Original Article

Effect of Corporate Social Responsibility on Financial Performance of Star-Rated Hotels in Uasin Gishu County, Kenya

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ABSTRACT

Despite the hotel industry playing a vital role in supporting the economy, it has like other business enterprises faced internal and external forces that threatened its competitiveness and sustainability. The purpose of this study was to establish the effect of corporate social responsibility on the financial performance of star-rated hotels in Uasin Gishu County, Kenya. The primary research question that guided the study was: What impact does corporate social responsibility have on the financial performance of star-rated hotels in Uasin Gishu County? The Freeman Stakeholder Theory served as the study's main framework. The study applied a descriptive survey design. The study's population of interest comprised 116 respondents who work for star-rated hotels in Uasin Gishu County. The sample size formula for this study was based on Yamane's formula, where a sample size of 89 respondents was selected by use of stratified random sampling techniques. The primary techniques for gathering data for the study were a questionnaire and document analysis. To determine the reliability of each questionnaire segment, the researcher employed Cronbach's alpha coefficient and expert judgment to test the content validity of each section. The data gathered was analysed using descriptive methods. The study findings indicated that corporate social responsibility had a strong influence on the financial performance of star-rated hotels in Uasin Gishu County, as the respondents agreed that CSR impacted hotel financial performance. Environmental improvement had the highest score of influence. As a result, the study recommends that hotels engage in more corporate social responsibility activities than they currently do, as this has been determined to result in a positive strategic positioning that is long-lasting. This study brings to the awareness that strategic reconfiguration and alignment of corporate social responsibility practices to organisation policies are key and thus are recommended in enhancing brand awareness.

APA CITATION

INTRODUCTION

The modern era of CSR, or social responsibility as it was often called, is most appropriately marked by the publication by Howard R. Bowen of his landmark book Social Responsibilities of the Businessman in 1953(Carroll, 2016). Corporate performance has numerous meanings and measurements. An organisation's performance is its production minus its projected results. Financial performance measured by financial or nonfinancial indicators—determines an organisation's success. Financial performance includes goals and deadlines. (Gibson et al., 2010).

Star-rated hotels in Africa have 99,000 rooms, and customer demand for quality hotel accommodations has increased. More hotel rooms are being built across the continent. Kenyan hotel business trends revealed a decline in bed-night occupancy, which Nzuve and Nyaega (2011) noted has continued. Management's strategic activities, including CSR, should aim to create a lasting competitive advantage. Corporate social responsibility seeks stakeholder and business success (Batool, Butt, & Niazi, 2016).

European Union and European governments supported CSR. European Union (EU) authority, the European Commission, encouraged CSR by discretionary and mandatory acts. Sustainability and due diligence standards were achieved by small and medium-sized enterprises with German government backing. Hotel CSR enhanced Asian financial performance (Zameer & Maqbool 2018).

To gain a competitive advantage, Nkundabanyanga and Okwee (2011) proposed that Ugandan firms strengthen management discretion in contracting and develop skills, learning, and efficiency. Egyptian nonfinancial enterprises' CSR and financial success were connected, particularly when using financial performance measures. Competitive position, sales growth, ROA, ROS, and ROE are crucial (Basuony et al., 2014)

Kenya's corporate social responsibility idea was Young East African Breweries Limited, Safaricom, Kenya Airways, Toyota Kenya, Equity Bank, UAP Insurance, Kenya Commercial Bank, and others that sponsor most Kenyan CSR projects. Kenya's hotels boosted all other sectors. The Tourism Regulatory Authority lists 183 star-rated hotels in Kenya (Tourism Regulatory Board, 2019). To attract all social classes, hotels were built in high- and low-class districts (Njagi, 2017). Star hotels are regarded to run professionally and follow a set of requirements.

Statement of the Problem

While the hospitality sector is essential to the economy, it, too, has faced threats to its continued success from both within and beyond. Technology, labour competitiveness, security, the environment, the law, globalisation, society, and politics are all identified as the primary sources of these issues. This results in poor financial

performance for the hotels, job losses, and a financial crisis for both the individuals and the government Platonova et al. (2018). Shikuri & Chepkwony (2013) found that there were gaps in strategic planning, personnel knowledge and abilities, and client happiness. From these gaps, it is crucial to learn more about the variables that affect corporate social responsibility, especially in hotels with various features, as well as how the organisation of these hotels' CSR initiatives varies from one another. Therefore, it was imperative to investigate the impact of CSR initiatives on the monetary results of star-rated hotels in Kenya's Uasin Gishu County. To achieve this objective, the following research question was sought.

