations are driven to uphold legal, social, economic, and environmental rights. into consideration by a long-term commitment to sustainable results (Kimani, 2019). Organisations and the general public view corporate social responsibility (CSR) as either a boon or a bane, or as a "necessary evil," despite its importance. In difficult and chaotic times, these viewpoints are even more important since, although pursuing Since CSR is regarded as crucial to sustainability, conflicting demands are unlikely to be prioritized.

According to Maina (2018), Kenya's SACCO subsector is regarded as one of the greatest in the world. Unions that offer credit, which make up 45% of Kenya's GDP, were named the fastest-growing industry in the world by the WOCCU in July 2013. The SASRA reports that the subsector has been growing at a pace of 30% per year. According to SASRA, there are thirteen (13) active deposit-taking SACCOs operating in Meru County. Some The SACCOs have been involved in CSR activities ranging from free community water projects to free medical camps (WOCC, 2013).

Statement of the problem

To fulfil Vision 2030, Kenyans must be able to access credit at reasonable interest rates, and deposit-taking SACCOs are essential to this process. To satisfy their members' current and future financial needs, deposit-taking SACCOs need to perform better. Several obstacles prevent DT-SACCOS s from achieving their maximum organisational performance potential. According to Wawire (2022), performance is a subjective evaluation of a DT-SACCOS 's ability to generate revenue by using resources from its primary function. Based on their return on equity (ROE), DT Saccos in Meru County performed inconsistently from 2017 to 2021 (Fundi & Wamugo, 2023). The trend indicates that the ROE was 9.40% in 2018 and 8.34% in 2017, but it decreased progressively to 9.11% in 2019 and 8.26% in 2020 (SASRA, 2021).

Consequently, a section of DT Saccos are currently losing their relevance in the market and may eventually face closure. Due to subpar performance, the licenses of four DT Saccos; Comoco Sacco Society Limited, Nanyuki Equator Sacco, Uchongaji Sacco, and Nyamira Tea Sacco were withdrawn in 2021, excluding them from further operations (SASRA, 2021).

Numerous research endeavours examining the variables impacting SACCO performance have been executed within Kenya. For instance, Njoroge (2013) examined the factors influencing marketing strategies that affect dairy cooperative societies' success in Meru County, Kenya, whereas Munyole (2015) investigated how marketing channel techniques affected dairy cooperative societies' performance in the Kenyan Highlands. In contrast, Kobia (2011) conducted research on the variables affecting the dairy industry's success in Kenya's Meru Central District, using the Katheri Dairy Co-operative Society as a case study. These research produced conflicting findings; some suggested a connection between different marketing approaches and Sacco performance, while other findings were incongruous.

According to the current research evaluation, there is a dearth of literature examines the connection between DT-SACCOs' organizational effectiveness in Kenya and CSR. Despite the abundance of literature describing the elements that contribute to SACCO success, there is a glaring dearth of empirical research on the connection between CSR and financial sector performance. This research aimed to bridge this gap by examining how CSR affects SACCO performance in Meru County, Kenya.

Objective of the Study

i. To explore the influence of environment CSR on performance of DT-Saccos in Meru County, Kenya.
ii. To establish the influence of legal CSR on performance of DT-Saccos in Meru County, Kenya.
iii. To determine the influence of philanthropic CSR on performance of DT-Saccos in Meru County, Kenya.
iv. To establish the influence of economic CSR on performance of DT-Saccos in Meru County, Kenya.

Significance of the Study

The study's findings will serve as a guide for effectively implementing organizational improvements as well as a model for similar or related studies in other sectors. Other researchers will also profit from the effort. Other industries may conduct this kind of study to benefit the economy as a whole. As they provide new business prospects that enhance customer experience, shareholder value, operational and cost savings, and corporate governance, these new business opportunities will be crucial for executives attempting to stay competitive in this uncertain market.

LITERATURE REVIEW

Theoretical Literature Review

The research was guided by Resource-Based View (RBV), Stakeholder Theory and Agency Theory.

