

Corporate Sustainability and Financial Performance of Manufacturing Firms in Uasin Gishu County, Kenya

Elijah Odera Emojong, Dr. Kadian W. Wanyama and Dr. Muganda M. Manini
Kibabii University

Abstract

In the contemporary production environment, manufacturing operations must take into account not only profit, but also environmental and social performance, in order to ensure the long-term development of the company. This study sought to establish the relationship between corporate sustainability and financial performance of manufacturing firms in Uasin Gishu County, Kenya. The study was guided by four objectives namely; to determine the effect of environmental practices on Financial performance of manufacturing firms; to examine the effect of corporate accountability on financial performance of manufacturing firms; To examine the moderating influence of government policy on the relationship between corporate sustainability and financial performance of manufacturing firms and to assess the effect of social justice of corporate sustainability on financial performance of manufacturing firms. To achieve these objectives, four research hypotheses were formulated. The study adopted descriptive survey design. The study population of 3344 employees of all the 12 registered manufacturing firms in UasinGishu County by the KAM (Kenya Association of Manufactures), from which a representative sample of 357 employees was drawn. The main study instrument was a questionnaire which will comprise of a Likert-type scale questions on the main independent and moderating variables of the study together with a ration-type scale on the dependent variable. The data was analyzed using both descriptive and inferential statistics. Hypothesis testing was done by use of regression and correlation analysis. The findings of the study indicated that environmental practices had a statistically significant influence on financial performance therefore the hypothesis that environmental practices had no statistically significance influence in financial performance of manufacturing firms was not supported. The study also established that corporate accountability had a statistically significant influence on the relationship between corporate accountability and financial performance therefore the hypothesis that corporate accountability had no statistically significance influences on financial performance was not supported. Further, the results revealed that government policy had a statistically significant influence on the relationship between corporate sustainability and financial performance. Finally, the study established that social justice had a statistically significant influence on the relationship between corporate sustainability and financial performance of manufacturing firms. The study recognizes that the variables used for this study are not exhaustive and therefore suggests that future research should include more triangulation utilizing other intervening and moderating variables as well as using alternative measures of all the study variables. Future research should also conduct longitudinal studies that would provide definite information about cause-and-effect relationships as well as the changes in study variables over time. The study is further envisaged to add critical knowledge for academia which would inform top management in decision making process that could be used in policy formulation in the manufacturing sector as well as the government's regulations on manufacturing firms.