Does corporate social responsibility affect the financial performance of star-rated hotels in Uasin Gishu County?

LITERATURE REVIEW

Theoretical Review

This study was anchored on the stakeholders' theory.

Stakeholder Theory

Stakeholder Theory by Freeman (1984) underlay this study. Organisational interest groups are identified. According to stakeholder theory, a firm must maximise value for its owners and other stakeholders. It shows how business affects customers, employees, suppliers, investors, and the community. The theory assumes that value creation drives the enterprise and that stakeholders—shareholders, managers, and society at large—share this value (Freeman, 2000); these force CEOs to assess their preferred business approach and the stakeholder relationships and emphasis they require to achieve their goals (Freeman, 2000). This survey targeted customers and the public.

The stakeholder model's structure clarifies relationships between internal and external stakeholders. Freeman presented a new and condensed theoretical image of the organisation based on extensive literature reviews on organisational theory and corporate strategy, as well as study and observation. In a design where the organisation is the hub and stakeholders are spokes around the rim, Freeman (1984) introduced the stakeholder model. It had a single central circle or oval, representing the firm, surrounded by a variable number of additional circles or ovals, each denoted with an arrow going towards and away from the original oval. Freeman's original structure had eleven non-exhaustive stakeholders (Freeman, 1984).

Stakeholder theory examines how managers do their obligations and are closely related to business, value creation, and commerce and acknowledges owners as essential stakeholders but only one of several incumbents. It recognises that earnings are a crucial part of the firm's daily operations, but profits and financial performance are only one result of value creation. Donaldson and Preston (1995) suggest examining the theory from descriptive, instrumental, and normative viewpoints. This study examined how star-rated hotels in Kenya's Uasin Gishu County fared financially due to managers' client and public welfare activities.

The descriptive theory requires an empirical application to show how ideas relate to reality. The instrumental method applies theory to show how stakeholder management and diversified corporate success are related. Finally, the normative approach examines stakeholder behaviour and motivations. Stakeholder theory has been studied in strategic management (Clarkson, 1995), organisation theory (Donaldson & Preston, 1995), and social issues in management (Wood, 1991). This idea helped the researcher understand managers' business practices and the requirement for coexistence with other stakeholders. The researcher also understood how managers valued revenues in their businesses.

Empirical Review

The following is an empirical review of the literature regarding variables used in the study.

Corporate Social Responsibility and Financial Performance

Giannarakis, Konteos, Zafeiriou, and Partalidou (2016) examined US corporate profitability and economic CSR for the period 2009-2013 and applied fixed-effects regression. Social and economic responsibility accompany financial achievement. Director pays, CEO duality and board women affect financial performance. In Italy, Cuomo, Mazzucchelli, Giuseppe, and Gerardino (2016) examined listed Italian financial services firms' ethics and economics. From 2001 to 2015, Italian-listed banks were analysed. The study found business ethics could disrupt the cycle. Vakilbashi, Obumnaeme, Zamil, and Mokhber (2017) examined individual and organisational ethical decision-making. All around Europe. Ethical decision-making by individuals and groups was examined. The study concluded that CEOs and organisations must make ethical decisions to maintain their reputations and competitive edge in today's economy, according to the study.

Magno and Cassia (2021) found that co-creation experience and CSR behaviours in community, employees, environment, heritage, and products mediate strategy and performance. On 199 Italian agritourism businesses, partial least squares structural equation modelling was used. The study found that CSR and co-creation improved proactive performance. Reactionary methods have poor direct and positive indirect results. The signal's intensity, range, and consistency all work together to heighten consciousness. Famiyeh (2017) studied how CSR affects developing-country enterprises' cost, quality, flexibility, delivery, and performance. CSR boosted cost, quality, flexibility, delivery, and operational competitiveness, the report found.

Cook et al. (2019) posit that investment efficiency and innovation affect CSR and corporate value. CSR-performing companies invest better and avoid negative NPV activities, the survey found. Mediation showed that innovative thinking and cost-effective investment enhanced CSR-performing organisations' profits. This study supported the stakeholder hypothesis under model assumptions.