Stakeholder Theory

According to the Stakeholder Theory, a company's shareholders are only one of many stakeholders. Anyone who is interested in, involved with, or impacted by the business, including staff members, local environmentalists, vendors, government organisations, and others, is considered a part of the stakeholder ecosystem, according to this notion. Freeman's theory states that a true measure of a company's success is its ability to satisfy all stakeholders, not just those who stand to gain financially from stock earnings.

Stakeholder theory is the main tool used in research examining the direct correlation between CSR and organisational reputation. According to this view, companies have an obligation to ensure stakeholder satisfaction in addition to making a profit for their shareholders. Stakeholder theory acknowledges that organisations have responsibilities to a variety of parties, such as customers, vendors, staff members, and the community, and it encourages harmony among their interests. Treating all stakeholders properly can help organizations perform better and be more competitive in the market (Muchiri, 2019).

Stakeholder theory states that managers ought to put all stakeholders' interests first. rather than solely focusing on maximizing shareholder wealth. Stakeholders, being individuals with a vested interest in the company, can negatively impact its reputation and performance if their needs are not addressed. Thus, practicing CSR can foster greater engagement from shareholders and positively influence both organizational performance and reputation.

Despite its importance, stakeholder theory has a notable limitation: It makes the supposition that all parties involved ought to be treated equally, which may be in odds with companies' profit-driven goals. Nevertheless, a significant advantage of this theory is its assertion that companies should go beyond legal obligations to achieve long-term sustainability and success (Tilakasiri, 2012).

Stakeholder theory suggests that businesses must balance the diverse interests of their stakeholders to ensure a certain level of satisfaction for each group. It offers an ethical perspective on business management, emphasizing the importance of morals and values in managing enterprises. For example, businesses have responsibilities to customers to provide fair pricing, quality service, and product safety. They owe investors risk management and strong returns, while ensuring equity and openness in negotiations with suppliers over contracts and prices. Given that this study aims to explore the influence of various CSR principles on organizational reputation, stakeholder theory will serve as a valuable framework for exploring the association between these two variables.

Agency Cost Theory

The tension between managers, who serve as the shareholders' agents, and shareholders is addressed by the thesis put forward by Jensen and Meckling (1976). According to agency theory, this association is a contract wherein one or more principals employ an agent to provide a service on their behalf, hence granting the agent some degree of decision-making authority. Agents are typically averse to both risk and effort, whereas principals are typically risk averse. Although this may not always be the case, both parties are usually driven by their own self-interests (Agustina & Baroroh, 2016).

Corporate governance, particularly the characteristics of the board, is essential to risk management and maintaining the company's operational stability. Agents should be compensated for their efforts in providing this future certainty. Agency cost theory examines the connection between the principle, the project's principal owner, and the agent tasked with carrying out activities on their behalf (Hakenberg, 2007). However, this relationship is fraught with challenges, such as the difficulty for principals to monitor the activities of agents and the potential for conflicting objectives. When principals attempt to oversee agents to maximize their individual gains, conflicts of interest may arise. Additionally, the two parties often have differing perspectives on risk.

Agency cost theory primarily emphasizes matching the principal's interests with the agent's activities, which makes it especially relevant to this research. An "agency dilemma" occurs not only due to the self-interest of the parties involved but also due to information asymmetries that are advantageous to the agent. Agency theory provides a theoretical foundation for the need to implement corporate governance processes as a monitoring mechanism to minimize conflicts between principals and agents while maximizing profits. It posits that effective managerial control allows managers to enhance firm performance and corporate profitability through autonomous decision-making, rather than relying solely on essential control mechanisms typical of agency model.

Resource Based View Theory

The RBV theory states, which was first put forth by Wernerfelt in 1984, a business must use the ideal mix of superior assets and skills to maintain a competitive edge over its competitors and accomplish sustained market success (Strickland et al., 2012). Execute tasks on their behalf (Hakenberg, 2007). However, this relationship is fraught with challenges, such as the difficulty for principals to monitor the activities of agents and the potential for conflicting objectives. When principals attempt to oversee agents to maximize their individual gains, conflicts of interest may arise. Additionally, the two parties often have differing perspectives on risk. Specifically, the RBV highlights the significance Considering a company's accessible and controllable resources and competencies as essential sources of competitive advantage (Barney, 1991; Kor and Mahoney, 2004).