In the Asian continent, Hou (2023) studied the connection between CSR and CFP in Taiwanese corporations. CSR awards were employed in the study as a stand-in for ethical behaviour. According to the results, companies with a strong focus on CSR generate more profits than those without. Even after accounting for endogeneity, this correlation remained. Chinese company finances and economic CSR were explored by Wen (2017). From 2007 to 2013, the study found that CSR signalling and functioning boost financial success. Good internal governance and employee relations boost profits. Self-reported CSR boosts Corporate Labour Market Morale.

Wang and Qian (2011) studied politics, business donations, social norms, and finances. They used 2001–2006 Chinese company stock market data for their empirical method. The study found that gifting by more visible and successful companies makes stakeholders happier. Charity and political resources benefited non-government or politically connected enterprises. Yasser et al. (2017) found that boardroom gender diversity improves CSR performance in industrialised nations. According to stakeholder and institutional theory, board gender diversity improved corporate social performance in Malaysia, Pakistan, and Thailand. CSR adoption in underdeveloped markets was strongly linked to board gender diversity.

In India, Some corporate social responsibility and financial performance studies were inconclusive, according to Maqbool and Zameer (2018). Where he studied social responsibility and financial performance of Indian firms. Indian bank CSR promotes the financial health of firms.

From 2000 to 2014, Platonova et al. (2018) examined the association between CSR and GCC Islamic bank financial performance using annual report disclosure analysis. CSR disclosure predicted GCC Islamic institutions' financial performance. This showed that GCC Islamic banks' CSR may affect their finances.

In The African continent, Using Nigerian institution panel data, Oyewumi et al. (2018) evaluated how CSR investment and openness affect corporate financial performance. Based on Wallace and Hussain's estimator of component variances (a two-way panel with random and fixed effects), the study found that strategic CSR goals benefit firms financially and non-financially. Rwandan commercial banks' financial performance and regulation were analysed by Vianney (2013). This descriptive study selected 10 commercial banks. Studies show that regulation does not affect Rwandan commercial banks' financial success. Mesiotso (2016) examined six Ghanaian firms' charity efforts and benefits. The study found that generosity increases profits, image, and value.

In Kenya, Simon (2014) analysed how legal corporate social responsibility affected 100 top Kenyan SMEs financially. The 2009–2013 descriptive survey included public financial statements, Chairman's Statements, and comments. Multiple regressions linked dependent and independent variables. According to this survey, legal CSR aids Kenyan SMEs financially. The report suggested CSR spending to enhance SME profits. Kiptum and Musebe (2016) examined ethics and organisational success in the Rift Valley Province Kabarnet Baringo District Hospital. Dishonesty, disagreements, corruption, time management, absenteeism, and negligence caused Kenya's failure.

Nairobi company-NGO's financial success and ethical corporate social responsibility were examined by Mwai (2013). Corporate social responsibility has accelerated capital conversion. According to the correlation, leverage and CSR are incompatible. In Communicating Corporate Social Responsibility and its Impact on Poverty Alleviation the Case of the Safaricom CSR Programme in Mukuru Slum, Nyakundi (2009) examined the target group's knowledge and attitude towards Safaricom's CSR activities, sources of information, community involvement, and CSR's impact on household income Safaricom's CSR did not reduce Mukuru slum poverty, research found. Safaricom recovered financially due to its CSR.

Research Gaps

Previous research has shown that CSR practices seldom improve financial performance. Varied sectors (Batool, Butt& Niazi, 2016) and distinct national cultures may lead to different expectations and opinions on corporate social responsibility (CSR) among people and organisations. This study examines how CSR affects hotel profitability in Kenya's Uasin Gishu County. In addition, hotels are generally assessed based on features that showcase their amenities and indicate their grade. Hotels with higher star ratings are more likely to gratify clients, but not always. Star ratings, CSR practices, and financial performance are also little understood. This research addressed theoretical, empirical, and contextual gaps in the literature by examining the financial performance of starred hotels in Uasin Gishu County, Kenya, concerning corporate social responsibility.

METHODOLOGY

Research Design

The study adopted a descriptive survey design to find ground for the description of the state of affairs as it is and to come out with the report of findings, which allows formulations of knowledge and principles for the issue. It uses a survey data collection method.

Target Population

The study target population comprised all managers and section heads in the 8 star-rated hotels out of the 9 in Uasin Gishu county, Kenya. There were 116 managers and section heads in these hotels. This is based on the classified establishments registered by Tourism Authority 2019, which has not changed to date. The unit of analysis for the collection of information in the study was the eight star-rated hotels. The unit of observation for the study included star-rated hotels. These Hotels were Boma Inn Hotel, The Noble Conference Centre, Hotel Comfy and Lodge, Starbucks Hotel and Restaurant, Cicada

Hotel, The Pearl Tourist Hotel Limited, Kenmosa Resort and Poa Place Resort

Description of the Sample and Sampling Procedures

The sample size of this study was based on Yamane's 1973 formulae, as presented below, where a sample comprised 89 respondents from a total of 116 employees in the 9 hotels. The study adopted stratified random sampling to select the respondents. This technique was chosen because it gives everyone a higher chance of selection. The researcher made use of both primary and secondary data. Questionnaires were used for primary data, while a document analysis guide was used to get the secondary data. The study used a structured questionnaire to collect primary data. The questionnaire was five points Likert scale and closed-ended. It was also grouped into sections, each of which was centred on a particular area of the study. Section one focused on the respondent's background information, section 2 focused on hotel performance and a section on CSR. Hotel performance was indicated by Room Occupancy/accommodation, Restaurant patronage, Seminar/workshop bookings, Market share, food sales and General sales performance, while CSR was indicated by Donations to the needy community, participating in community education needs, participating in environmental improvement, provision of family leave to employees, good health and pension benefits, a safe workplace, training and advancement opportunities and avoiding layoffs.

The sample size of this study was based on Yamane's 1973 formulae, as shown below:

$$n = \frac{N}{1+N(e)^2}$$

Where n is the sample size, N is the population size (116), and e is the level of precision (0.05).

$$\frac{116}{1+116(0.05)^2} = 89$$

The desired sample size for the respondents thus comprised 89 respondents.

Description of Data Analysis

The obtained data was edited, coded, cleaned, and saved before being analysed. The data analysis employed was descriptive statistics. According to Sekaran and Bougie (2010), the researcher used descriptive statistics, including frequencies, percentages, averages, and standard deviations.

RESULTS AND DISCUSSIONS

Response Rate

In data analysis, the study picked 89 respondents; the researcher consequently administered 89 questionnaires. From the administered questionnaires, 87 respondents filled in and returned the questionnaires. This gave a response rate of 97.8%. This response rate was achieved after the researcher made physical visits to ask the respondents to fill in and return the questionnaires.

Demographic Characteristics of the Respondents

The researcher sought to assess the gender, age, level of education and years of experience of the respondents. *1. Table 1* indicates that 47(54.0%) of the respondents who participated in the study were female, while 40(46.0%) were male from a total of 87 respondents. Throughout this sample, gender was a significant variable for examining the representation of male and female respondents within the research. The results reflect that there is no balance between both respondents, but all genders are well represented; this indicates that the hospitality industry prefers hiring female employees rather than male employees. In addition, the table can be interpreted that female employees are slightly more than male because more are trained in the hospitality industry, and therefore, they seek jobs more than males who are not in the field of hospitality industry.

Table 1: Demographic characteristics of the respondents

		Frequency	Percentage (%)
Gender of Respondent	Female	47	54.0
	Male	40	46.0
	Total	87	100.0
Age of the Respondents	20 - 25 Years	6	6.9
	26 - 30 Years	25	28.7
	31 – 35 Years	28	32.2
	36 – 40 Years	15	17.2
	41-45 Years	8	9.2
	Above 45 Years	5	5.8
	Total	87	100.0
Level of Education	Certificate	4	4.6
	Diploma holder	43	49.4
	Undergraduate degree	31	35.6
	Postgraduate degree	3	3.5
	Others	6	6.9
	Total	87	100.0
No. of Years	Less than one Year	15	17.2
	2 – 3 Years	30	34.5
	4 – 5 Years	18	20.7
	6 – 7 Years	10	11.5
	8 – 9 Years	8	9.2
	Above 10 Years	6	6.9
	Total	87	100
Gender of Respondent	Top Level Management	16	18.4
	Middle-Level Management	40	46.0
	Operational Level Management	31	35.6
	Total	87	100.0

As indicated in *Table 1*,

The majority of those who participated, 32.2%, were between the ages of 31 and 35, followed by 28.70%, between the ages of 26 and 30, 17.2%, between the ages of 36 and 40,9.2%, between the ages of 41 and 45, 5.8%, over the age of 45, and 6.9%, between the ages of 20 and 25. This suggests that the respondents spanned a wide demographic spectrum and were equipped to evaluate the impact of CSR and hotel star rating on the bottom lines of high-end establishments in Uasin Gishu County, Kenya.