For resources and capabilities to effectively support sustained competitiveness, they must be unique, valuable, and difficult for competitors to replicate (Barney, 1991). The Resource-Based View (RBV) theory posits that when resources and capabilities are unevenly distributed among firms, and these disparities endure over time, they can lead to competitive advantages (Barney, 1991). Consequently, the RBV encourages organizations, including banks, to concentrate on leveraging the resources that offer the most sustainable competitive advantage.

Empirical Literature Review

Gichumu and Njuguna (2017) investigated the connection between strategic positioning and financial performance in Kenyan commercial banks. The research utilized a descriptive study approach. Data was gathered from the target population, which included multiple commercial banks, by means of standardized questionnaires that were given to financial officers and bank managers. The results showed a strong positive relationship between financial performance and strategic positioning, suggesting that banks that implemented successful positioning strategies increased their market share, profitability, and customer trust. These findings imply that the strategic choices made by organizations, including those related to CSR, greatly influence their overall performance. This offers relevant insights for SACCOs attempting to integrate CSR into their strategic frameworks to enhance organizational outcomes.

Mwilu and Njuguna (2020) conducted a descriptive research design focused on selected SACCOs within Nairobi City County. The target population included various SACCOs, with data gathered through survey questionnaires distributed to key officials. The study's findings illustrated that effective corporate growth strategies, including those associated with CSR practices, positively correlated with the performance metrics of SACCOs. It was found that SACCOs engaging in CSR not only saw improved monetary performance but also heightened member satisfaction and loyalty. This study is particularly relevant to understanding how CSR initiatives drive performance improvements in the SACCO sector, highlighting the necessity for strategic alignment between CSR activities and organizational goals.

Wanjiru, Yegon, Muyera, and Zablon (2015) conducted a study on the Kenya's CSR laws, regulations, and procedures, aiming to enhance the image of libraries. This research highlighted the significance of government legal provisions for CSR and how these provisions strategically position organizations, including libraries. A comprehensive literature review was performed, revealing that CSR offers clear advantages concerning strategic management. Nevertheless, many organizations CSR is a one-time event in poor nations like Kenya because to insufficient legal requirements. This research relied solely on secondary data and excluded the gathering of source data. The planned study incorporated primary and secondary sources of information, utilizing questionnaires to gather primary data from betting companies in Kenya.

Njuguna, Makau, and Kerre (2014) investigated how consumer choice and brand equity in respect to branded bottled water are moderated by the industrial setting. Customers from Nairobi's several supermarkets were part of the target demographic. Questionnaires were used to gather data, which were then statistically examined. The findings suggested that the industrial context significantly influenced consumer choices, thereby highlighting the complexities involved in brand perception. For SACCOs, this research highlights the necessity of constructing a strong brand image through CSR efforts, as this could significantly impact member loyalty and organizational performance.

Mwencha and Njuguna (2023) examined brand activism and its influence on organizational reputation in the context of the Black Lives Matter movement. The target population involved brands actively engaging in social justice issues. Data were gathered through interviews with brand representatives and activists. The study found that brands engaging in activism established stronger reputations and deeper connections with their audience, which in turn enhanced brand loyalty. For SACCOs, this research emphasizes the potential of CSR initiatives to not only enhance their organizational image but also to build robust association with members, thereby contributing to improved performance.