Respondents were asked to show their highest level of education. This item was to assess their knowledge acquisition level and to determine if they were in a position to respond accurately to the questionnaire, and the results were as shown in *Table 1*. As indicated in *Table 1*, 49.4% had diplomas, 35.6% had undergraduate degrees,

4.6% indicated certificate holders, (3.5% had postgraduate degrees, and 6.0% indicated others who may be persons with professional courses. The results presented suggest that the respondents provided truthful information in their questionnaire responses. The results also suggest that people from all academic backgrounds are welcome to apply for jobs in the hotel industry. These results show the respondents were able to answer the questionnaire accurately. Moreover, the results also suggest that the hospitality industry considers hiring employees from various levels of academic backgrounds. Therefore, it represents a good image and appreciation of the Kenyan academic system.

Respondents were asked to indicate the number of years of experience they had in the hotel to evaluate their expertise in the field and thereby assure the authenticity of their responses; the results are indicated in *Table 1*. *Table 1* indicates

the number of years respondents have served in the hotel. Of the 87 respondents, 34.5% of the 87 respondents had been at their current work for five years or more, while 17.2% had been there for a year or less. Twenty-seven percent had served for four or five years, and eleven and a-half percent had served for seven or eight years. 9.2%, with 6.4% having served for ten years and above; the results of this study show that the respondents have ample expertise and understanding to address the questions and are aware of the best practices in CSR and hotel rating on one side and hotel performance on the other hand.

The researcher asked the respondents to indicate their position in the organisation on the questionnaire, and the results are presented in *Table 1*. *Table 1* indicates that a total of 87 respondents participated in the study, showing that of the 87 people who filled out the survey,

64.4% were senior managers and middle managers, and 35.6% were operational-level managers. The study shows that those who are really with the task of running the hotels are middle-level managers. This may be attributed to the fact that the hotel business has different segments or departments headed by departmental heads, which are middle-level managers. These segments are accommodation facilities, restaurants, bars, and other outdoor facilities like swimming pools, children's playing, and fun facilities.

Corporate Social Responsibility and Financial Performance

This study sought to ascertain the effect of corporate social responsibility on the financial performance of star-rated hotels in Uasin Gishu County. This is presented in *Table 2*.

Table 2: Corporate Social Responsibility

Corporate Social Responsibility	N	Min	Max	Mean	SD
Donation to the needy in the community.	87	1	5	3.63	1.365
Participation in community education needs	87	2	5	3.94	1.016
Participation in environmental improvement	87	1	5	4.06	1.004
Provision for family leave to employees	87	1	5	3.95	1.170
Provision for health insurance and pension benefits to employees	87	1	5	3.80	1.319
Provision for a good working environment and safety for employees	87	1	5	3.70	1.335
Engaging in training and advancement opportunities for employees.	87	1	5	3.78	1.324
Non-engagement in layoffs	87	1	5	3.82	1.314
Grand				3.835	1.231

As indicated in *Table 2*, it was noticed that the respondents strongly agreed that participation towards environmental improvement is the most important factor that influences hotel performance, followed by donations to the needy in the community, participating in community education needs, provision of family leave to employees, good health and pension benefits, a safe workplace, training, and advancement opportunities, and avoiding layoffs in that order. There was a general agreement that CSR impacts hotel performance with a grand mean of 3.835

and a standard deviation of 1.231, indicating that the respondents agree that, in general, CSR activities affect hotel financial performance. A standard deviation of 1.231 indicates that their perceptions of how CSR activities affect hotel performance range from fairly agree to strongly agree.

Performances of Star-Rated Hotels

This study sought to examine the financial performances of star-rated hotels in Uasin Gishu County, Kenya. This is presented in *Table 3*.