Conceptual Framework

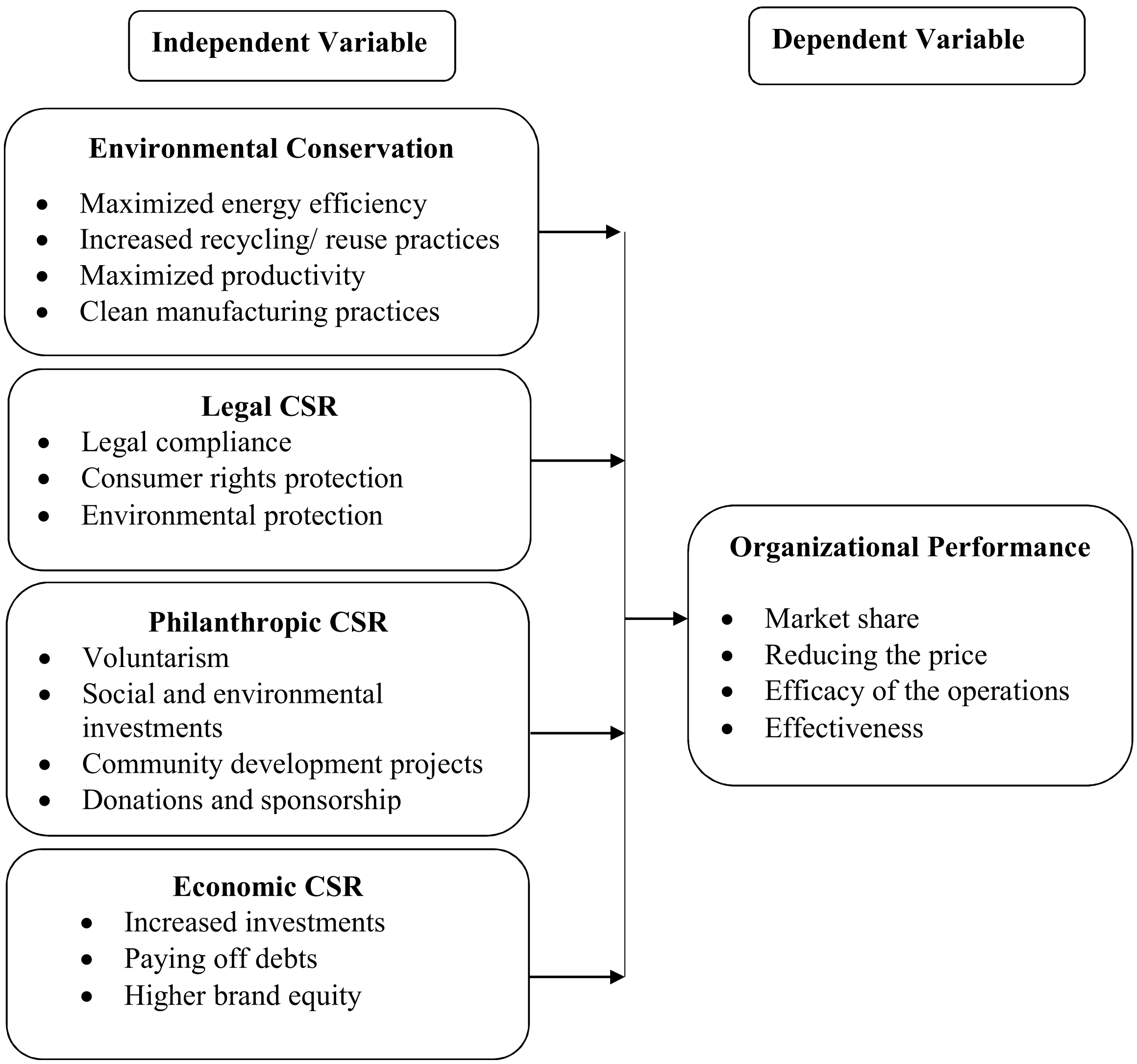

Figure 2.1 Conceptual Framework

Source: Author, 2024

RESEARCH METHODOLOGY

Research Design

This study employed a descriptive research design, facilitating quick, efficient, and reliable data collection via questionnaires given to a sample of people chosen at random (Onjure, 2018).

Target Population

Craven and Davis (2016) noted that target population is the whole group of people the researcher plans to examine and evaluate. In this research, the registered DT-SACCOs in Meru County, Kenya, served as the main analytical unit. Each SACCO's employees from different functional departments made up the unit of observation. All 18 DT-SACCOS that operate in Meru County were included in the study's population.

Sampling Design and Procedure

Because the study population is quite small, a census survey was carried out for all Saccos in Meru County. As noted by Saunders (2007), a census involves collecting and analyzing data from each and every potential case or population member. Considerations such as the feasibility and costs associated with conducting a census, the representativeness of the sample, and the nature of the survey and population were taken into account when opting for a census as the sampling design. In this research, the sampling frame consists of employees working in Saccos located in Meru County. Employees from various functional departments inside each DT-SACCOs make up the unit of observation, while the DT-Saccos themselves serve as the unit of analysis.

According to Kothari (2004), if a study population has more than 100, it is advisable to use sampling techniques. Given that this study involves a large population of 162 individuals, samples were drawn from various departments. To achieve this, following scientific guidelines, the study used a stratified random sample technique. This approach aimed to guarantee sufficient representation of everyone employee classes as well as to minimize the likelihood of respondent prejudice. This sampling approach ensured fair representation from all relevant departments, as demonstrated in Table 1.

Table 1: Distribution of Sample Size

Category	**Number of Staff Targeted**	**Number of Saccos**	**Population**
Marketing Department	2	18	36
Accounts Department	3	18	54
Credit Department	2	18	36
Management Department	1	18	18
Customer care Department	1	18	18
Total			**162**

Source: Researcher, (2024)

Data Sources and Collection Instruments

The literature review and the theories underlying the study factors informed the construction of the questionnaire, which aligned with the objectives and inquiries of the research. Researchers frequently used semi-structured forms to collect fresh and exploratory data about the study topic, to cross-check data from other sources, or to validate findings through member verification, as noted by DeJonckheere and Vaughn (2019). This approach worked especially well for gathering qualitative, open-ended data, delving deeply into sensitive subjects, and examining participants' thoughts, emotions, and opinions regarding specific topics. The entire group of persons the researcher intends to look at and assess is the target population, claim Craven and Davis (2016). While open-ended questions gave the researcher qualitative insights, closed-ended questions made it easier to gather quantitative data.

Validity and Reliability of Research Instrument

Validity

As stated by Leung (2015), the components of validity include the following: the methodology's appropriateness in responding to the research question; the research design's suitability; the effectiveness of the data analysis and sampling methods; the results and conclusions relevance to the sample and context; and the degree to which the anticipated outcome is accurately reflected in the research question. To assess this, a pilot study involving 15 participants from the target population was conducted. Following Mugenda and Mugenda's (2003) guidelines, the pilot study gathered feedback from professionals and subject-matter experts to evaluate the questionnaire's face and content validity. Confirmatory factor analysis (CFA) was used to evaluate the instrument's construct validity. CFA aimed to quantify the variation in observed and related variables through a smaller number of factors, or unobserved/latent variables.

Reliability

Cronbach's Alpha was utilized to explore the research tool's internal consistency. This reliability coefficient indicated the strength of the correlation among the variables (Sekaran, 2003). A reliability level of 0.70 was generally considered adequate for construct assessments or predictor testing (Ehlers, 2000). For advanced practice, a standard of 0.90 was recommended, while a minimum of 0.70 was deemed suitable for exploratory studies. In this research, the reliability of the tools was expressed as 0.70, reflecting acceptable intrinsic coherence.

Data Analysis and Presentation

Data collected from the surveys was coded and entered into Microsoft Excel to create an electronic dataset. After checking for completeness and cleaning the data, the dataset was exported to Stata for further analysis. Descriptive analysis was then used to assess the current state of CSR and performance among deposit-taking SACCOs. Mean and standard deviation were used to measure central tendency and variability. The results were presented in frequency tables summarizing the key research constructs.

To explore the relationship between CSR and SACCO performance, both inferential and multivariate analyses were conducted. A regression model was applied to develop an equation showing the link between the independent and dependent variables. This helped determine the nature and strength of the relationship. As such, the study used multiple linear regression analysis.