Table 3: Performances of Star-Rated Hotels

Performances of Star-Rated Hotels	N	Min	Max	Mean	SD
Room occupancy/accommodation improved in the last financial year	87	1	5	3.91	1.178
The restaurant has maintained clients over the last year	87	1	5	3.90	1.162
Received many bookings for seminars and workshops over the last one year	87	1	5	4.08	1.112
Market share has greatly increased as we get clients from different parts of the world	87	1	5	3.95	1.130
Food sales have increased as they offer outside catering services	87	1	5	4.05	1.143
Improved our general sales over the last year	87	1	5	4.02	1.154
Grand				3.985	1.146

As indicated in *Table 3*, the respondents agreed in the following statements that hotel performance was very good in the following areas. The highest contributor under very good performance was room occupancy/accommodation, followed by restaurant patronage and market share. Again, the study showed that hotels' performance was excellent in the following areas, starting with the highest: seminar/workshop bookings, followed by food sales and general sales performance. A grand mean of 3.985 and a standard deviation of 1.465 indicate that, on average, the hotel's performance was very good and almost excellent. The Standard deviation shows that the hotel's performance ranged from good to excellent.

Correlation Analysis

The degree to which two independent variables are linked is known as their correlation (Asuero et al., 2006). Using the Pearson correlation, we examined the consistency of a relationship between two variables by tracking their changes from one case to the next. *Table 4* displays the outcomes of the correlation study.

Table 4: Correlation between CSR and performance

		CSR	Performance
CSR	Pearson Correlation	1	*
	Sig. (2-tailed)		.000
	N	87	
Performance	Pearson Correlation	.636**	1
	Sig. (2-tailed)	.000	
	N	87	87
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 4 displays the results of a correlation study, which shows that all of the correlations are significant at the 0.01% level. Using the Pearson correlation coefficient, we find that CSR has a positive and statistically significant relationship with the financial outcomes of star-rated hotels in Uasin Gishu County. This means CSR activities have a moderate positive significant impact on hotels' financial performance.

Regression Analysis

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773[a]	.598	.589	.46567

The coefficient of determination (R^2), found in a model's summary, indicates the proportion of the dependent variable's variance that can be predicted from the independent variable, while the correlation coefficient (R) indicates the strength of the relationship between the dependent and

independent variables. It implies that Uasin Gishu hotels can be positively affected by community service activities that have been studied. With an R-squared value of 0.598, we may infer that fluctuations in CSR activities account for 59.8% of the variance in hotel profits.

Table 6: ANOVA Results

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.114	2	13.557	62.517	.000[b]
	Residual	18.215	84	.217		
	Total	45.329	86			

The findings calculated using the regression model were significant, implying that the model had been computed well and not by chance, as supported by a p-value of 0.000, which is less than the critical p-value of 0.05, as shown in *Table 6*.

This implies that Hotel performance for star-rated hotels in the Uasin Gishu County Government appears to be well predicted by the independent variables of CSR activities, as shown by the results.

Table 7: Regression analysis coefficients

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.754	.298		2.529	.001
CSR	.295	.083	.306	3.535	.001

The significance level of each regression coefficient was reported in the study results and tabulated in *Table 7;* both had statistically significant coefficients, allowing them to be utilised in a multiple regression analysis. A unit increase in CSR activities will account for 29.5% of positive variances in hotel financial performance. The findings suggest that star-rated hotels in Uasin Gishu county will have a 0.295-unit boost in performance for every unit increase in CSR activities. From this coefficient, we were able to derive the model equation below from predicting Uasin Gishu Hotels' performance as a result of participating in CSR activities where X1 is CSR activities and Y is Hotel performance.

$$Y = 0.754 + 0.295X_1$$

Hierarchical Multiple Regression Model

To ensure a good fit and determine how well the study models predict outcomes, regression analyses were conducted. The study's hypothesised relationship between the independent and dependent variables was put to the test. Study hypotheses included the following;

H_{01}: Star-rated hotels in Uasin Gishu County's economy have not benefited financially from any CSR initiatives. The beta coefficient for the effect of CSR activities on the financial performance of star-rated hotels in Uasin Gishu County is 0.295, and the significance level is p=0.001. The research disproved the null hypothesis. This indicates that a one-unit increase in CSR can boost hotel performance by as much as 0.295 units. Consequently, businesses that invest in CSR get a strategic advantage. We can again conclude that CSR is statistically significant in influencing hotel performance because 0.001 is smaller than the 0.05 limit. The hypotheses test results were also summarised in *Table 8*.

Table 8: Summary of Hypotheses Test Results

Hypotheses	β and P values	Decision rule(accept/reject)
H_{01} CSR activities have no statistically significant effect financial performance of star-rated hotels in Uasin Gishu County	β_1=0.295, p=0.001<0.05	Rejected the null hypothesis

DISCUSSION OF FINDINGS

The study finding reveals that corporate social responsibility has been agreed to positively influence the financial performance of star-rated hotels in Uasin Gishu County. This implies that the community satisfaction and reputation gained in participating in community needs, improving the environment, and taking good care of the welfare of employees by a hotel enhances performance.