$Y = B0 + B1X1 + B2X2 + B3X3 + B4X4 + e$ Therefore,

Y = Performance of DT-SACCOs

X_1 = Environmental conservation,

X_2= Legal CSR,

X_3 =Philanthropic CSR,

X_4 =Economic

e= Margin error,

β_0 = represents the constant

$\beta_{1,2,3,4}$ are regression coefficients

RESEARCH FINDINGS AND DISCUSSIONS

Inferential Statistics

Model Summary

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.812	0.659	0.645	0.116

a. Predictors: (Constant), Environmental CSR, Legal CSR, Philanthropic CSR and Economic CSR

b. Dependent Variable: Performance of DT-SACCOs

Source: Field Data (2025)

As indicated in Table 2, the outcomes reveal a solid association the CSR parameters and the performance of DT-SACCOs, evidenced by an R-value of 0.812. This strong correlation suggests that a significant proportion of the variation in SACCO performance can be attributed to the collective effect of the independent variables. Specifically, the R Square value of 0.659 indicates that approximately 65.9% of the variability in DT-SACCO performance is explained by the collective impact of Environmental, Legal, Philanthropic, and Economic dimensions of Corporate Social Responsibility. This is a substantial figure, indicating that CSR activities are closely related to how well these DT-SACCOs perform economically. As noted by Olayanju, Akinpelu and Adetunji (2020), when businesses creatively align their CSR strategies with their operational goals, they are likely to see enhanced organizational performance. This finding strongly supports the notion that engaging in CSR not only fulfills ethical responsibilities but also translate into improved financial outcomes for SACCOs.

ANOVA

An ANOVA was performed at a 95% significance level, with the results for the calculated F value and the critical F value displayed in Table 3.

Table 3: Outcomes of ANOVA

Model	SS	df	MS	F	Significance
Regression	31.89	4	.203	11.9	0.003[a]
Residual	59.23	128	1.213		
Total	91.12	132			

a. Predictors: (Constant), Environmental CSR, Legal CSR, Philanthropic CSR and Economic CSR

b. Dependent Variable: Performance of DT-SACCOs

Source: Field Data (2025)

The outcomes shown in Table 3 reveal that the regression sum of squares (31.89) and the residual sum of squares (59.23) are separated from the total sum of squares (SS) value of 91.12. Whereas the residual sum of squares shows the variation that cannot be explained, the regression sum of squares shows the variation that the independent variables in the model can account for. The model's percentage of variation explained in relation to the overall variance sheds light on how well CSR initiatives affect organisational performance.

The regression mean square (MS), 0.203, is a crucial statistic in the ANOVA table. At $p = 0.003$, the calculated F-value of 11.9 is significant, indicating that the independent factors taken together significantly affect the dependent variable. The significance value of 0.003 is well below the conventional threshold of 0.05, indicating strong evidence against the null hypothesis and confirming that CSR initiatives significantly impact the performance of DT-SACCOs.

Regression Coefficients

To explore the individual influence of the independent on the dependent factors, the researcher performed a regression analysis. The outcomes are exhibited in Table 4.

Table 4.1 Regression Coefficients

Multiple Regression Analysis Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
(Constant)	0.584	0.232		1.215	.003
Environmental CSR	0.324	0.0123	0.128	1.201	.002
Legal CSR	0.311	0.0128	0.131	1.198	.004
Philanthropic CSR	0.295	0.0115	0.133	1.187	.003
Economic CSR	0.325	0.0117	0.135	1.179	.005

Source: Field Data (2025)

In order to ascertain the correlation between corporate social responsibility and performance of DT-SACCOs, the researcher employed a multiple regression analysis.
$Y = B0 + B1X1 + B2X2 + B3X3 + B4X4 + e$ Therefore, becomes
$Y = 0.584 + 0.324X_1 + 0.311X_2 + 0.295X_3 + 0.325X_4$
Where Y = Performance of DT-SACCOs
X_1 = Environmental CSR
X_2 = Legal CSR
X_3 = Philanthropic CSR
X_4 = Economic CSR

Table 4 provides a detailed summary of the regression coefficients from the multiple regression analysis. This analysis investigates the effect of CSR on the performance of DT-SACCOs in Meru County, Kenya. The regression model's constant term is 0.584, with a significance level of 0.003. This indicates that the baseline performance of DT-SACCOs is significantly higher than zero when all CSR factors are held constant. This suggests that even in the absence of CSR initiatives, the DT-SACCOs have a foundational level of performance, which are attributed to other operational factors or inherent organizational strengths.

Environmental CSR exhibited a positive effect on SACCO performance, with an unstandardized coefficient (β) of 0.324 and a standardized coefficient (Beta) of 0.128. The corresponding t-value of 1.201 and significance level of 0.002 indicate a statistically significant relationship. These findings resonate with Muthuri (2022), which highlights that environmental sustainability initiatives, such as responsible waste management and green financing, bolster organizational reputation and stakeholder trust, thereby enhancing financial performance.

Legal CSR had an unstandardized coefficient of 0.311, a standardized Beta of 0.131, a t-value of 1.198, and a significance level of 0.004. This implies a significant and positive impact on SACCO performance. The importance of legal compliance in fostering trust, transparency, and risk mitigation has been emphasized by Okeyo and Gachoka (2023). Ensuring compliance with regulatory requirements strengthens the credibility of SACCOs and enhances operational efficiency, leading to better financial outcomes.

The regression results show that philanthropic CSR has an unstandardized coefficient of 0.295, a standardized Beta of 0.133, a t-value of 1.187, and a significance level of 0.003. Philanthropic initiatives enhanced community engagement and customer loyalty, which are critical for sustaining operations within SACCOs. The findings are supported by Kiiru (2023) who emphasized that engaging in community-oriented initiatives, such as scholarships, charitable donations, and community empowerment programs, fosters goodwill, brand loyalty, and social capital, ultimately translating into improved financial performance.

Economic CSR recorded the highest impact on SACCO performance, with an unstandardized coefficient of 0.325, a standardized Beta of 0.135, a t-value of 1.179, and a significance level of 0.005. This corroborates findings by Porter & Kramer (2019) and Mwangi & Kariuki (2024), which suggest that responsible economic practices such as fair pricing, job creation, and ethical financial management enhancing institutional sustainability and long-term profitability.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The study concluded that environmental CSR has a positive influence on SACCO performance. Initiatives such as sustainable waste management, green financing, and energy-efficient operations enhance the reputation of SACCOs, leading to increased stakeholder trust and customer loyalty. These factors ultimately contribute to better financial performance, reinforcing the importance of integrating environmentally friendly practices in business operations.

Legal CSR was found to be a crucial determinant of SACCO performance. Compliance with legal and regulatory requirements fosters transparency, accountability, and trust, which are essential for organizational sustainability. Adhering to legal obligations ensures that SACCOs maintain credibility among members and stakeholders, ultimately enhancing their operational efficiency and financial performance.

Philanthropic CSR demonstrated a significant positive impact on SACCO performance. Community-focused initiatives, such as scholarships, charitable contributions, and empowerment programs, contribute to improved social goodwill and brand loyalty. Engaging in philanthropy strengthens relationships with the community, creating a favourable environment for business growth and increased customer retention.

Economic CSR emerged as the most influential factor in determining SACCO performance. Responsible economic practices, including fair pricing, ethical financial management, and job creation, contribute to institutional sustainability and long-term profitability. Prioritizing economic CSR strategies enhances customer confidence and ensures financial stability, leading to overall improved performance.

Recommendation

i. The managers of DT-SACCOs should not only focus on integrating environmental CSR initiatives but also engage in conducting comprehensive environmental audits. These audits will help identify the current environmental impact of their operations and outline specific areas for improvement.
ii. Policymakers should take practical steps to create a supportive framework for SACCOs to adopt ethical business practices. They should develop clear guidelines that include specific incentives, such as tax reductions or credits for SACCOs that engage in transparent practices and demonstrate a commitment to environmental stewardship.
iii. The Sacco Societies Regulatory Authority (SASRA) should focus on enhancing its support mechanisms to ensure SACCOs meet legal requirements and ethical standards. This may include implementing stricter monitoring mechanisms, as well as developing training programs that cover compliance topics, ethical lending practices, and environmental responsibilities.

iv. Lastly, the Government of Kenya should actively support environmental sustainability initiatives by introducing tangible financial incentives for SACCOs that adopt environmentally friendly practices. This can be achieved through the establishment of grants and low-interest loan programs specifically for SACCOs that invest in renewable energy solutions or conservation projects.

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