The respondents agreed that corporate social responsibility is an important factor that enhances hotel performance, as their responses were on the continuous Likert scale between mean scores of 3.90 and 4.8. These findings are similar to those of Naomi, Stelios, Pav, Symeou, and Schepers (2017), who indicated that characteristics of firms' portfolio of philanthropic activities are a greater predictor of CSR awareness than of CSR perception. Awareness increases with signal amplitude, dispersion, and consistency. Wang and Qian (2011) indicated that the positive CSR performance relationship is stronger for firms with greater public visibility and for those with better past performance, as CSR by these firms gains more positive stakeholder responses.

Most of the respondents agreed that there was an improvement in hotel performance. This concurs with the findings by Kinyua, Jesse, and Iravo Amuhaya (2015), who stated that hotels, now more than ever, recognise that profitability and growth, which is the core purpose of the business, must be coupled with actions that appear to further some social good beyond the core interests of the firm.

The explicit goal was to determine how corporate social responsibilities affect the financial success of Uasin Gishu County's star-rated hotels. According to the study's findings, the participants firmly agreed that taking part in environmental improvement improves hotel performance. They also concurred on each of the remaining seven facets of social responsibility activities: giving to the less fortunate in the community, taking part in efforts to improve community education, working to protect the environment, granting family leave to workers, maintaining good health, and receiving pension benefits. Performance is improved by providing a safe work environment, career development opportunities, and avoiding layoffs for internal and external stakeholders. The results of this survey showed that the respondents concurred that corporate social responsibility is a crucial element in improving hotel performance.

There were positive associations between CSR activities and financial success for hotels. Furthermore, it was shown that the financial performance of star-rated hotels in Uasin Gishu County rises by 29.5% when a unit improves its corporate social responsibility, and vice versa. CSR also has a significant impact on the bottom line for hotels, according to the numbers.

The research found that corporate social responsibility activities influenced the financial performance of a sample of star-rated hotels in a positive and statistically significant way. The impact of CSR is 29.5%. On hotel performance, 59.8% variations in hotel performance can be attributed to participating in CSR activities. Therefore, the Star-rated hotels in Uasin Gishu County benefited most from the combination of their CSR initiatives.

CONCLUSIONS

The study concludes that corporate social responsibility activities have an impact and influence on the hotel financial performance of a selected sample of star-rated hotels. CSR strengthens and is Key to enhancing the financial performance of the Star-rated hotels in Uasin Gishu County. From the study findings, we can also find that CSR activities have no statistically significant effect financial performance of star-rated hotels in Uasin Gishu County.

Recommendations of the Study

Given these conclusions, the following recommendations were made:

Recommendations for Practice

More corporate social responsibility activities should be undertaken by hotels than they now do, as this has been found to improve strategic positioning. To participate in environmental improvement related to their corporate social responsibility efforts, they need to collaborate more with other stakeholders. As a result, they will get a stronger competitive advantage, which will boost their market share and boost their financial performance.

Strategic reconfiguration and alignment of CSR practices to organisation policies should also focus on the fair treatment of the employees. The employees deserve to be given time to spend more with their families. Family leave is a major aspect that should not be missed if the hotels are to increase productivity, which will, in turn increase the financial performance.

Firms in the hotel industry should ensure that a solid code of CSR remains inherent in strategic components and processes to participate in community education needs. This could be in providing a bursary to needy children and even participating in the building of schools for the provision of accessible education to the community.

Hotels need to further enhance their aggregate resources for continued sustainable, dynamic capability. This calls for reconfiguration capabilities for continuous improvement in coping with the changing business environment. Knowledge, skills, and expertise that are lacking to enhance their performance

Further, hotels should increasingly and continuously pursue standards that ensure ratings are not compromised and, at the same time, achieved. Training of hotel stakeholders in the industry by the chamber of commerce and industry can improve hotel revenues in the county, hence, more tax revenues to both county and national government.

Recommendations for Future Studies

From the descriptive output, the respondents agreed that CSR activities enhance star-rated Hotel performance, meaning other factors enhance this performance. Further research, therefore, can be conducted to focus on other factors and their importance that affect the performance of hotels in Uasin Gishu County other than the ones included in this study.

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